ANNUAL REPORT 2022

CYCLONE METALS LTD

CONTENTS

FORWARD LOOKING STATEMENTS

This Financial Report includes certain forward-looking statements that have been based on current expectations about future acts, events and circumstances. These forward-looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward-looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Group or not currently considered material by the Group.

CORPORATE DIRECTORY

Directors
Mr Terry Donnelly – Non-Executive Chairman
Mr Tony Sage - Executive Director
Mr Tim Turner - Non-Executive Director
Mr Will Scott – Non-Executive Director
Mr Stirling Ross – Non-Executive Director

Company Secretary
Ms Melissa Chapman
Ms Catherine Grant-Edwards

Stock Exchange Listing
Australian Securities Exchange
ASX code: CLE
Frankfurt Stock Exchange
FRA: HM5

Website
www.cyclonemetals.com

Country of Incorporation
Australia

Registered Address
32 Harrogate Street
West Leederville, WA 6007
Australia
Tel: +61 8 9380 9555

Bankers
National Australia Bank
100 St George's Terrace
Perth, WA 6000

Auditors
BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2, 5 Spring Street
Perth, WA 6000
Tel: +61 8 6382,4600
Fax: +61 8 6382 4601

Share Registry
Computershare Investor Services Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
AUSTRALIA
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+61 3 9415 4000 (Overseas)

Grand Port Acquisition

On 23 March 2022, the Company completed the acquisition of Grand Port Resources Pty Ltd (**Grand Port**) to acquire 100% of the issued share capital of Grand Port which owns and has applications over a diversified portfolio of gold, copper, nickel and PGE assets in New Zealand, with locations show in Figure 1 (together, the **Acquisition**).

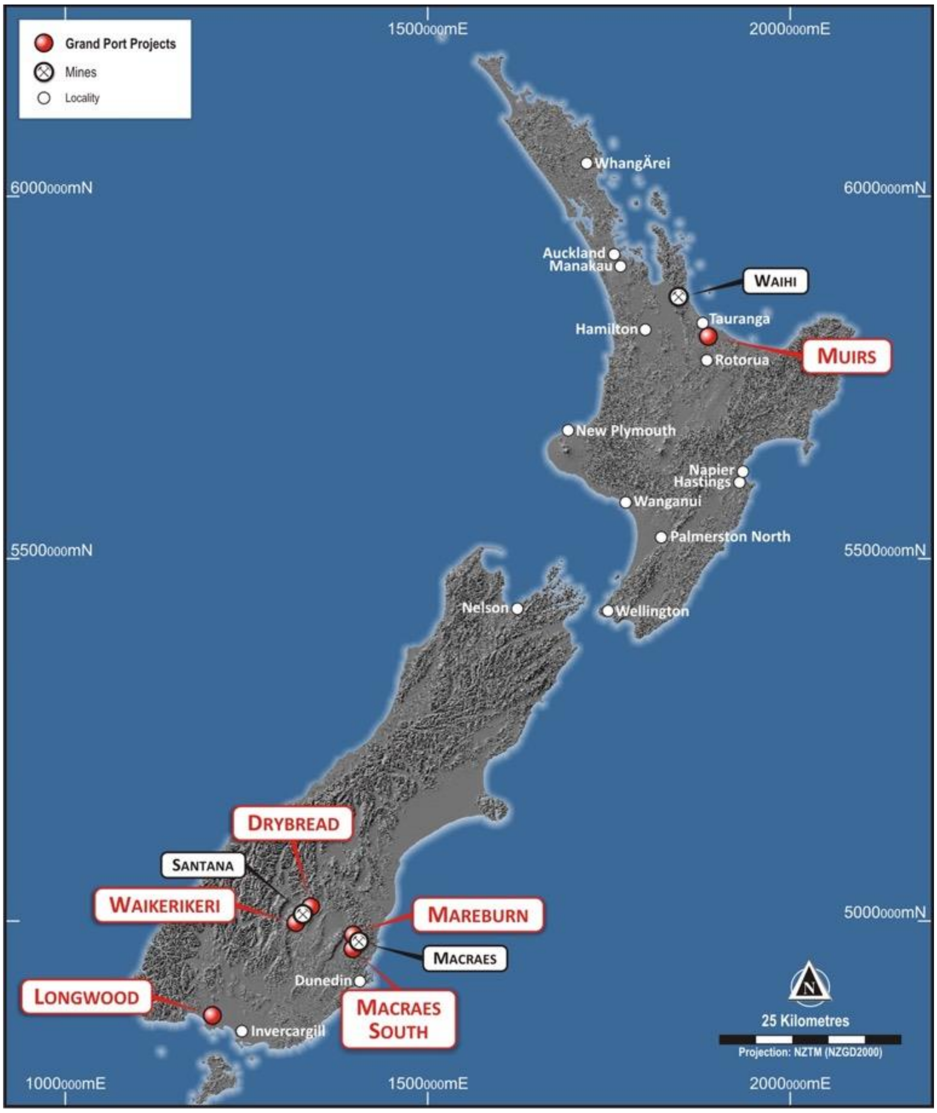

Figure 1: Location of Grand Port Projects

Pursuant to the Acquisition, Cyclone issued a total of 900,000,0000 fully paid ordinary shares in the Company (**Consideration Shares**) of which the first tranche 500,000,000 Consideration Shares were issued on 23 March 2022, and the second tranche of 400,000,000 Consideration Shares were issued on 23 May 2022 following receipt of shareholder approval.

<u>South Island - Longwood</u>

Longwood Range Gold Copper PGE Project (application pending) (**Longwood Project**) is situated 40km west of Invercargill, New Zealand and covers 424km^2. Historic production includes: ~88koz Au and 1,500oz of platinum. Previous drilling intersected a PGE reef with no follow up work and the project area has been identified as being fertile for copper and nickel by Otago University. There has been only four historic drill holes to date on the Longwood Project. On-ground work will kick off with a geochemical sampling program that will generate the maiden drill program.

South Island – Mareburn and Macraes South

The Mareburn Gold Project (**Mareburn Project**) and Macraes South Gold Project (granted) (**Macraes Project**) (figure 2) covers 464km^2 within the Otago Goldfield of the South Island, which has 10Moz of proven historical gold production. The Mareburn Project sits 8km north of the producing Macraes Gold Mine and processing plant, New Zealand's largest producing gold mine, and ~2km from the Coronation open pit. The Macraes Project is contiguous to the south of the Macraes Gold Mine and processing plant.

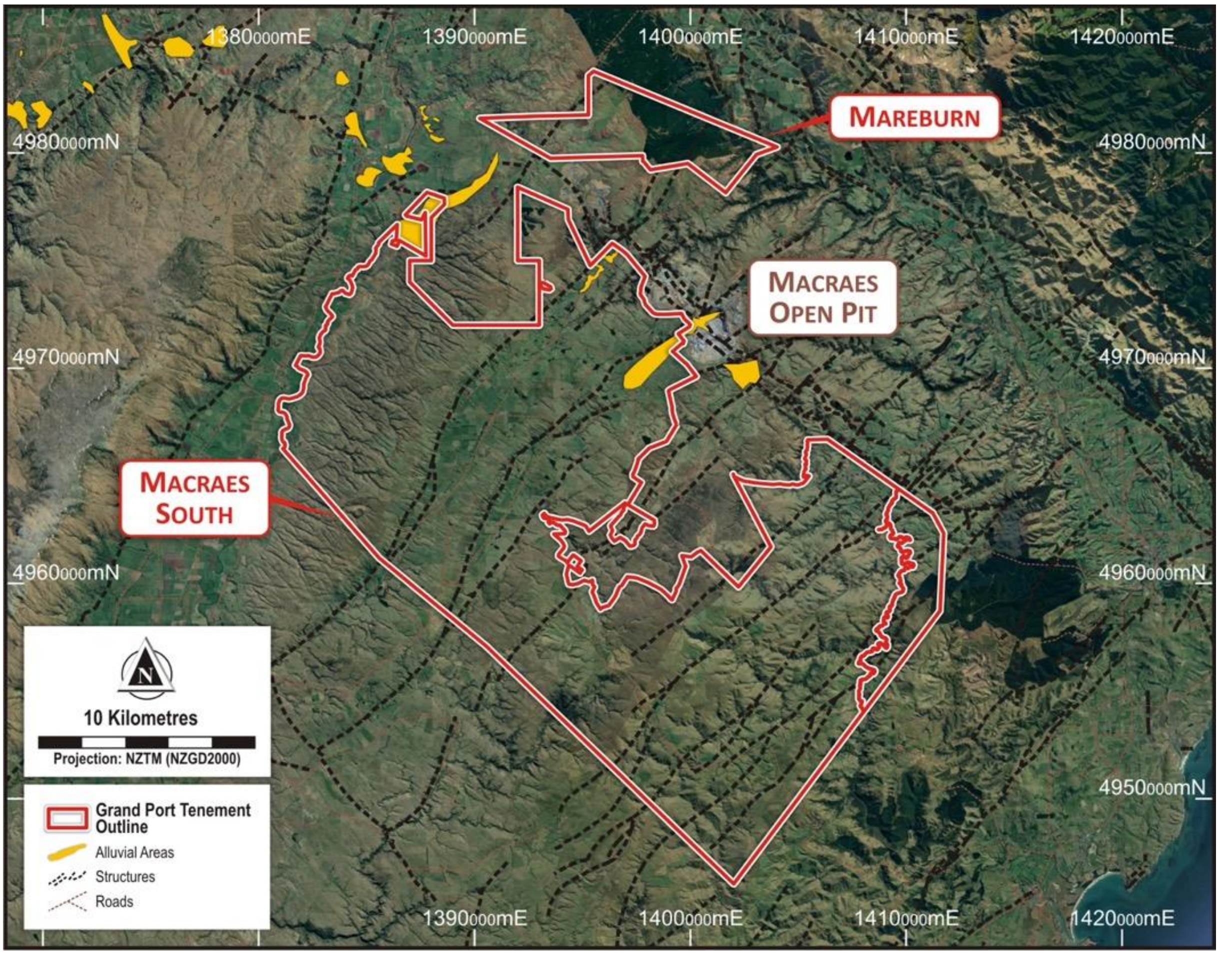

Figure 2: Macraes South and Mareburn Project locations, contiguous to the Macraes Gold Mine.

On 3 May 2022 the Company announced that the maiden Cyclone exploration program of geochemical sampling started at the Macraes Project. 54 geochemical samples were collected at the Mareburn Gold Project for Ionic Leach and Supertrace analytical techniques, and 182 geochemical samples were collected for Ionic Leach at Macraes South Gold Project. The sampling program targeted know occurrences of gold mineralisation and also targeted cross-cutting structures which are of primary interest to Cyclone.

South Island – Drybread and Waikerikeri

The Drybread – Waikerikeri Gold Project (which were granted during the quarter) (**Drybread Project**) (Figure 3) covers ~198km2 and crosses over Santana Minerals Limited's (ASX: SMI) Bendigo-Ophir Project in Central Otago and contains historical alluvial workings contiguous to the Drybread Project. The area has been underexplored for hard rock potential with no primary gold exploration undertaken.

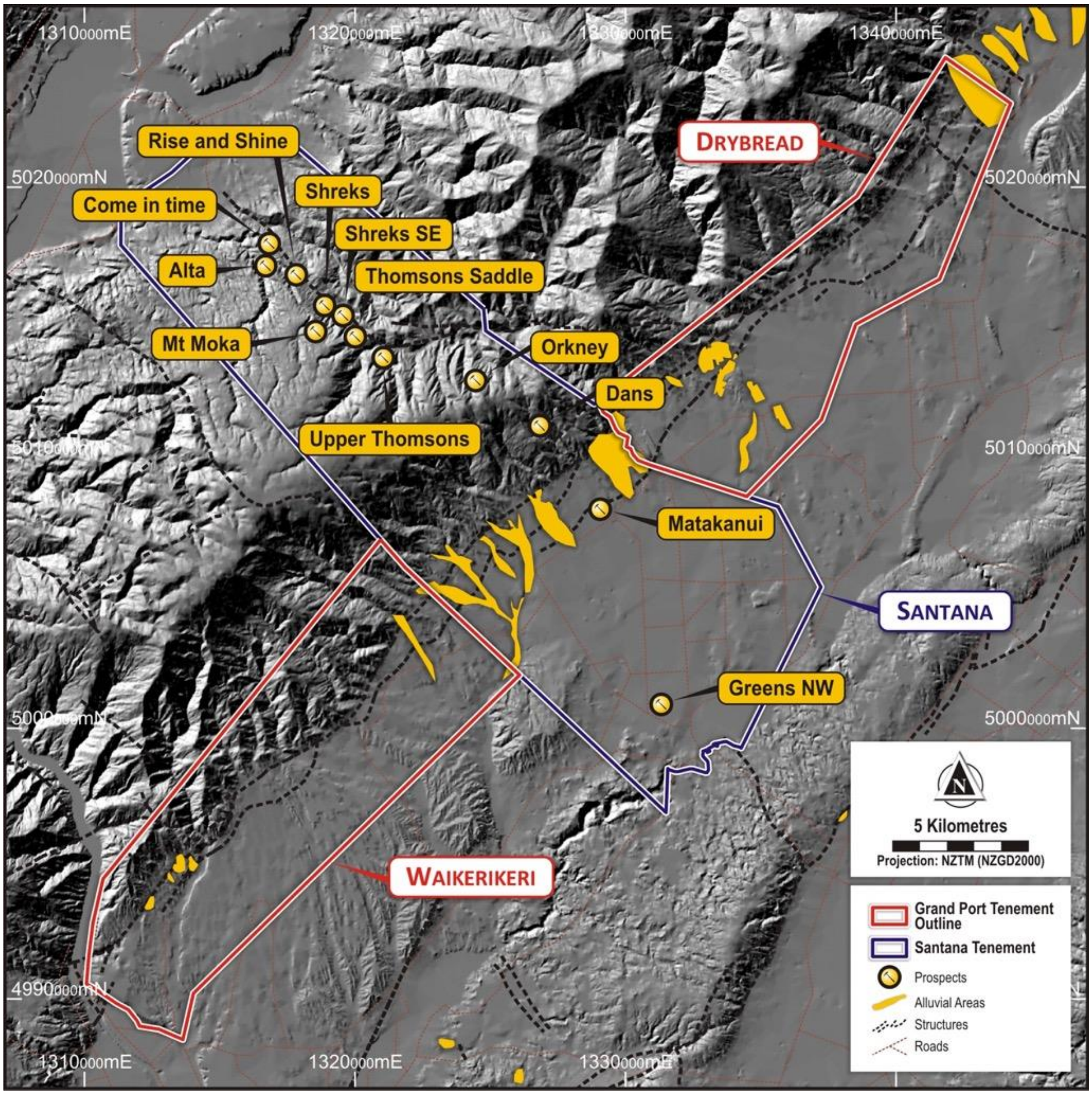

Figure 3: Drybread and Waikerikeri projects contiguous to Santana Minerals project

<u>North Island - Muirs</u>

Muirs Reef Gold Project (granted in March 2022) (**Muirs Project**) covers 52.6km^2 and is close to Oceania's Hauraki Gold Field with 45Moz proven historical gold production.

The original Muirs Reef underground mine plans were sourced and scanned. These will be digitised and incorporated into a maiden JORC 2012 Mineral Resource Estimate (MRE) planned for later in 2022.

The Muirs Project remains underexplored. The proposed work program on the Muirs Project is as follows:

- Stage 1 – Detailed structural mapping from existing gradient array resistivity survey and high- resolution magnetic survey, and field checking, in association with Ionic Leach™ geochemistry sampling as a first pass. Collection of LiDar (ultra-detailed DEM) may substantially improve understanding of the mineralisation. Petrographic studies on existing diamond core focusing on fluid inclusion temperature studies would assist in defining potential gold deposition levels.

- Stage 2 – Infill and step out drilling is recommended using diamond core drilling at both Massey Reef and Muirs Reef to expand the resource, and test targets identified in Stage 1 work. Convert the non JORC estimate to JORC (2012).

Wee MacGregor Project

Mining International Pty Ltd (**Mining International**) is a fully owned subsidiary of Cyclone. The Company holds tenure to 4 mining leases at the Wee MacGregor Project located 40 km southeast of Mt Isa in Queensland (refer Figure 4) which were first acquired in November 2015. The total granted land package covers an area of approximately 5.3km^2.

The tenements are located within the Eastern Fold Belt of the Mt Isa inlier. The tenements are located in the Mary Kathleen Zone/Wonga Subprovince. This area is prospective for a variety of deposit types, most notably structurally controlled epigenetic copper and gold deposits. Cohiba Minerals Limited (**Cohiba**), through wholly owned subsidiary Cobalt X Pty Ltd, has earnt an 80% interest in mining licences ML 2504, ML 2773 and ML 90098 under a Farm-in agreement with Cyclone Metals. The Company retains a 20% interest in the mining licences and a pre-emptive right over the remaining 80%.

The Lady Ethleen tenement (**ML 2771**) has been 100% retained by Cyclone Metals (**Lady Ethleen**).

The Lady Ethleen tenement is currently being utilised for a trial mining and processing exercise using a newly developed green leach process known as GlyLeach™ (refer ASX announcement 4 October 2020). A successful trial will mean a significant shift in future processing technology and will in turn facilitate possible development of the part owned, nearby Wee Macgregor Project as well as many other potential small assets in the district, that may be economic with access to appropriate processing technology.

The process to be used, known as tilted GlyLeach™, was originally developed and patented by Curtin University and is being commericalised globally by Perth based Mining and Process Solutions (**MPS**).

The GlyLeach™ process involves the use of Glycine as a lixiviant under alkaline conditions. This process has a number of significant benefits over traditional acid leaching including its environmentally friendly state which is non-toxic to humans and wildlife, the ability to selectively leach valuable metals whilst leaving gangue minerals such as iron, manganese, silicates and carbonates in the leach residue, the ability to leach ores of different oxidation states (depending on process type, temperature, residence time, particle size, etc) and all the while being recyclable as the glycine is not chemically consumed in the overall process.

Results are expected to demonstrate the best process to use for material types found in the Mount Isa / Cloncurry district. A positive project outcome could unlock the possibility for development of Lady Ethleen and a centralised processing hub in the district.

Within a 10 km radius of Lady Ethleen, there are numerous stranded projects that may all be suitable candidates to supply feed to a future operation including Lady Jenny (1 km), Wee MacGregor (3 km), Rosebud (10 km) and Inkerman (7.5 km) as well as several more in the wider district.

During the year, Stage 2 metallurgical testwork was completed and a final report was received. Conclusions in the final report were:

- The use of acid while effective in recovery of base metals, GlyLeach™ extracted more value.
- The amount of acid required would make acid leaching cost prohibitive.
- Grinding and the method of leaching greatly affects the leaching performance across all three composites.
- The oxide composite proved to yield the highest metal recovered of the three composites tested.
- Accountability between the tests were acceptable and shown in the close agreement between the two techniques used to determine the extraction reported.
- There were some difficulties with filtration and adsorption where a hot wash was shown to significantly improve leaching.
- The use of an acid pre-treatment in liberating metals particularly Cu proved necessary.
- The tests demonstrated that the GlyCat™ technology can extract the base and precious metals in a single stage.

- The tests show that the GlyLeach™ process followed by the GlyCat™ process can be utilised in a heap leach situation.
- If left in "as received" sizing, the oxide composite should be treated in agitated leach tanks while the transition and sulphide composite would leach best in a column although would need to evaluate if percolation is an issue on uncrushed material.
- Overall grinding and leaching in the presence of resin would yield the most metal recovered from all three composites.

A series of recommendations were also provided involving additional testwork using larger scale equipment. The Company is considering the results and its next steps.

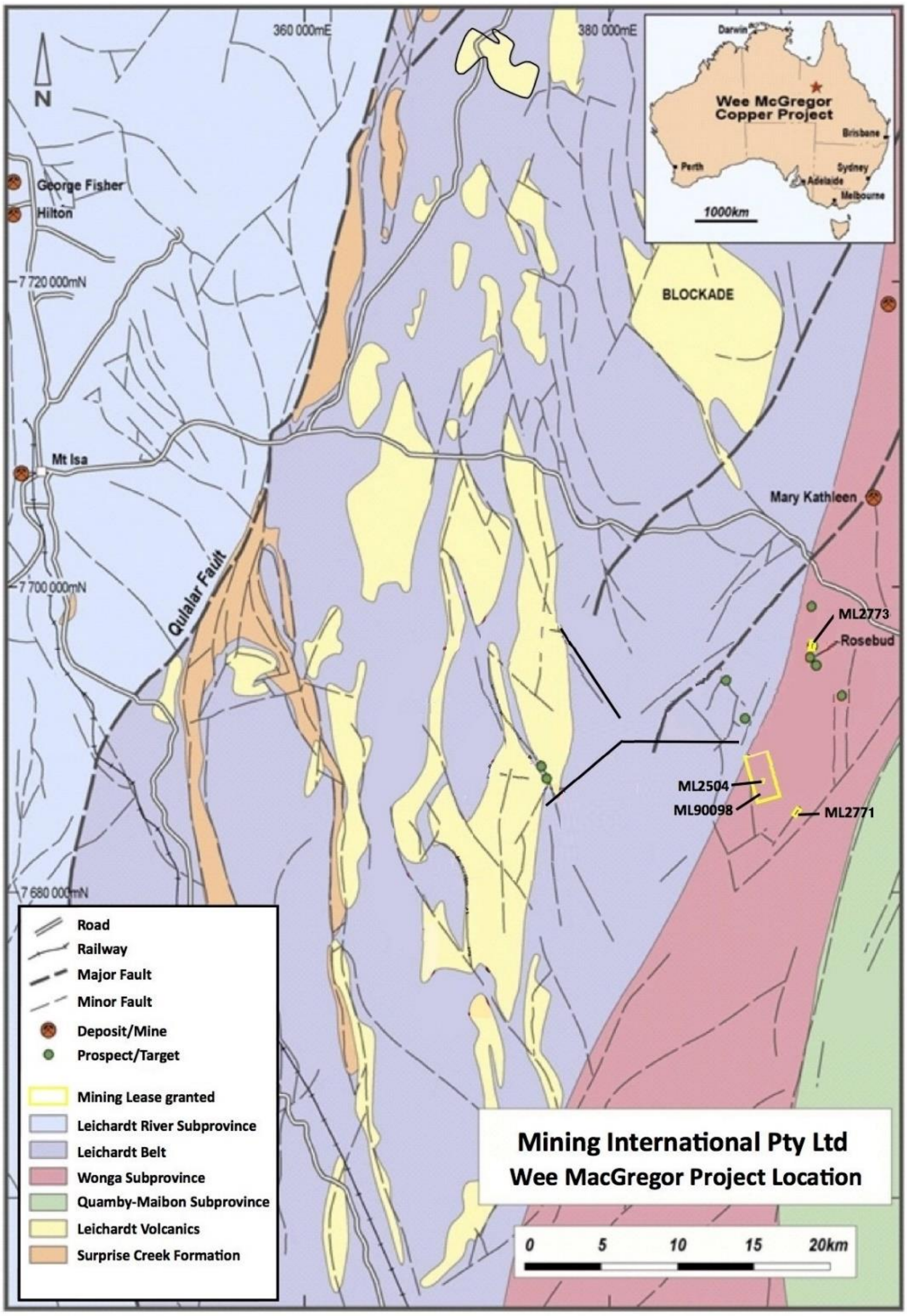

Figure 4: Wee MacGregor Project Location

Yalardy

The Yalardy tenements (E 09/2441 and E 09/2442) cover a combined 297 graticular blocks or a total of 914.5 square kilometers starting approximately 33km east of the Overlander roadhouse near the turnoff to Shark Bay (refer figure 5).

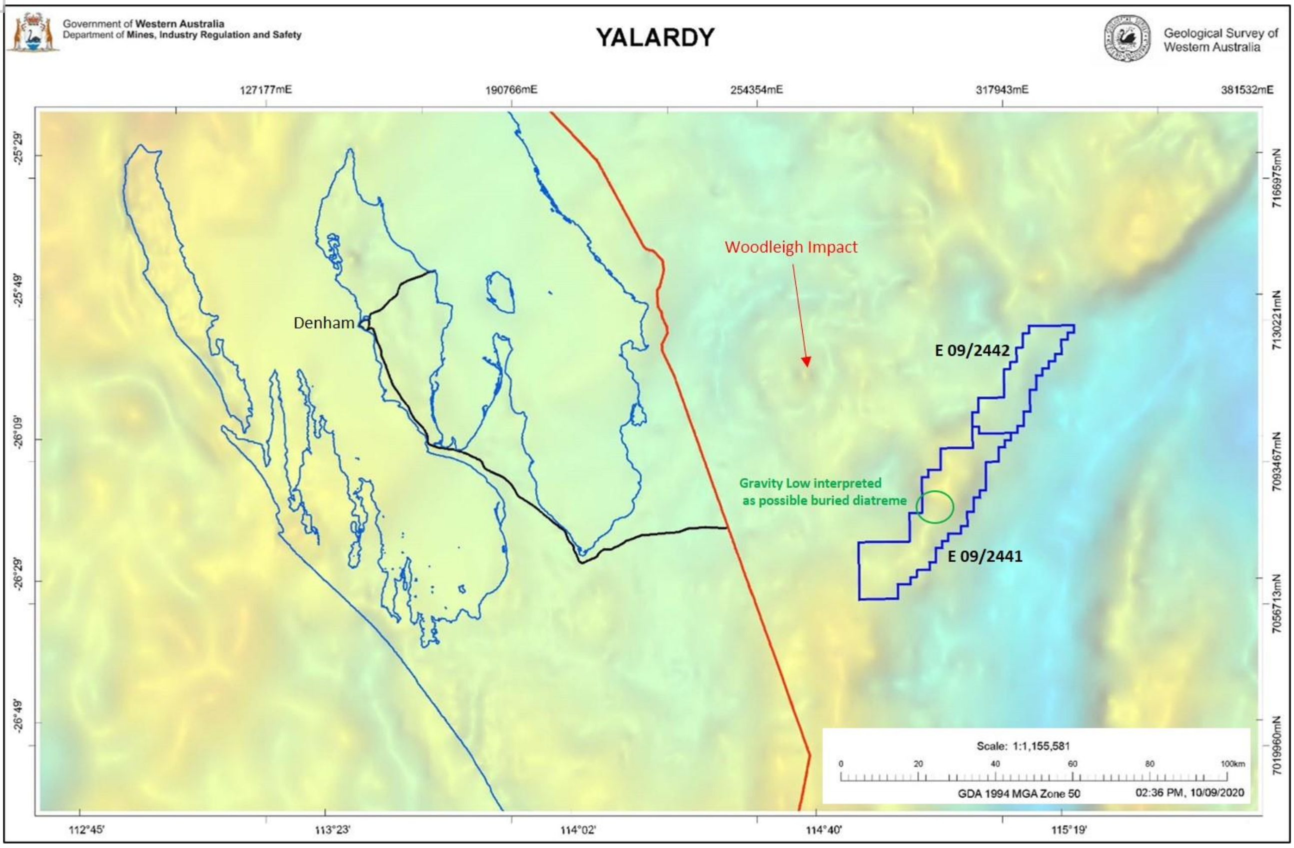

Figure 5 – Yalardy Project Location

Recent geochemical sampling over the areas known as "Dogger" and "Sebastian" have identified two rare earth element (**REE**) anomalies coincident with identified geophysical anomalies that indicate potential for the existence of a buried diatreme beneath the geologically recent sedimentary cover sequences (refer ASX announcement 11 September 2020).

The southern gravity anomaly, Sebastian, presents as a deep gravity low with a coincident void in the TMI magnetics. The density depression and coincident magnetic low can be interpreted as a possible buried diatreme structure with similar dimensions to the Mt Weld REE deposit in the north-eastern goldfields of WA. This presents an opportunity for a new REE discovery as the structural environment and geophysical indications may suggest a potential carbonatite source similar to that found at Mt Weld.

The presence of a buried diatreme may also be a potential host to several different mineralisation possibilities.

During the year the Company initiated exploration works on the tenements with a detailed gravity survey completed during October 2021.

The Company is assessing the best way to advance the project.

Nickol River Gold Project

On 23 August 2021, the Company announced the acquisition of a package of tenements from D&K Corps Investments Pty Ltd (**D&K**) that form the central part of the Nickol River Gold Project area, located approximately 13km east of

Karratha in the Pilbara region of Western Australia, (see Figure 6). On 11 October 2021, the Company completed the acquisition through the issue of 100,000,000 consideration shares to D&K as well as the payment of the facilitation fee of $200,000 to Rich Minerals Pty Ltd who facilitated the acquisition.

The Nickol River Project (**NRP**) (see Figure 6) comprises seven granted Mining Leases (M47/87, M47/127, M47/401, M47/421, M47/435, M47/455, M47/577) and five Miscellaneous Licences (L47/686, L47/687, L47/688, L47/689, and L47/565 (application)) and a Water Licence 177790.

The Nickol River project is within the Karratha Terrane on the north side of the Sholl Shear Zone, near the margin of the Karratha Granodiorite. The NRP tenements are underlain by the Roebourne Group, dominantly the peridotitic komatiite Ruth Well Formation. In addition to komatiite, the Ruth Well Formation includes komatiitic basalt, tholeiite, chert and peridotite and dolerite sills.

The immediate area surrounding and including the NRP tenements has been explored for gold since 1889. Most recently the tenement M47/1527 which is partly surrounded by CLE tenements M47/127 and M47/401, was drilled by a series of owners and alluvial gold mined by Artemis Resources Limited, who released ASX announcements on the alluvial mining in the area.

No substantial modern exploration or drilling has been carried out on the NRP tenements, prior to the acquisition by Cyclone Metals.

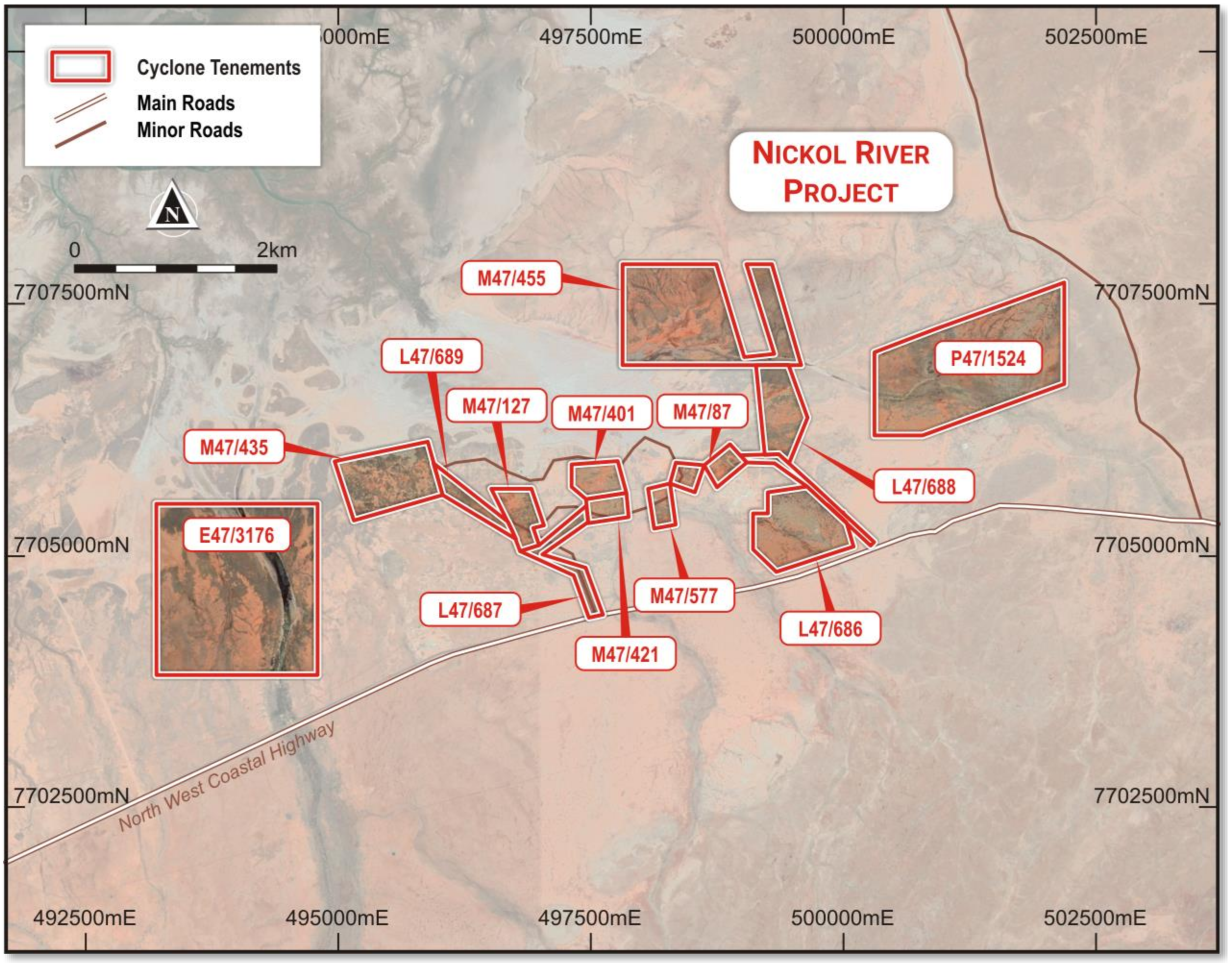

Figure 6 – Nickol River Project location and tenements, located 10km east of Karratha in the West Pilbara of Western Australia

Current work program at the Nickol River Gold Project

A Program of Works was granted on 19 January 2022 for the NRP, for for 18 test pits 20m x 10m by 1m deep over tenements M47/87, M47/401, M47/127, M47/421 and M47/577. Gold nuggets during the quarter were recovered from test pits within M47/577, up to 20.5 grams in weight, refer photo 1 (ASX Release 11 April 2022), for a total of 76 grams

Photo 1: Nickol River Project, specimen gold samples owned by Cyclone

During the year it was announced that a Sub Audio Magnetics (**SAM**) ground based geophysical survey commenced over the NRP tenements, targeting primary structures that may be host to gold mineralisation. The SAM survey which completed in November 2021, and was subsequently interpreted by Southern Geoscience Consultants (**SGC**), had formed the basis for the location of the test pits. Work on the pit program continued during the quarter on leases M47/421, M47/577 and M47/401. This work has exposed many quartz reefs that were under one to two metres of cover and were previously unmapped. Mapping of these structures will further define the proposed drill program. The structures the test pits were located on appear to be validated and will form the basis for a maiden drill program expected to be undertaken later this year.

The Company continues to assess opportunities to further consolidate the NRP area.

Kay Trinder Tenements

On 14 October 2021, the Company issued 11,666,667 shares to Kay Trinder as part consideration for the acquisition of tenements E47/3176 and P47/1524.

Marampa Project

Marampa is an iron ore project at the development stage, located 90km northeast of Freetown, Sierra Leone, West Africa (**Marampa** or **Marampa Project**). The Marampa Project includes one mining licence (ML05/2014) comprising 97.40km^2 and one exploration licence (EL46A/2011) comprising 145.86km^2.

ML05/2014

In 2014, Marampa Iron Ore (SL) Limited (**Marampa SL**), a wholly owned subsidiary of the Company was granted the mining and environmental licences for ML05/2014 (together the **Mining Licence**). The Company has spent circa US$62.7m on exploration and development to date on the Marampa Project.

In September 2018, Marampa SL received a letter from the Sierra Leone Ministry of Mines (**SLMOM**) cancelling the Mining Licence. In 2018, Marampa SL commenced legal action in Sierra Leone to challenge SLMOM's decision to cancel the Mining Licence, however, the Board has agreed to place legal action against the SLMOM on hold.

The Company confirms that it does not currently have tenure over ML05/2014. Whilst no formal application has been made to date, the Company has started in Q1/2021, and will continue to be, engaged in dialogue with the relevant Sierra Leonean authorities to have the Mining Licence reinstated or reissued by mutual agreement. Although this dialogue has been restricted significantly during the period by the impacts of COVID-19 on travel and government operations.

However, since Q3/2021 management continued to actively engage with relevant stakeholders at the SL government to fast-track the process for reissuance of the Mining Licence. In January 2021 the Company met with high level company and public officials from Sierra Leone at the Minister of Mines office in Freetown to discuss and propose an investment case for the Marampa Project supported by the attractive iron ore market price and outlook. A formal response regarding the proposal lodged on 14 January 2021 is still pending. Some ongoing political turmoil makes it difficult to predict when the government will assign the licence.

Whilst there can be no guarantee that the SLMOM will agree to reinstate or reissue a Mining Licence, if Marampa SL were to successfully recover the Mining Licence, the Board is committed to working with the relevant parties to secure access to the necessary plant and equipment and infrastructure to enable the ramp up of the Marampa Project upon the reissuance of the Mining Licence for the benefit of our shareholders as well as, importantly, the Government and People of Sierra Leone.

EL46A/2011

In 2014, Marampa SL was granted exploration license EL46A/2011. In June 2014 the SLMOM extended EL46A/2011 for a further 2-year term from 31 July 2015 until 31 July 2017. Marampa SL has not paid renewal fees to the SLMOM in respect of EL46A/2011 since 31 July 2017. However, Marampa SL has not received any termination documentation or request for information from the SLMOM, therefore is of the view that EL46A/2011 remains a valid license. Marampa SL has contacted the SLMOM asking them to confirm the status of EL46A/2011 however no response has been received to date therefore tenure over EL46A/2011 remains uncertain. Marampa SL will continue to follow up with the SLMOM to determine the status of EL46A/2011. The management of Marampa SL has continued to be active in discussions with SLMOM to fast-track the process getting the EL46A/2011 to be issued again.

The Board confirms that given the inherent uncertainties relating to the future of the Marampa Project, the carrying value of the Marampa Project in the Company's audited accounts was fully impaired as at 30 June 2016 and remains fully impaired.

The Company is currently committing minimum expenditure on the Marampa Project and no exploration activities are currently underway at the Marampa Project.

Kukuna Project

The Kukuna Iron Ore Project (**Kukuna**) is located 120 km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence covering 68km2. The licence area is located approximately 70km due north of Marampa.

The Kukuna Project remains under care and maintenance.

Cameroon

On 3 June 2022 the Company announced that it entered into a binding exclusivity agreement with Ewaah Cameroon Ltd (**Ewaah**) to secure the right to purchase 100% of the issued capital of Camdu Corporation Ltd (a company incorporated in Cameroon), which in turn has applied for the mining permit that covers the area of a world class cobalt deposit in southeastern Cameroon, the Nkamouna-Mada Project (**Cameroon Project**).

The exclusivity agreement has been entered into between Cyclone and Ewaah to secure Cyclone's exclusive right to acquire the mining permit once it is granted to Camdu Corporation by the relevant mining authority in Cameroon. The mining permit covers an area of 1,645km2 and the Nkamouna and Mada deposits are located within that area.

Under the terms of the agreement, Cyclone will issue 50,000,000 fully paid ordinary shares in the capital of the Company at a deemed issue price of $0.005 per share and 50,000,000 unlisted options ($0.01 expiring 12 months from the date of issue) to Ewaah to secure exclusivity which will be issued within 5 days of the mining permit being granted. Upon grant, and subject to Cyclone being satisfied with the findings of due diligence it undertakes during the exclusivity period, the parties will negotiate the consideration payable for the acquisition of the Cameroon Project.

Competent Persons Statement

The information in this report that relates to Wee MacGregor is compiled and collected by Mr Olaf Frederickson, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Frederickson has sufficient experience that is relevant to the style of mineralisation, and type 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 Resource and Ore Reserves (JORC Code 2012). Mr Frederickson consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

The Information in this report that relates to Nickol River Project for exploration results, mineral resources or ore reserves is based on information compiled by Mr Edward Mead, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Mead is a consultant to the company and employed by Doraleda Pty Ltd. Mr Mead has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the `Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Mead consents to the inclusion of this information in the form and context in which it appears in this report.

The Information in this report that relates to the Grand Port, New Zealand exploration results, mineral resources or ore reserves is based on information compiled by Mr Allan Younger, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Younger is an employee of the company. Mr Younger has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the `Australian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Mr Younger consents to the inclusion of this information in the form and context in which it appears in this report.

DIRECTORS' REPORT

Your Directors submit the financial report of Cyclone Metals Limited (**Cyclone** or the **Company**) and its controlled entities (collectively referred to as the **Group**) for the year ended 30 June 2022.

DIRECTORS

In order to comply with the provisions of the *Corporations Act 2001*, the Directors' report as follows:

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

Tony Sage
Tim Turner
Terry Donnelly
Will Scott (appointed 1 September 2021)
Stirling Ross (appointed 13 April 2022)

Mr Terry Donnelly	**Non-Executive Chairman**	
Qualifications	Diploma of Business Administration and Management	
Experience	Mr Donnelly began his career in the banking industry, subsequently becoming a management consultant, specialising in export marketing in Europe, the Middle East, Africa and Japan. During the mid-1990s he became involved in the field of finance and investment, focusing on the mining of precious metals in Australia, Africa, and Europe. Mr Donnelly continues to work as a successful private equity fundraiser & venture capitalist. Mr Donnelly is currently based in Perth, Western Australia. He obtained a Diploma of Business Administration and Management from the Alexander Hamilton Institute of New York.	
Directorships of listed companies held within the last three years	None	
Interest in securities at the date of this report	Fully Paid Ordinary Shares Performance Rights	20,000,000 120,000,000

Tony Sage	**Executive Director**	
Qualifications	B.Com, FCPA, CA, FTIA	
Experience	Mr Sage has more than 35 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for the last 22 years. Mr Sage is also the sole owner of A League football club Perth Glory that plays in the National competition in Australia.	
Directorships of listed companies held within the last three years	CuFe Limited International Petroleum Limited[1] European Lithium Limited [1] Company deregistered on 21 June 2020	August 2009 to Present January 2006 to June 2020 September 2016 to Present
Interest in securities at the date of this report	Fully Paid Ordinary Shares Performance Rights	312,514,763 50,000,000

Tim Turner	**Non-Executive Director, Chairman of Remuneration Committee**
Qualifications	B.Bus, FCPA, FTIA, Registered Company Auditor
Experience	Timothy Turner is the senior partner of accounting and advisory firm, HTG Partners. Mr Turner heads the audit and assurance division and is responsible for the issue of audit opinions for self-managed superannuation funds through to full reporting entities. He also has more than 30 years' experience in business development, structuring and general business consultancy. Timothy has a Bachelor of Business (Accounting), is a Registered Company, SMSF and Organisation Auditor, is a Fellow of CPA Australia and a Fellow of the Tax Institute of Australia. With over 15 years' experience on listed company boards and 30 years' experience in the Australian accounting, taxation and business fields, Mr Turner brings a wealth of experience and knowledge in corporate compliance, governance and corporate manoeuvring
Directorships of listed companies held within the last three years	International Petroleum Limited[1] — January 2006 to June 2020 Petronor E&P[2] — November 2007 to February 2020 [1] Company deregistered on 21 June 2020 [2] Company delisted from the National Stock Exchange of Australia December 2015 to list on the Oslo Stock Exchange, previously named African Petroleum Ltd
Interest in securities at the date of this report	Fully Paid Ordinary Shares — 25,723,000
Will Scott	**Non-Executive Director**, Remuneration Committee member
Experience	Mr William Scott spent 39 years as the owner/manager of pastoral properties in the Murchison Region of Western Australia where he successfully integrated prospecting and earth moving into his business model, as the owner and executive director of Wyn Contracting Pty Ltd. In 2012 Mr Scott relocated and integrated the earth moving component of his business to Karratha assuming the role of Operations Manager at Nickol River Fill Pty Ltd, establishing a successful sand and rock quarry. In 2016 Mr Scott focussed his attention to small scale mining and prospecting, with joint venture partnerships in the Karratha area of the West Pilbara. He has successfully explored and identified primary resource ore bodies as well as recovering substantial quantities of gold in alluvial/eluvial style, in both gold nugget and gold specimen form. Mr Scott has undertaken extensive mapping of gold discovery locations, with the use of technologies such as Sub Audio Magnetics (SAM), which has identified primary gold ore bodies in the West Pilbara.
Directorships of listed companies held within the last three years	None
Interest in securities at the date of this report	Fully Paid Ordinary Shares — 63,734,889 Performance Rights — 50,000,000 Unlisted Options ($0.006 expiring 31 March 2024) — 2,500,000

Stirling Ross	**Non-Executive Director,** Remuneration Committee member	
Experience	Mr Stirling Ross began his career in the transport industry specialising in hazardous storage and logistics of agricultural and mining chemicals for large multinationals. He then transitioned into a trading role in agricultural and mining products. Mr Ross has spent the past 12 years with Eastman Chemical Company managing Australia and New Zealand in the Agricultural, Mining and Oil/Gas sectors.	
Directorships of listed companies held within the last three years	None	
Interest in securities at the date of this report	Fully Paid Ordinary Shares	2,500,000

COMPANY SECRETARY

Ms Chapman is a certified practising accountant with over 20 years of experience in the mining industry. She has worked extensively in Australia and the United Kingdom. Ms Chapman has a Bachelor of Accounting from Murdoch University and has been a member of CPA Australia since 2000. Ms Chapman has completed a Graduate Diploma of Corporate Governance with the Governance Institute of Australia, and the company directors course with the Australian Institute of Company Directors.

Catherine Grant-Edwards (appointed 24 June 2022) has over 20 years' experience in the accounting and company secretarial professions with ASX/LSE-listed and private companies as well as practicing at Ernst & Young. Ms Grant-Edwards has a Bachelor of Commerce from the University of Western Australia, majoring in Accounting and Finance, and qualified as an accountant with the Institute of Chartered Accountants Australia (ICAA) in 2006.

Ms Chapman and Ms Grant-Edwards are co-founders and Executive Directors of Bellatrix Corporate Pty Ltd, a company that provides company secretarial and accounting services to several ASX Listed companies.

DIVIDEND AND RETURN OF CAPITAL

No dividend was declared or paid during the current or prior year.

REVIEW OF RESULTS AND OPERATIONS

Principal Activity

The principal activity of the Group during the year was mineral investment, exploration and evaluation.

There were no significant changes in the nature of the principal activity during the year.

Review of Operations

A summary of the most significant transactions during the year ended 30 June 2022 is set out below:

Trading Suspension

On 16 October 2020, the Company's securities were suspended from official quotation on the basis that ASX had determined CLE's operations are not adequate to warrant the continued quotation of securities and compliance with LR 12.1. The Company was in continual discussion with the ASX and on 15 June 2021 announced the pave-way to reinstatement of trading on the ASX. One condition specified by the ASX was for Cyclone to release a full form prospectus which was released on 14 July 2021.

The Company's shares were reinstated to trading on the ASX on Tuesday 3 August 2021.

Board and Officer Appointments

During the year, the Company announced the appointments of Mr Will Scott as a Non-Executive Director with effect from 1 September 2021 and Mr Stirling Ross as a Non-Executive Director with effect from 13 April 2022.

On 24 June 2022, the Company announced the appointment of Ms Catherine Grant-Edwards as Joint Company Secretary with effect from 24 June 2022.

Shareholder Meetings

On 30 November 2021, the Company held its annual general meeting (**AGM**) of shareholders. All resolutions were carried at the AGM.

On 20 May 2022, the Company held a general meeting (**GM**) of shareholders. All resolutions were carried at the GM.

Winance Financing Facility

On 31 July 2019, the Company announced that it had secured an A$15m finance facility with Winance Investment LLC (**Winance**) for mining exploration and general working capital purposes. The initial tranche of A$1.2m (1,200 convertible notes) was drawn down on 8 August 2019 with the conversion of initial tranche A notes ($480k or 480 convertible notes) unconditional and the conversion of initial tranche B notes ($720k or 720 convertible notes) subject to prior approval by Cyclone Metals' shareholders (which was received on 11 February 2020). Full terms and conditions of the convertible securities are included in the announcement released on 31 July 2019.

During the year, Winance converted the remaining 10 notes on issue which resulted in the issue of 2,000,000 fully paid ordinary shares in the Company. As at 30 June 2022, Winance had no convertible notes remaining.

Placements

In September 2021, the Company issued 245,000,000 fully paid ordinary shares to raise proceeds of $1,225,000 (before expenses).

In December 2021, the Company issued 12,222,223 fully paid ordinary shares to raise proceeds of $55,000 (before expenses) and one unlisted free attaching option for every one share at an exercise price of $0.005 expiring 16 December 2022.

In February 2022, the Company issued 151,111,110 fully paid ordinary shares to raise proceeds of $680,000 (before expenses) and one unlisted free attaching option for every one share at an exercise price of $0.005 expiring 4 February 2023.

In March 2022 and May 2022, the Company issued 100,000,000 fully paid ordinary shares to raised proceeds of $500,000 (before expenses) and 25,000,000 unlisted free attaching option for every four shares at an exercise price of $0.006 expiring 31 March 2024. The issue of securities in May 2022 were to Director Will Scott who participated in the placement on the same terms as the Placement. These shares and options were issued following receipt of shareholder approval at the GM.

Other Security Movements

On 11 October 2021, the Company issued 100,000,000 fully paid ordinary shares pursuant to the terms of the Nickol River acquisition.

On 14 October 2021, the Company issued 11,666,667 fully paid ordinary shares to Kay Trinder as part consideration for the acquisition of tenements E47/3176 and P47/1524.

On 16 December 2021, the Company issued 50,000,000 fully paid ordinary shares and 50,000,000 performance rights as a sign-on bonus to Mr Will Scott, upon his appointment as a Non-Executive Director of the Company. The securities were issued following receipt of shareholder approval at the AGM.

On 16 December 2021, the Company issued 120,000,000 performance rights to Mr Terry Donnelly, the Non-Executive Chairman. The securities were issued following receipt of shareholder approval at the AGM.

On 18 December 2021, a total of 107,000,000 unlisted options with an exercise price of $0.005 lapsed.

On 23 March 2022 and 23 May 2022, the Company issued 500,000,000 and 400,000,000 fully paid shares respectively as part consideration for the acquisition of Grand Port.

On 23 May 2022, the Company issued 50,000,000 incentive performance rights to Mr Tony Sage, Executive Director. The securities were issued following receipt of shareholder approval at the GM.

Unmarketable Parcel Sale Facility

On 10 May 2022, the Company announced that it has established an Unmarketable Parcel Sale Facility (**Facility**) for shareholders who hold less than A$500 worth of fully paid ordinary shares (**Unmarketable Parcel**) in the Company. The Company established the Facility to enable shareholders who hold an Unmarketable Parcel to sell their shares without having to act through a broker or pay brokerage or handing fees.

The Board intends to continue to follow its strategy of acquiring and investing in undervalued and/or distressed mineral assets and companies (**Projects**) and improve the value of these Projects, through a hands-on approach to management, exploration, evaluation and development and retaining a long-term exposure to these Projects through a production royalty and/or equity interest. Cyclone aims to deliver shareholder value by adding value to these undeveloped Projects. If Projects are converted into cash, the Company intends to follow a policy of distributing surplus cash to shareholders.

RESULTS

The Group made a loss after income tax for the year ended 30 June 2022 of $5,620,000 (2021: loss of $5,412,150). Included in this amount is:

- a loss of $4,100,279 (2021: gain of $1,267,538) on fair value of financial assets through profit and loss
- an amount of nil (2021: gain of $3,159,650) for the reversal of impairment in respect to investment in associate
- a gain of $1,107,119 (2021: Nil) for the transfer from associate accounting to fair value through profit or loss

CHANGES IN STATE OF AFFAIRS

During the financial year there was no significant change in the state of affairs of the Group other than those referred to in the Review of Operations.

EVENTS SUBSEQUENT TO REPORTING DATE

On 6 July 2022, the Company confirmed the closures of the Unmarketable Parcel Sale Facility (**Facility**) with the final number of shares eligible to be sold under the Facility was 43,064,049 shares from a total of 2,588 shareholdings. The Company has now sold these shares with proceeds from the sale of these shares being distributed to participating shareholders.

On 28 July 2022, the Company announced that it would be undertaking a placement to raise up to AUD$500,000 at an issue price of $0.004 per fully paid ordinary share (**July 2022 Placement Shares**). Participants of the Placement will also be entitled to receive one unlisted option for every two shares at an exercise price of $0.005 expiring 30 June 2024 (**July 2022 Placement Options**). On 28 July 2022, the Company issued 12,500,000 July 2022 Placement Shares and 6,250,000 July 2022 Placement Options.

On 31 July 2022, the finance facility with Winance Investment LLC expired (refer to note 27).

On 17 August 2022, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is unsecured, repayable on 30 November 2022 and accrues interest of 5% per annum. Mr Antony Sage is a director of EUR.

There have been no other events subsequent to 30 June 2022 up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Board intends to continue to follow its strategy of acquiring and investing in undervalued assets and adding value through a hands-on approach to management, exploration and evaluation.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work. There have been no significant known breaches of the Group's environmental regulations to which it is subject.

The Group is also subject to the reporting requirements of the *National Greenhouse and Energy Reporting Act 2007*. The *National Greenhouse and Energy Reporting Act 2007* requires the Group to report its annual greenhouse gas emissions and energy use.

For the year ended 30 June 2022 the Group was below the reported threshold for legislative reporting requirements, therefore, is not required to register or report. The Group will continue to monitor its registration and reporting requirements however it does not expect to have future reporting requirements.

INDEMNIFICATION OF OFFICERS

In accordance with the Company's constitution, except as may be prohibited by the *Corporations Act 2001*, every officer or agent of the Company shall be indemnified out of the property of the Company against any liability incurred by him in his capacity as officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the financial year, the Company has paid insurance premiums in respect of directors' and officers' liability insurance. The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending legal proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information to gain a personal advantage.

In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to insurers has not been disclosed. This is permitted under *section 300(9)* of the *Corporations Act 2001*.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, BDO, 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 BDO during or since the financial year.

DIRECTORS' MEETINGS

The following table sets out the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member).

	Board of Directors		Remuneration Committee	
Directors	**Eligible to Attend**	**Attended**	**Eligible to Attend**	**Attended**
Tony Sage	4	4	-	-
Tim Turner	4	4	-	-
Terry Donnelly	4	4	-	-
Will Scott	4	4	-	-
Stirling Ross	1	1	-	-

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 30 June 2022 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. The information provided in this remuneration report has been audited as required by *section 308(3C)* of the *Corporations Act 2001.*

Remuneration Policy for Directors and Other Key Management Personnel

The remuneration report details the remuneration arrangements for key management personnel (**KMP**), defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Company.

Details of Directors and Other Key Management Personnel

Directors
T Donnelly – Non-Executive Chairman
T Sage – Executive Director
T Turner – Non-Executive Director
W Scott – Non-Executive Director (appointed 1 September 2021)
S Ross – Non-Executive Director (appointed 13 April 2022)

Principles used to determine the nature and amount of remuneration

The remuneration policy of the Company has been designed to align director objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed sporadically in line with market rates. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain appropriately skilled directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members and other key management personnel is as follows:

All executives receive a base salary (which is based on factors such as length of service and experience).
The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented individuals, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. The Board endorses the use of incentive and bonus payments for directors and senior executives.

Options and performance incentives may also be issued as the Group invests in projects which are subsequently successfully monetised, and key performance indicators such as market capitalisation and growth can be used as measurements for assessing Board performance.

Shares awarded to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes option pricing model. Performance rights are valued using the Black & Scholes or trinomial option pricing model.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Non-Executive Chairman determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors as approved at the 2021 Annual General Meeting is $1,000,000. Any modifications to this amount is subject to approval by shareholders at the Company's Annual General Meeting. To align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company. The Company did not engage external remuneration consultants to advise the Board on remuneration matters during the year.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy aims to increase goal congruence between shareholders and directors via the issue of options and performance rights to directors to encourage the alignment of personal and shareholder interests. During the financial year, the Company's share price traded between a low of $0.003 and a high of $0.009. The price volatility is a concern to the Board but is not considered abnormal for medium sized exploration entities and in the context of volatile global equity markets. In order to keep all investors fully informed and minimise market fluctuations, the Board is determined to maintain promotional activity amongst the investment community so as to increase awareness of the Company and to stabilise the Company's share price in line with a consistent and stable financial position and base value of assets.

	2018	**2019**	**2020**	**2021**	**2022**
Closing Share Price 30 June	$0.03	$0.009	$0.002	$0.009[1]	$0.003
(Loss) for the year attributable to members of Cyclone Metals Limited	($651,170)	($6,459,163)	($1,534,482)	($5,412,150)	($5,620,000)
Basic EPS	($0.0748)	($0.64)	($0.13)	($0.14)	($0.10)

[1] Based on closing share price prior the suspension of trading of shares on 16 October 2020 and reinstated for trading on the ASX on 3 August 2021 .

Details of Remuneration

Remuneration packages contain the key elements incorporated in the Company's Remuneration Policy as detailed above. The following table discloses the remuneration of the directors and key management personnel of the Company:

						% of Total Remuneration		
	Short-Term Benefits Cash Salary & Fees $	**Post-employment benefits $**	**Long-Term benefit Leave $**	**Share-based Payments – Equity $**	**Total $**	**Fixed %**	**At Risk Short-Term Incentive %**	**At Risk Long-Term Incentive (Options) %**
30 June 2022								
Directors								
T Sage	400,000	-	-	36,444	436,444	92%	0%	8%
T Turner	60,000	-	-	-	60,000	100%	0%	0%
T Donnelly	120,000	-	-	58,333	178,333	67%	0%	33%
W Scott	50,000	-	-	78,750	128,750	39%	0%	61%
S Ross	12,959	-	-	-	12,959	100%	0%	0%
Total	**642,959**	**-**	**-**	**173,527**	**816,486**	**79%**	**0%**	**21%**

	Short-Term Benefits Cash Salary & Fees $	Post-employment benefits $	Long-Term benefit Leave $	Share-based Payments – Equity $	% of Total Remuneration: Total $	Fixed %	At Risk Short-Term Incentive %	At Risk Long-Term Incentive (Options) %
30 June 2021								
Directors								
T Sage	400,000	-	-	-	400,000	100%	0%	0%
T Turner	60,000	-	-	-	60,000	100%	0%	0%
T Donnelly	65,000	-	-	270,000	335,000	19%	0%	81%
M Hancock	4,387	-	-	-	4,387	100%	0%	0%
Total	**529,387**	**-**	**-**	**270,000**	799,387	**66%**	**0%**	**34%**

For executives who were appointed or resigned during the year, the remuneration reflected above is that from date of appointment or to date of resignation.

Additional disclosures relating to options and shares

Options awarded, vested and lapsed
On 23 May 2022, the Company issued 2,500,000 options to Mr Will Scott, Non-Executive Director, who participated in the March placement. The options were issued following receipt of shareholder approval at the GM on 20 May 2022.

No share options lapsed during the current year ended 30 June 2022.

Additional disclosures relating to performance rights

Performance rights awarded, vested and lapsed
The following table discloses performance rights granted to executives as remuneration during the year ended 30 June 2022. In addition, 120,000,000 performance rights lapsed during the current year ended 30 June 2022.

Performance rights holdings of directors and key management personnel

	Balance 1-Jul-21 No.	Granted as remuneration No.	Lapsed during the year No.	Balance 30-Jun-22 No.	Vested and exercisable 30-Jun-22 No.	Unvested 30-Jun-22 No.
Directors						
T Sage	-	50,000,000[1]	-	50,000,000	-	50,000,000
T Turner	-	-	-	-	-	-
T Donnelly	120,000,000	120,000,000[2]	120,000,000[2]	120,000,000	-	120,000,000
W Scott	-	50,000,000[3]	-	50,000,000	-	50,000,000
S Ross	-	-	-	-	-	-
	120,000,000	**220,000,000**	**120,000,000**	**220,000,000**	-	220,000,000

[1] On 23 May 2022, the Company issued 50,000,000 incentive performance rights to Mr Tony Sage, Executive Director. The shares were issued following receipt of shareholder approval at the GM on 20 May 2022.
[2] On 16 October 2020, the Company issued 120,000,000 performance rights to Terry Donnelly upon his appointment as Non-Executive Chairman of the Company (Initial Performance Rights) following receipt of shareholder approval at the GM held 6 October 2020. As a result of the Company's shares being suspended from 16 October 2020 to 3 August 2021, Terry Donnelly did not have the opportunity to meet the milestones associated with the Initial Performance Rights prior to their lapse on 6 October 2021. As such, the Company issued 120,000,000 new performance rights, with the same

milestones as the Initial Performance Rights on 16 December 2021 following receipt of shareholder approval at the AGM held on 30 November 2021.
[3] On 16 December 2021, the Company issued 50,000,000 sign-on bonus performance rights to Mr Will Scott, upon his appointment as a Non-Executive Director of the Company. The performance rights were issued following receipt of shareholder approval at the AGM on 30 November 2021.

The total fair value of all performance rights granted during the financial year was $435,000 (30 June 2021: $270,000) with an amount of $173,527 (30 June 2021: $270,000) being expensed through profit and loss during the financial year.

There were no shares issued on the vesting of performance rights during the year. Subsequent to 30 June 2022, no performance rights lapsed.

Terms and Conditions of the share-based payment arrangements

Performance Rights

The terms and conditions of each grant of performance rights affecting remuneration in the current or a future report period are as follows:

Director	Number granted	Grant date	Expiry date	Fair value at grant date $ per right	Vesting conditions
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0022	Tranche 1
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0015	Tranche 2
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0007	Tranche 3
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0003	Tranche 4
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0002	Tranche 5
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0001	Tranche 6
Will Scott	50,000,000	30 November 2021	30 November 2022	0.0027	Tranche 7
Tony Sage	50,000,000	23 May 2022	31 December 2022	0.004	Tranche 8

The performance rights had the following market-based vesting conditions:

Tranche 1	Volume-weighted average price ('VWAP') of the Company's share price exceeding $0.01 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 2	VWAP of the Company's share price exceeding $0.02 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 3	VWAP of the Company's share price exceeding $0.05 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 4	VWAP of the Company's share price exceeding $0.10 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 5	VWAP of the Company's share price exceeding $0.15 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 6	VWAP of the Company's share price exceeding $0.20 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 7	VWAP of the Company's share price exceeding $0.01 continuously for more than 10 consecutive trading days within 1 year of grant.
Tranche 8	VWAP of the Company's share price exceeding $0.01 continuously for more than 14 consecutive trading days within 1 year of grant.

The fair value of the performance rights was determined using the trinomial option pricing model, taking into account the terms and conditions upon which the performance rights were granted. The following table lists the inputs to the model for the performance rights:

			Terry Donnelly				Will Scott	Tony Sage
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	150%	150%	150%	150%	150%	150%	150%	150%
Risk free interest rate (%)	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%	2.52%
Exercise price ($)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Marketability discount (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
Share price at grant date ($)	$0.004	$0.004	$0.004	$0.004	$0.004	$0.004	$0.004	$0.005
Value per right ($)	$0.0022	$0.0015	$0.0007	$0.0003	$0.0002	$0.0001	$0.0027	$0.004

Shareholdings of directors and key management personnel

Details of fully paid ordinary shares of Cyclone Metals Limited held by directors and key management personnel are set out below:

	Balance 1-Jul-21 No.	Participation in Placement No.	On-market Purchase No.	Granted as remuneration No.	Other No.	Balance 30-Jun-22 No.
Directors						
T Sage	312,514,763	-	-	-	-	312,514,763
T Turner	25,723,000	-	-	-	-	25,723,000
W Scott	-	10,000,000[3]	-	50,000,000[2]	3,734,889[1]	63,734,889
T Donnelly	20,000,000	-	-	-	-	20,000,000
S Ross	-	-	2,500,000	-	-	2,500,000
	358,237,763	10,000,000	2,500,000	50,000,000	3,734,889	424,472,652

[1] Balance of shareholding held by Mr Scott on 1 September 2021 upon his appointment as Director
[2] On 16 December 2021 Will Scott was issued 50,000,000 shares as part of his remuneration package which was approved at the 30 November 2021 AGM
[3] On 23 May 2022 the Company issued 10,000,000 shares to Mr Will Scott, Non-Executive Director, who participated in the March placement. The shares were issued following receipt of shareholder approval at the GM on 20 May 2022

Other transactions with director related entities

Loans with related parties

On 14 December 2021, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is secured over 25,000,000 unencumbered shares held by the Company in CuFe Limited (ASX: CUF). On 20 June 2022, the Company entered into a second loan agreement and received funds of $500,000 from EUR. Both loans are repayable on 30 November 2022 and accrues interest of 5% per annum. Mr Antony Sage is a director of EUR.

Agreements entered into with related parties

<u>Nickol River Acquisition</u>

On 23 August 2021, the Company announced the acquisition of a package of tenements from D&K Corps Investments Pty Ltd that form part of the central part of the Nichol River Gold Project Area. The terms of the acquisition included

the payment of a facilitation fee of $200,000 to Rich Minerals Pty Ltd (**Rich Minerals**), a company controlled by Will Scott. Rich Minerals requested that the facilitation fee payment be advanced to Wyn Contracting Pty Ltd, an entity also controlled by Will Scott, and considered to made on commercial arm's length terms

Office lease agreement with Okewood Pty Ltd

Effective 1 February 2021, the Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the part-lease of 32 Harrogate Street, West Leederville WA 6007 (**Lease Agreement**). The term of the Lease Agreement is ongoing commencing 1 February 2021 for a rent of $2,500 per month. The lease covers the rental, outgoings and parking charges under agreements made on commercial terms and conditions at market rates.

Transactions with related parties

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

The following table provides the total amount of transactions (excluding loans with related parties and remuneration) that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Director related entities:					
CuFe Limited	2022	686	250	-	250
CuFe Limited	2021	750	754	-	716
European Lithium Limited	2022	686	16,060	150	8,772
European Lithium Limited	2021	750	6,360	-	805
Perth Glory Football Club	2022	-	27,000	-	-
Perth Glory Football Club	2021	-	43,925	-	-
Okewood Pty Ltd	2022	-	30,000	-	5,000
Okewood Pty Ltd	2021	-	12,500	-	-
Universal Trust	2022	-	-	-	-
Universal Trust	2021	-	24,819	-	-
Wyn Contracting Pty Ltd	2022	-	230,195	-	27,434
Wyn Contracting Pty Ltd	2021	-	-	-	-

Sales to and purchases from director related entities are for the acquisition of the Nickol River tenements ($200,000) and the balance relating to the reimbursement of occupancy, investor relations, travel, capital raising and other costs:

- Tony Sage is a director of European Lithium Limited and CuFe Limited
- Okewood Pty Ltd and Okewood Pty Ltd trading as Perth Glory Football Club are entities controlled by Tony Sage
- Universal Trust is an entity controlled by Terry Donnelly
- Wyn Contracting Pty Ltd is an entity controlled by Will Scott

Equity instrument disclosures relating to key management personnel

On 16 December 2021, the Company issued 50,000,000 fully paid ordinary shares and 50,000,000 performance rights as a sign-on bonus to Mr Will Scott, upon his appointment as a Non-Executive Director of the Company. The shares were issued following receipt of shareholder approval at the AGM on 30 November 2021.

On 16 December 2021, the Company issued 120,000,000 performance rights to Non-Executive Chairman Mr Terry Donnelly. The shares were issued following receipt of shareholder approval at the AGM on 30 November 2021.

On 23 May 2022, the Company issued 50,000,000 incentive performance rights to Mr Tony Sage, Executive Director. The shares were issued following receipt of shareholder approval at the GM on 20 May 2022.

On 23 May 2022, the Company issued 10,000,000 shares and 2,500,000 options to Mr Will Scott, Non-Executive Director, who participated in the March 2022 placement. The securities were issued following receipt of shareholder approval at the GM on 20 May 2022.

Service Agreements

Executive Director

The Company has entered into a three-year term (effective from 1 January 2020) consultancy agreement with Okewood Pty Ltd (**Okewood**) to provide Director services to Cyclone including specific responsibilities for all negotiations and strategic networking to facilitate the acquisition and disposal of assets of the Company based on a set fee of $400,000 (plus GST) per annum. The consultancy contract has a 3-month termination notice (or payment in lieu of notice, subject to the *Corporations Act 2001* and Listing Rules), without cause, for either party.

Director Loans

There were no Director loans at 30 June 2022.

2021 Annual General Meeting

The Company received 97.94% of 'yes' votes and 2.06% 'no' votes on its remuneration report for the year ended 30 June 2021.

This is the end of the audited remuneration report

Proceedings on Behalf of the Company

As announced on 10 March 2022, the Company has filed a writ of Summons on 28 February 2022 in the District Court of Western Australia against Cauldron Energy Limited (ASX:CXU) claiming loss and damage of $140,012.41. The claim relates to a tenancy sub-lease agreement in respect of CXU's former premises at 32 Harrogate Street, West Leederville.

No other person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non-Audit Services

The Board of Directors is satisfied that the provision of any non-audit services by the Company's auditors is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* because:

- All 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 is reviewed to ensure that they do not compromise the general principles relating to auditor independence in accordance with *APES 110: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

During the year $Nil was paid or payable (2021: $Nil) to the auditor or its related practices for non-audit services.

Performance Rights

Performance Rights Granted to Directors and Employees and Consultants

There were 220,000,000 performance rights granted to Directors during the period.

Share Options

Share Options Granted to Directors and Employees and Consultants

There were no options granted as remuneration to Directors, employees and consultants during the period.

Share Options on Issue at Year End

Unissued ordinary shares of Cyclone Metals under option at the date of this report are as follows:

Grant Date	Exercise Price	Number of Options	Expiry Date	Listed/Unlisted
19 February 2020	$0.006	11,200,000	30/06/2023	Unlisted
16 December 2021	$0.005	12,222,223	16/12/2022	Unlisted
4 February 2022	$0.005	151,111,110	4/02/2023	Unlisted
23 May 2022	$0.006	25,000,000	31/03/2024	Unlisted
18 December 2020	$0.005	5,000,000	18/12/2022	Unlisted
		204,533,333		

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration under *section 307C* of the *Corporations Act 2001* is set out on page 26 for the year ended 30 June 2022.

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

Tony Sage
Executive Director
Dated this 2nd day of September 2022

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF CYCLONE METALS LIMITED

As lead auditor of Cyclone Metals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Cyclone Metals Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth

2 September 2022

CORPORATE GOVERNANCE STATEMENT

The Company's Corporate Governance Statement for the year ended 30 June 2022 (which reports against these ASX Principles) may be accessed from the Company's website at www.cyclonemetals.com.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
Revenue	3(a)	193	4,684
Gain/(loss) on extinguishment of liabilities	31	-	(6,437,734)
Other income	3(b)	8,865	56,917
Share-based payments	21(d)	(373,527)	(439,664)
Directors remuneration and employee benefits expenses		(704,896)	(587,998)
Consulting and professional services		(614,940)	(611,135)
Occupancy expenses	3(c)	(64,992)	(51,674)
Compliance and regulatory expenses		(102,011)	(113,271)
Travel and accommodation		(74,112)	(69,186)
Depreciation and amortisation expense	10	(2,896)	(7,317)
(Loss)/Gain on fair value of financial assets through profit & loss	3(e)	(4,000,067)	1,267,538
Finance expenses	3(f)	(6,457)	(670,096)
Other expenses	3(d)	(369,772)	(253,277)
Impairment of capitalised exploration	12(b)	(422,507)	(354,638)
Reversal of investment in associate impairment	11(b)	-	3,159,650
Share of net losses of associates accounted for using the equity method	11(b)	-	(604,855)
Gain on dilution of interest in associate	11(b)	-	235,480
Gain on transfer from associate accounting to fair value through profit or loss	11(b)	1,107,119	64,426
Loss before income tax		(5,620,000)	(5,412,150)
Income tax (expense)/benefit	4	-	-
Net loss for the year		(5,620,000)	**(5,412,150)**
Other comprehensive income/(expenditure) net of tax			
Items that may be reclassified subsequently to profit and loss			
Foreign exchange differences arising on translation of foreign operations		(18,031)	18,029
Share of reserves of associates accounted for using the equity method		-	182,741
Other comprehensive (loss)/income for the year		(18,031)	**200,770**
Total comprehensive loss for the year		(5,638,031)	**(5,211,380)**
Loss per share for the year:			
Basic loss per share (cents per share)	23	(0.10)	(0.15)
Diluted loss per share (cents per share)	23	(0.10)	(0.15)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	6	314,373	280,749
Restricted cash and cash equivalents	7	17,500	17,500
Trade and other receivables	8	280,486	341,985
Financial assets at fair value through profit or loss	9	6,369,579	4,863,742
TOTAL CURRENT ASSETS		6,981,938	5,503,976
NON-CURRENT ASSETS			
Other financial assets	9	-	17,435
Plant and equipment	10	75,056	71,125
Investments accounted for using equity method	11	-	4,884,975
Exploration and evaluation expenditure	12	5,700,632	-
TOTAL NON-CURRENT ASSETS		5,775,688	4,973,535
TOTAL ASSETS		12,757,626	**10,477,511**
CURRENT LIABILITIES			
Trade and other payables	13	716,537	492,153
Provisions	14	114,655	85,265
Current tax liabilities	17	1,200,004	1,487,372
Convertible note	15	-	136,219
Short term loan payable	16	1,014,178	-
TOTAL CURRENT LIABILITIES		3,045,374	2,201,009
NON-CURRENT LIABILITIES			
Non-current tax liabilities	17	-	780,516
TOTAL NON-CURRENT LIABILITIES		-	780,516
TOTAL LIABILITIES		3,045,374	**2,981,525**
NET ASSETS		9,712,252	**7,495,986**
EQUITY			
Issued capital	18	227,796,301	220,115,531
Reserves	19	24,541,609	24,386,113
Accumulated losses	20	(242,625,658)	(237,005,658)
TOTAL EQUITY		9,712,252	**7,495,986**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2022

	Note	Issued Capital $	Unissued Capital Reserve $	Accumulated Losses $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Total Equity $
At 30 June 2021		**220,115,531**	**-**	**(237,005,658)**	**3,239,437**	**22,237,177**	**(1,090,501)**	**7,495,986**
Loss for the year		-	-	(5,620,000)	-	-	-	(5,620,000)
Forex (gain) on translation of foreign operations	19	-	-	-	-	(18,031)	-	(18,031)
Total comprehensive loss for the year		-	-	(5,620,000)	-	(18,031)	-	(5,638,031)
Shares issued during the period:								
- Winance conversion	15	10,000	-	-	-	-	-	10,000
- Placement	18	2,460,000	-	-	-	-	-	2,460,000
- Grand Port acquisition	31	4,500,000	-	-	-	-	-	4,500,000
- Nickol River acquisition	31	500,000	-	-	-	-	-	500,000
- Kay Trinder acquisition	31	70,000	-	-	-	-	-	70,000
- Director shares	24	200,000	-	-	-	-	-	200,000
Unissued share capital		-	50,000	-	-	-	-	50,000
Share-based payments expense	19	-	-	-	173,527	-	-	173,527
Capital raising costs	18	(109,230)	-	-	-	-	-	(109,230)
At 30 June 2022		227,746,301	50,000	(242,625,658)	3,412,964	22,219,146	(1,090,501)	9,712,252

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2022

	Note	Issued Capital $	Unissued Capital Reserve $	Accumulated Losses $	Share-based Payment Reserve $	Foreign Currency Translation Reserve $	Business Combination Reserve $	Total Equity $
At 1 July 2020		**206,133,405**	**-**	**(231,593,510)**	**2,757,033**	**22,219,148**	**(1,090,501)**	**(1,574,425)**
Loss for the year		-	-	(5,412,150)	-	-	-	(5,412,150)
Share of reserves of associates	19	-	-	-	182,741	-	-	182,741
Forex (gain) / loss on translation of foreign operations	**19**	-	-	-	-	18,029	-	18,029
Total comprehensive loss for the year		-	-	(5,412,150)	182,741	18,029	-	(5,211,380)
Shares issued during the period:								
- Winance conversion	18	219,778	-	-	-	-	-	219,778
- Magna conversion		179,757	-	-	-	-	-	179,757
- Placement		3,165,500	-	-	-	-	-	3,165,500
- Debt to Equity conversion		3,495,748	-	-	-	-	-	3,495,748
- Exercise of options		60,000	-	-	-	-	-	60,000
- Chairman shares		140,000	-	-	-	-	-	140,000
- Winance loan conversion		6,912,847	-	-	-	-	-	6,912,847
Share-based payments expense	19	-	-	-	299,664	-	-	299,664
Capital raising costs	18	(191,504)	-	-	-	-	-	(191,504)
At 30 June 2021		**220,115,531**	**-**	**(237,005,658)**	**3,239,437**	**22,237,177**	**(1,090,501)**	**7,495,986**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $	2021 $
CASHFLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees (inclusive of GST)		(1,495,896)	(1,609,749)
Receipts from customers		-	22,000
Interest received		193	4,684
Income tax paid	17	(1,186,383)	(1,106,143)
Settlement of debt		-	(100,000)
Release funds from restricted to non-restricted		-	(5,000)
Net cash (used in) operating activities	6(b)	(2,682,086)	(2,794,208)
CASHFLOWS FROM INVESTING ACTIVITIES			
Payment for acquiring interests in investments accounted for using equity method	11(b)	-	(15,925)
Payment for acquisition equity investments	9(a)	-	(30,000)
Payment for exploration tenements		(261,501)	(125,037)
Payments for exploration and evaluation		(926,340)	(576,008)
Purchase or property, plant and equipment	10	(844)	(2,664)
Proceeds from sale of financial assets at fair value through profit or loss		503,625	522,373
Net cash (used in) investing activities		(685,060)	(227,261)
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	18	2,460,000	3,225,500
Transaction costs related to issue of shares, convertible notes or options		(109,230)	(161,504)
Proceeds from issuing loan note	16	1,000,000	-
Unissued share capital	18	50,000	-
Net cash provided by financing activities		3,400,770	3,063,996
Net increase in cash and cash equivalents		33,624	42,527
Cash and cash equivalents at beginning of period		280,749	238,222
Cash and cash equivalents at end of period	6(a)	314,373	**280,749**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

The consolidated financial statements of Cyclone Metals Limited and its subsidiaries (collectively, the **Group**) for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 2 September 2022.

Cyclone Metals Limited (the **Company** or the **Parent**) is a for profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

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

Information of the Group's structure is provided in Note 28. Information on other related party relationships is provided in Note 24.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report has been prepared on the basis of historical cost, except for the revaluation of certain financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

The financial report is presented in Australian dollars.

The Group is a for-profit public listed company, incorporated and domiciled in Australia.

(b) Going concern

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

For the year ended 30 June 2022 the Group incurred a loss after income tax of $5,620,000 (30 June 2021: $5,412,150), net cash outflows from operating activities of $2,682,086 (30 June 2021: $2,794,209), a working capital surplus of $3,936,564 (30 June 2021: $3,302,967 surplus) and at that date had cash on hand of $314,373 (30 June 2021: $280,749).

The Group's ability to continue as a going concern and to continue to fund its planned expanded activities is dependent on raising further capital, continued support from creditors and related parties, successful extension or renegotiation of borrowing facilities and reducing operational costs.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors believe that it is reasonably foreseeable that the Group will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The Group requires additional capital for its next phase. The Company continues to seek funding options;
- Ability to realise certain of the Group's financial assets through the sale of its listed shares.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

(c) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

(d) Changes in accounting policy, disclosures, standards and interpretations

New accounting standards adopted in the current period

In the year ended 30 June 2022, the Directors have reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the year end reporting period beginning on or after 1 July 2021. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2021 with no material impact on the amounts or disclosures included in the financial report.

New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2022. The Company's assessment of the impact of these new standards and interpretations has not identified any impact.

Title	Summary	Application date of standard	Application date for the Group
AASB 2021-2 - Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	Only 'material' accounting policy information must be disclosed in the financial statements, i.e., if it relates to material transactions, other events or conditions and: ▪ The entity has changed its accounting policy during the period ▪ There are one or more accounting policy options in Accounting Standards ▪ The accounting policy was developed applying the hierarchy in AASB 108 because there is no specific IFRS dealing with the transaction ▪ Significant judgement was required in applying the accounting policy ▪ The accounting is complex, e.g., more than one IFRS applies to the transaction.	This standard is not expected to have a material impact on the Group's financial statements and disclosures	1 January 2023
AASB 137 - Provisions, Contingent Liabilities and Contingent Assets	Costs of fulfilling a contract need to be considered when assessing whether a contract is onerous. The amendment clarifies that costs of fulfilling a contract are costs that relate directly to a contract. Such costs can be: ▪ Incremental costs of fulfilling a contract, or ▪ An allocation of other costs that relate directly to fulfilling contracts. Examples include: ▪ Direct materials relating to a contract	1 January 2022	1 July 2022

Title	Summary	Application date of standard	Application date for the Group
	▪ Direct labour costs relating to a contract, and ▪ An allocation of depreciation charge for an item of property, plant and equipment used in fulfilling the contract.		

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(e) Basis of consolidation

The consolidated financial statements comprise the financial statements of Cyclone Metals Limited (**Cyclone**) and its subsidiaries as at 30 June 2022 (the **Group**).

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (**OCI**) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

Business combinations are accounted for using the acquisition method.

(f) Associates

Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves is recognised in the statement of comprehensive income and reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(g) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position. Restricted cash relates to term deposits held with various financial institutions as security for bank guarantees.

(h) Trade and other receivables

Trade receivables are initially recognised at their transaction price and other receivables at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises the lifetime expected credit loss for trade receivables carried at amortised cost. The expected credit losses on these financial assets are estimated based on the Group's historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as forecast conditions at the reporting date.

For all other receivables measured at amortised cost, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. If the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to expected credit losses within the next 12 months.

The Group considers an event of default has occurred when a financial asset is more than 120 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default or past due event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(i) Property, Plant and Equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on plant and equipment. Depreciation is calculated on a straight-line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

Office equipment	3 years
Plant and equipment	3 years
Motor vehicles	3 years
Furniture and fittings	5 years
Leasehold improvements	over the period of the lease

(j) Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Other financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. The Group has the following financial assets:

Financial Assets at Fair Value through Profit or Loss
Certain shares and options held for trading have been classified as financial assets at fair value through profit or loss. Financial assets held for trading purposes are stated at fair value, with any resultant gain or loss recognised in profit or loss. The fair value of investments that are actively traded in organised financial markets is determined by reference to quoted market bid prices at the close of business on the reporting date. Assets in this category are classified as current assets if they are expected to be realised within 12 months, otherwise they are classified as non-current assets.

Loans and Receivables
Trade receivables, loans, and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recorded at amortised cost less impairment. Impairment is determined by review of the nature and recoverability of the loan or receivable with reference to its terms of repayments and capacity of the debtor entity to repay the debt. If the recoverable amount of a receivable is estimated to be less than its carrying amount, the carrying amount of the receivable is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately. They are included in current assets, other than those with maturities greater than 12 months from reporting date, which are classified as non-current assets.

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(k) Debt and Equity Instruments Issued by the Group

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends

Interest and dividends are classified as expenses or as distributions of profit consistent with the statement of financial position classification of the related debt or equity instruments or component parts of compound instruments.

(l) Foreign Currency

Foreign currency transactions and balances

All foreign currency transactions occurring during the financial year are recognised at the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the profit or loss in the period in which they arise except those exchange differences which relate to assets under construction for future productive use which are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings.

Functional and presentation currency

Items included in the financial statements of each of the companies within the Group are measured using the currency of the primary economic environment in which they operate (the functional currency). The consolidated financial statements are presented in Australian dollars, which is Cyclone Metal’s functional and presentation currency.

Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a. assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
b. income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
c. all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income. When a foreign operation is sold, a proportionate share of such exchange differences is reclassified to profit or loss, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Trade and other payables extinguished through issue of equity
When equity instruments are issued to a creditor to extinguish all or part of a financial liability are recognised, the Group measures them at the fair value on the date the equity instruments are issued, unless that fair value can't be reliably measured. Any difference between the carrying amount of the liability extinguished and the fair value of the equity issued on the date of issuance is recognised in the profit or loss as a gain or loss on extinguishment of liability.

(n) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be wholly settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be wholly settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Refer also to note 2(t) for accounting policy regarding share-based payments.

(o) Provisions

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of those cashflows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

Costs of site restoration are provided over the life of the facility 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 clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation.

(p) Convertible notes

Convertible notes (with embedded derivatives), that do not contain an equity component are accounted for as a financial liability through profit or loss with a value equating to the total proceeds/face value with no day one gain or loss and subsequently value will change depending on the changes in the share price/ redemption event and or accretion of the value of the discount on the note. If the convertible note is converted, the carrying amounts of the derivative and liability components are transferred to share capital as consideration for the shares issued. If the note is redeemed, any difference between the amount paid and the carrying amounts of liability is recognised in the statement of profit or loss.

(q) Impairment of non-current assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(r) Income Tax

Current Tax
Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax
Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, branches, associates and joint ventures except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company/Group intends to settle its current tax assets and liabilities on a net basis. The Group has implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax for the period
Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

(s) Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration to which the Group expects to be entitled to in exchange for transferring goods or services to a customer.

Rent
Rent revenue is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Interest Revenue
Interest revenue is recognised using the effective interest rate method.

(t) Share-based Payments

Equity-settled share-based payments are measured at fair value at the date of grant. Fair value is independently determined using either the trinomial option pricing model or the Black-Scholes option pricing model that takes into account the exercise price, the term of the option or right, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employee or consultant to receive payment. No account is taken of any other vesting conditions.

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

For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each reporting date.

(u) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest where right of tenure is current and active and significant operations are continuing in the area of interest. Costs associated with these identifiable areas of interests are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full in the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

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

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

(v) Earnings per Share

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

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interests and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(w) Business Combinations

The acquisition method of accounting is used to account for all business combinations. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Costs directly attributable to the acquisition are expensed. If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling shareholders' interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets acquired, the difference is recognised directly in the statement of profit or loss and other comprehensive income, but only after a reassessment of the identification and measurement of the net assets acquired.

Any contingent consideration to be transferred by the acquiree is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with *AASB 139* either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(x) Leases

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.
On initial recognition, the carrying value of the lease liability also includes:

- amounts expected to be payable under any residual value guarantee;
- the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to assess that option;
- any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of the termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. Lease liabilities are remeasured when there is a change in future lease payments arising from a change in an index or rate or when there is a change in the assessment of the term of any lease.

(y) Contributed equity

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

(z) Parent entity financial information

The financial information for the parent entity, Cyclone Metals Limited, disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries and associates
Investments in subsidiaries and associates are accounted for at cost in the financial statements of Cyclone Metals Limited. Dividends received from associates are recognised in the parent entity's statement of profit or loss and other comprehensive income, rather than being deducted from the carrying amount of these investments.

Tax consolidation legislation
Cyclone Metals Limited and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Cyclone Metals Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have entered into a tax funding agreement under which the wholly-owned entities fully compensate Cyclone Metals Limited for any current tax payable assumed and are compensated by Cyclone Metals Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Cyclone Metals Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligation to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(aa) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at reporting date.

(ab) Critical Judgements in Applying the Group's Accounting Policies

The Group 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.

Asset Acquisition not Constituting a Business
When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

Exploration and Evaluation
The Group's accounting policy for exploration and evaluation is set out at note 2(u). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves can be determined. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure, it is determined that recovery of the expenditure by future exploitation or sale is unlikely, then the relevant capitalised amount is written off in the statement of profit or loss and other comprehensive income.

Income taxes
The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations.

Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group estimates its tax liabilities based on the Group's understanding of the tax laws in the relevant jurisdictions. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognises deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. However, utilisation of the tax losses also depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

Impairment
The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amounts of the assets are determined.

As at 30 June 2022, management have recognised impairment losses in respect of those assets which had a carrying value which exceeded their recoverable amounts.

Accounting for Investments
The Group makes judgements as to its level of influence over its investments, which impacts how it accounts for these investments. The Group may determine that control of an investment exists, despite its interest in it being less than 50%. The criteria for this assessment includes: power over the investee; the right to variable returns from its involvement with the investee; and the ability to use power over investee to affect investment returns. If, on the balance of these criteria, control is deemed to exist, the Group accounts for its investment using the consolidation method. The Group may also determine that significant influence of an investment exists, despite its interest in it being less than 20%. The criteria for this assessment includes: representation on the investee's board of directors, participation in policy making processes; material transactions between investor and investee; interchange of managerial personnel; and the provision of essential technical information. If, on the balance of these criteria, significant influence is deemed to exist, the Group accounts for its investment using the equity method.

Share-based payment transactions
The Company measures the cost of equity-settled transactions with Directors by reference to the fair value of the equity instruments at the date at which they are granted. For options, the fair value is determined using the Black Scholes model. For performance rights with market conditions, the fair value is measured using a trinomial pricing model.

3. PROFIT/(LOSS) FROM OPERATIONS

	2022 $	2021 $
(a) Revenue		
Interest income	193	4,684
	193	4,684
(b) Other income		
Unrealised foreign currency exchange gain/(loss)	57	(57)
Foreign currency exchange (loss)/gain	(1,192)	1,974
Sale of tenements	-	35,000
Other income (COVID-19 cash boost)	10,000	20,000
	8,865	56,917
(c) Occupancy expenses		
Rental expense relating to operating leases - minimum lease payments	(51,807)	(26,238)
Other occupancy expenses	(13,185)	(25,436)
	(64,992)	(51,674)
(d) Other expenses		
Administration expenses	(231,279)	(149,237)
Exploration expenditure expensed	(138,493)	(104,040)
	(369,772)	(253,277)
(e) Gain / (loss) on fair value of financial assets through profit and loss		
(Loss) / Gain on fair value of financial assets (shares in listed entities) through profit and loss (note 9(a))	(2,856,142)	3,368,951
Realised loss on fair value of listed financial assets through profit and loss (note 9(a))	(1,244,137)	(2,101,413)
Gain on sale of unlisted shares	100,212	-
	(4,000,067)	1,267,538
(f) Finance expenses		
Interest on European Lithium loan (note 16)	(14,178)	-
Interest on Winance loan (note 16)	-	(326,821)
Recognise the fair value of shares through settlement of liabilities	-	(66,575)
Winance Loan financing fees	-	(723)
Accrued interest on ATO debt (note 17)	(118,498)	(300,000)
Other	-	(2,993)
Convertible note at fair value through profit or loss (note 15)	126,219	27,016
	(6,457)	(670,096)

4. INCOME TAXES

	2022 $	2021 $
Major components of income tax expense for the year are:		
Income statement		
Current income tax charge / (benefit)	-	-
Income tax (benefit) / expense reported in income statement	-	-
Statement of changes in equity		
Income tax expense reported in equity	-	-

Reconciliation

A reconciliation of income tax expense / (benefit) applicable to accounting profit / (loss) before income tax at the statutory income tax rate to income tax expense / (benefit) at the Company's effective income tax rate for the year is as follows:

	2022 $	2021 $
Accounting (loss) before income tax	(5,620,000)	(5,412,150)
Income tax benefit at the statutory income tax rate of 30% (2021: 30%)	(1,686,000)	(1,623,645)
Adjusted for:		
Non-deductible expenses	11,478	14,921
Share-based payments	112,058	131,899
Deferred tax assets and tax losses not recognised	1,862,857	(354,119)
Share of losses of associates	(332,136)	91,485
Impairment/de-recognition of exploration assets	31,743	51,208
Extinguishment of liability	-	1,931,320
Impairment loss on associates	-	(947,896)
Transfer of investment in associate to investment in listed entity	-	704,827
Income tax expense / (benefit) reported in income statement	-	-

Recognised deferred tax assets and liabilities

The deferred tax liability balance comprises temporary differences attributable to:

	2022 $	2021 $
The deferred tax liability balance comprises temporary differences attributable to:		
Accrued income	469,739	467,832
Capitalised expenditure	(373,363)	(285,841)
Unrealised foreign exchange losses	(683,645)	(683,645)
Financial assets	1,310,468	2,026,583
Bad debts	(20,687)	(20,687)
Costs deductible over five years	(45,813)	6,070
Deferred tax liability	656,699	1,510,312
The deferred tax asset balance comprises temporary differences attributable to:		
Accrued expenses and provisions	(656,699)	(1,510,312)
Deferred tax asset	(656,699)	(1,510,312)
Net deferred tax asset /(liability)	-	-

Movement in temporary differences during the current year

Consolidated	Balance 1 July 2021 $	Recognised in Income $	Balance 30 June 2022 $
Accrued income	467,832	1,907	469,739
Financial assets	2,026,583	(716,115)	1,310,468
Capitalised exploration expenditure	(285,841)	(87,522)	(373,363)
Unrealised foreign exchange losses	(683,645)	-	(683,645)
Other	(14,617)	(51,883)	(66,500)
Net deferred tax asset	1,510,312	(853,613)	656,699

Movement in temporary differences during the prior year

Consolidated	Balance 1 July 2020 $	Recognised in Income $	Balance 30 June 2021 $
Accrued income	667,800	(199,968)	467,832
Financial assets	3,298,304	(1,271,721)	2,026,583
Capitalised exploration expenditure	(314,108)	28,267	(285,841)
Unrealised foreign exchange losses	(683,645)	-	(683,645)
Other	11,342	(25,959)	(14,617)
Net deferred tax asset	2,979,693	(1,469,381)	1,510,312

	2022 $	2021 $
Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	234,336,192	224,582,977
@ 30%	70,300,858	67,374,893

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

5. SEGMENT INFORMATION

AASB 8 Operating Segments requires operating segments to be identified based on internal reports that are regularly reviewed by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. In the case of the Group the CODM are the executive management team and all information reported to the CODM is based on the consolidated results of the Group as one operating segment, as the Group's activities relate to mineral exploration.

Accordingly, the Group has only one reportable segment and the results are the same as the Group results.

Information by geographical region

The analysis of the location of non-current assets other than financial instruments and deferred tax assets is as follows:

	2022 $	2021 $
Australia	1,127,411	4,889,150
West Africa	72,922	66,950
New Zealand	4,575,355	-
	5,775,688	4,956,100

Revenue by geographical region

	2022 $	2021 $
Australia	193	4,684
West Africa	-	-
New Zealand	-	-
	193	4,684

6. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the Statement of Financial Position as follows:

	2022 $	2021 $
Cash and cash equivalents		
Cash in banks and on hand	314,373	280,749
Cash and cash equivalents per consolidated statement of cash flows	314,373	280,749
Cash and cash equivalents per consolidated statement of financial position	314,373	280,749

(b) Reconciliation of Net Loss to Net Cash Flows from Operating Activities

	2022 $	2021 $
Loss from ordinary activities after tax	(5,620,000)	(5,412,150)
Adjusted for non-cash items:		
Loss/(gain) on fair value of financial assets through profit & loss	4,100,279	(1,267,538)
Depreciation and amortisation of non-current assets	2,896	7,317
Share of losses of associates	-	604,855
Gain on dilution of interest in associate	-	(235,480)
Gain on transfer from associate accounting to fair value through profit & loss	(1,107,119)	(64,426)
Finance expense	(126,219)	40,282
Impairment of investment in associate	-	(3,159,652)
(Loss)/gain on extinguishment of liabilities	-	6,437,734
Interest on loan (investing activity)	14,178	326,821
Share-based payments	373,527	439,664
Exploration expenditure de-recognised during the year	422,507	354,638
Impairment of investment	(100,212)	-
Unrealised foreign currency exchange (losses)/gains	(57)	57
Changes in net assets and liabilities		
(Increase) in trade and other receivables	(35,690)	(53,679)
Increase in provisions	29,390	4,127
Decrease in tax provisions	(970,695)	(806,143)
Increase/(decrease) in trade and other payables	335,129	(10,636)
Net cash (used in) operating activities	(2,682,086)	(2,794,209)

Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- Shares issued as settlement of liabilities in accordance with IFRIC 19 (refer Note 18)
- Shares issued on conversion of convertible notes (refer Note 15)
- Payment for exploration projects (refer Note 12)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for the year.

	Loan Payables at Amortised Cost $	Convertible Notes at Fair Value Through Profit or Loss $
Net Debt at 1 July 2020	2,200,000	276,416
Cash flows	-	-
Other changes	-	39,560
Shares issued upon conversion	(2,200,000)	(179,757)
Net Debt at 30 June 2021	-	136,219
Cash flows	1,000,000	-
Other changes	-	(126,219)
Shares issued upon conversion	-	(10,000)
Net Debt at 30 June 2022	1,000,000	-

7. RESTRICTED CASH

	2022 $	2021 $
Term deposits (a)	12,500	12,500
Credit card guarantee	5,000	5,000
	17,500	17,500
(a) Movements:		
Opening balance at beginning of the year	17,500	12,500
Credit card guarantee	-	5,000
Closing balance at end of the year	17,500	17,500

8. TRADE AND OTHER RECEIVABLES

	Note	2022 $	2021 $
Trade debtors		3,784,064	3,892,850
GST recoverable and other debtors		52,708	42,914
Prepayments		37,493	-
Deferred consideration receivable	(a)	2,500,000	2,500,000
Allowance for expected credit loss	(c)	(6,093,779)	(6,093,779)
		280,486	341,985

(a) Deferred consideration receivable payable on the achievement of a production milestone. This receivable has been previously provided for in full.

(b) Current loans receivable at reporting date are made up as follows:

	Interest rate	Carrying value of loans 2022 $	2021 $
Convertible loan note of $250,250 (i)	15.0%	159,250	159,250
Loan of USD$8,000,000 (ii)	Libor + 6%	10,447,200	10,447,200
Carrying value of loans		10,606,450	10,606,450
Impairment of receivables		(10,606,450)	(10,606,450)
Current carrying value at amortised cost at reporting date		-	-

(i) In August 2014, the Company entered into a converting loan agreement with Kiwanda Mines (NA) LLC for $250,250. The loans were due for repayment or conversion on 12 August 2015. During the year ended 30 June 2016, the Company received cash of $91,000 for the partial redemption of the convertible note. The balance of the loan receivable has been provided for in full.

(ii) On 22 October 2014, the Company announced that it had entered into a US$20 million funding agreement with Timis Mining (**Agreement**) to assist it with the acquisition of London Mining's Marampa Iron Ore Mine (**Mine**) from the administrator of London Mining PLC. The Agreement was divided into two parts, being (a) US$8 million Bridging Finance loan and US$12 million for the purchase of a royalty. The bridging finance loan of US$8 million was repayable in October 2015 and incurs interest of 3 month US LIBOR (London interbank offered rate) + 6%. This loan has previously been provided for in full.

Risk Exposure

The Group's exposure to risk is discussed in more detail in note 25. An impairment allowance of $10,606,450 in the current year (30 June 2021: $10,606,450) was raised in the prior year in relation to loans past due and objective evidence of impairment.

Movements in the impairment allowance:

	2022 $	2021 $
Opening balance at beginning of the year	(10,606,450)	(10,606,450)
Reversal of provision for impairment (receivables converted into loans)	-	-
	(10,606,450)	(10,606,450)

(c) The movement in allowance for doubtful debts is made up as follows:

	2021 $	2021 $
Opening balance at beginning of the year	(6,093,779)	(6,093,779)
Reversal of impairment (repayment of debt)	-	-
	(6,093,779)	(6,093,779)

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2022 $	2021 $
Financial Assets at Fair value through Profit or Loss			
Shares in listed entities	(a)	6,369,579	4,863,742
Shares in unlisted entities		-	17,435
Total Financial Assets		6,369,579	4,881,177

(a) Movements in the carrying amount of the shares in listed entities

	Note	2022 $	2021 $
Carrying value at beginning of the year		4,863,742	867,244
Purchase of equity investments		-	30,000
Realised loss on fair value of listed financial assets	3(e)	(1,244,137)	(2,101,413)
Reclassification to Investments accounted for using the equity method	11	5,992,094	3,221,333
Disposal of equity investments		(385,978)	(522,373)
(Loss)/gain on fair value of financial assets through profit or loss	3(e)	(2,856,142)	3,368,951
		6,369,579	4,863,742

10. PROPERTY, PLANT AND EQUIPMENT

	Plant & Equipment $	Buildings $	Motor Vehicles $	Furniture & Fittings $	Leasehold Improvements $	Total $
Gross carrying amount – at cost						
At 30 June 2020	**142,065**	**73,081**	**10,964**	**66,675**	**1,464,351**	**1,757,136**
Additions	2,664	-	-	-	-	2,664
Exchange differences	(339)	(6,131)	(919)	(5,342)	-	(12,731)
At 30 June 2021	**144,390**	**66,950**	**10,045**	**61,333**	**1,464,351**	**1,747,069**
Additions	844	-	-	-	-	844
Exchange differences	9	5,973	-	1	-	5,983
At 30 June 2022	**145,243**	**72,923**	**10,045**	**61,334**	**1,464,351**	**1,753,896**
Accumulated depreciation						
At 30 June 2020	**(133,628)**	**-**	**(10,964)**	**(66,270)**	**(1,464,351)**	**(1,675,213)**
Depreciation expense	(7,165)	-	-	(152)	-	(7,317)
Exchange differences	327	-	919	5,340	-	6,586
At 30 June 2021	**(140,466)**	**-**	**(10,045)**	**(61,082)**	**(1,464,351)**	**(1,675,944)**
Depreciation expense	(2,774)	-	-	(122)	-	(2,896)
At 30 June 2022	**(143,240)**	**-**	**(10,045)**	**(61,204)**	**(1,464,351)**	**(1,678,840)**
Net Book Value						
At 30 June 2020	**8,437**	**73,081**	**-**	**405**	**-**	**81,923**
Additions	2,664	-	-	-	-	2,664
Depreciation expense	(7,165)	-	-	(152)	-	(7,317)
Exchange differences	(12)	(6,131)	-	(2)	-	(6,145)
At 30 June 2021	**3,924**	**66,950**	**-**	**251**	**-**	**71,125**
Additions	844	-	-	-	-	844
Depreciation expense	(2,774)	-	-	(122)	-	(2,896)
Exchange differences	9	5,973	-	1	-	5,983
At 30 June 2022	**2,003**	**72,923**	**-**	**130**	**-**	**75,056**

(a) The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(b) The impairment loss represents the write down of certain plant and equipment to the recoverable amount. An item of property, plant and equipment initially recognised is derecognised when no future economic benefits are expected from use or its disposal.

11. INVESTMENTS IN ASSOCIATED ENTITIES

	2022 $	2021 $
Investments in associates accounted for using the equity method	-	4,884,975

(a) Investment details

	Percentage held at reporting date 2022 %	2021 %	Year ended 2022 $	Year ended 2021 $
CuFe Limited[1]	15.13	20.89	-	4,884,975
			-	4,884,975

[1] Given the Company holds less than 20% interest in CuFe Limited (previously FE Limited) (CUF), and that Tony Sage is the only similar Director on CUF and Cyclone Metals Ltd, the Company is considered to no longer have significant influence over the investment and accordingly is no longer equity accounted for. Instead, the Company's shareholding in CUF is accounted for a fair value through profit and loss.

(b) Movements in the carrying amount of the investment in associates

	2022 $	2021 $
Balance at beginning of period	4,884,975	5,052,941
Purchase of shares	-	15,925
Share of (losses) of associates recognised during the year	-	(604,855)
Gain on transfer from associated accounting to fair value through P&L	1,107,119	64,426
Reclassification to financial assets at fair value through Profit and Loss	(5,992,094)	(3,221,333)
Share of reserves of associates recognised during the year	-	182,741
Gain on dilution of interest in associate	-	235,480
Impairment of investment in associate	-	3,159,650
	-	4,884,975

(c) Fair value of investments in listed associates

The fair value of listed associates has been determined by reference to published price quotations in an active market (level 1 in the fair value hierarchy).

	2022 $	2021 $
CuFe Limited[1]	-	4,884,975

[1] Given the Company holds less than 20% interest in CuFe Limited (previously FE Limited) (CUF), and that Tony Sage is the only similar Director on CUF and Cyclone Metals Ltd, the Company is considered to no longer have significant influence over the investment and accordingly is no longer equity accounted for. Instead, the Company's shareholding in CUF is accounted for a fair value through profit and loss.

12. EXPLORATION AND EVALUATION EXPENDITURE

	2022 $	2021 $
Exploration and evaluation phases	5,700,632	-
Movements:		
Carrying value at beginning of the year	-	-
Exploration and evaluation expenditure capitalised during the year (a)	947,750	354,638
Exploration expenditure impaired during the year (b)	(422,507)	(354,638)
Acquisition of Kay Trinder tenements (note 31)	100,000	-
Acquisition of Nickol River tenements (note 31)	700,000	-
Acquisition of Grand Port tenements (note 31)	4,375,389	-
Total exploration and evaluation phases	5,700,632	-

(a) The value of the exploration expenditure is dependent upon:

- the continuance of the rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

(b) Impairment

During the year ended 30 June 2022, the Company recognised impairment losses in respect of capitalised exploration and evaluation to the extent of $422,507 (30 June 2021: $354,638). The impairment made during the period was recognised on areas of interest where sufficient data existed at balance date to indicate that the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or by sale.

Certain of Cyclone's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or sites of significance to Indigenous people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

13. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables	589,967	377,192
Other creditors and accruals	121,738	110,526
Withholding tax	4,832	4,436
	716,537	492,153

Risk Exposure

The **Group's** exposure to risk is discussed in note 25.

Terms and Conditions

Terms and conditions relating to the above financial instruments:

(i) Trade creditors are non-interest bearing and are normally settled on 30-day terms.

(ii) Sundry creditors and accruals are non-interest bearing and have an average term of 30 days.

14. PROVISIONS

	2022 $	2021 $
Employee entitlements	114,655	85,265
	114,655	85,265

15. CONVERTIBLE NOTE AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 $	2021 $
Current	-	136,219
	-	**136,219**

	2022 $	2021 $
Balance at beginning of period	136,219	276,416
Finance (benefit)/charges	(126,219)	39,560
Amounts repaid through issue of shares (refer note 18)	(10,000)	(179,757)
Balance at end of period	-	136,219

Winance

During the year, Winance Investments LLC (**Winance**) converted 10 notes borrowed under the convertible loan agreement into 2,000,000 fully paid ordinary shares of the Company. As at 30 June 2022, Winance had nil convertible notes.

16. LOAN PAYABLE AT AMORTISED COST

	2022 $	2021 $
Current	1,014,178	-

Movements in the carrying amount of loan payable:

	2022 $	2021 $
Balance at beginning of period	-	2,200,000
Drawdown of loan (a)	1,000,000	-
Accrued interest (note 3(f))	14,178	-
Repayment of borrowings (a)	-	(2,200,000)
	1,014,178	-

(a) On 14 December 2021, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is secured over 25,000,000 unencumbered shares held by the Company in CuFe Limited (ASX: CUF). On 20 June 2022, the Company entered into a second loan agreement and received funds of $500,000 from EUR. Both loans are repayable on 30 November 2022 and accrues interest of 5% per annum.

17. TAX LIABILITY

	2022 $	2021 $
Current	1,200,004	1,487,373
Non-current	-	780,516
	1,200,004	**2,267,889**

Movements in the carrying amount of tax payable

	2022 $	2021 $
Balance at beginning of period	2,267,889	3,074,032
Accrued interest (note 3(f))	118,498	300,000
Repayments of income tax	(1,186,383)	(1,106,143)
Balance at end of period	1,200,004	2,267,889

18. ISSUED CAPITAL

	2022 $	2021 $
6,104,236,982 fully paid ordinary shares (2021: 4,532,236,982)	227,746,301	220,115,530
Unissued share capital	50,000	-
	227,796,301	220,115,530

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held. At shareholders meetings, each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

Movement in ordinary shares on issue

	Ordinary fully paid shares Number	$
2022		
Shares on issue at 1 July 2021	4,532,236,982	220,115,531
Shares issued during the period – Winance conversion (note 15)	2,000,000	10,000
Shares issued during the period – Nickol River acquisition (note 31)	100,000,000	500,000
Shares issued during the period – Placement (i)	508,333,333	2,460,000
Shares issued during the period – Directors (note 24)	50,000,000	200,000
Shares issued during the period – Kay Trinder acquisition (note 31)	11,666,667	70,000
Shares issued during the period – Grand Port acquisition (note 31)	900,000,000	4,500,000
Unissued share capital	-	50,000
Capital raising costs	-	(109,230)
Shares on issue at 30 June 2022	**6,104,236,982**	**227,796,301**
2021		
Shares on issue at 1 July 2020	1,736,981,667	206,133,405
Placements (i)	1,454,192,811	3,165,500
Magna loan conversion	768,094,100	6,912,847
Magna conversions (note 15)	35,951,450	179,757
Winance conversions (note 15)	146,518,667	219,778
Shares issued in settlement of liabilities (ii)	360,498,287	3,495,748
Shares issued upon exercise of options	10,000,000	60,000
Shares issued to Chairman	20,000,000	140,000
Costs associated with capital issues	-	(191,504)
Shares on issue at 30 June 2021	**4,532,236,982**	**220,115,531**

(i) Placements

The following shares were issued via share placement during the year ended 30 June 2022:

- On 2 September 2021, the Company issued 245,000,000 shares at an issue price of $0.005 per share to raise proceeds of $1,225,000 (before expenses)

- On 16 December 2021, the Company issued 12,222,223 shares at an issue price of $0.0045 per share to raise proceeds of $55,000 (before expenses)
- On 4 February 2022, the Company issued 151,111,110 shares at an issue price of $0.0045 per share to raise proceeds of $680,000 (before expenses)
- On 23 May 2022, the Company issued 100,000,000 shares at an issue price of $0.005 per share to raise proceeds of $500,000 (before expenses)

Capital Risk Management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital based on the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including "borrowings" and "trade and other payables" as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

	2022 $	2021 $
Total trade and other payables	716,537	492,153
Convertible note	-	136,219
Loan payable	1,014,178	-
less: cash and cash equivalents	(314,373)	(280,749)
Net debt	1,416,342	347,623
Total equity	9,712,252	7,495,986
Total capital	11,128,594	7,843,609
Gearing ratio	15%	5%

19. RESERVES

	2022 $	2021 $
Foreign currency translation reserve	22,219,146	22,237,177
Share-based payments reserve	3,412,964	3,239,438
Business combination reserve	(1,090,501)	(1,090,501)
	24,541,609	24,386,114

	2022 $	2021 $
Foreign currency translation reserve		
Balance at beginning of financial year	22,237,177	22,219,148
Foreign currency exchange differences arising on translation of foreign operations	(18,031)	18,029
Balance at end of financial year	22,219,146	22,237,177
Share-based payments reserve		
Balance at beginning of financial year	3,239,437	2,757,033
Share of movement of associate's share-based payments reserve	-	182,741
Share-based payments	173,527	299,664
Balance at end of financial year	3,412,964	3,239,437

Nature and Purpose of Reserves

Foreign currency translation reserve
The foreign currency translation reserve is used to record exchange differences arising from the translation of financial statements of foreign subsidiaries.

Share-based payments reserve
The share-based payments reserve records items recognised as expenses on valuation of employee share options, as well as options and performance rights issued to directors and consultants.

Business combination reserve
The equity reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

20. ACCUMULATED LOSSES

	2022 $	2021 $
Balance at beginning of financial year	(237,005,658)	(231,593,510)
Loss for the year	(5,620,000)	(5,412,150)
Balance at end of financial year	(242,625,658)	(237,005,658)

21. SHARE-BASED PAYMENT ARRANGEMENTS

(a) Shares

Share-based payments granted during the current year
On 16 December 2021, the Company issued 50,000,000 fully paid ordinary shares as a sign-on bonus to Mr Will Scott, upon his appointment as a Non-Executive Director of the Company. The shares were issued following receipt of shareholder approval at the AGM on 30 November 2021.

Share-based payments granted during the prior year
On 16 October 2020, the Company issued 20,000,000 fully paid ordinary sign-on bonus shares to Mr Terry Donnelly, the appointed Non-Executive Chairman of the Company. The shares were issued following receipt of shareholder approval at the EGM held on 6 October 2020.

(b) Options

Options granted as share-based payments during the current year

There were no options granted as share-based payment arrangements during the year ended 30 June 2022.

Options granted as share-based payments during the prior year

On 18 December 2020, the Company issued 5,000,000 unlisted options ($0.006 exercise price which are exercisable on or before 18 December 2022) to Kapital Global, the broker that facilitated the Winance loan, and negotiated on behalf of the Company with Winance for the conversion of this loan into fully paid shares in the Company.

Options outstanding at reporting date for share-based payments
The following options were outstanding at 30 June 2022:

Grant Date	Exercise Price	Number of Options	Expiry Date	Listed/Unlisted
30 November 2020	$0.005	5,000,000	18/12/2022	Unlisted
19 February 2020	$0.006	1,200,000	30/06/2023	Unlisted
		6,200,000		

Reconciliation of options on issue
The following reconciles the outstanding share options granted, exercised and lapsed during the financial year:

	2022		2021	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Balance at beginning of the financial year	123,200,000	0.005	41,200,000	0.02
Granted during the financial year	188,333,333	0.005	112,000,000	0.005
Exercised during the financial year	-	-	(10,000,000)	0.006
Lapsed during the financial year	(107,000,000)	0.005	(20,000,000)	0.035
Forfeited during the financial year	-	-	-	-
Balance at end of the financial year	204,533,333	0.005	123,200,000	0.005
Exercisable at end of the financial year	204,533,333	0.005	123,200,000	0.005

(c) Performance rights

Performance rights granted as share-based payments during the current year
The following performance rights were granted as share-based payment arrangements during the year ended 30 June 2022:

On 16 December 2021, the Company issued 50,000,000 performance rights to Will Scott in respect to his appointment as Director of the Company. The performance rights were issued following receipt of shareholder approval at the AGM held on 30 November 2021. The total fair value of the performance rights granted during the financial year to Will Scott was $135,000 (30 June 2021: $Nil) with $78,750 (30 June 2021: $Nil) being recognised in the FYE 30 June 2022.

On 16 October 2020, the Company issued 120,000,000 performance rights to Terry Donnelly upon his appointment as Non-Executive Chairman of the Company (Initial Performance Rights) following receipt of shareholder approval at the GM held 6 October 2020. As a result of the Company's shares being suspended from 16 October 2020 to 3 August 2021, Terry Donnelly did not have the opportunity to meet the milestones associated with the Initial Performance Rights prior to their lapse on 6 October 2021. As such, the Company issued 120,000,000 new performance rights, with the same milestones as the Initial Performance Rights on 16 December 2021 following receipt of shareholder approval at the AGM held on 30 November 2021. The total fair value of all performance rights granted during the financial year was $100,000 (30 June 2021: $270,000) with $58,333 being recognised in the FYE 30 June 2022.

On 23 May 2022, the Company issued 50,000,000 incentive performance rights to Mr Tony Sage, Executive Director. The shares were issued following receipt of shareholder approval at the GM on 20 May 2022. The total fair value of the performance rights granted during the financial year to Tony Sage was $200,000 (30 June 2021: $Nil) with $36,444 (30 June 2021: $Nil) being recognised in the FYE 30 June 2022.

Details of the performance rights on issue are as follows:

Director	Number granted	Grant date	Expiry date	Fair value at grant date $ per right	Vesting conditions
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0022	Tranche 1
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0015	Tranche 2
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0007	Tranche 3
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0003	Tranche 4
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0002	Tranche 5
Terry Donnelly	20,000,000	30 November 2021	30 November 2022	0.0001	Tranche 6
Will Scott	50,000,000	30 November 2021	30 November 2022	0.0027	Tranche 7
Tony Sage	50,000,000	23 May 2022	31 December 2022	0.004	Tranche 8

The performance rights had the following market-based vesting conditions:

Tranche 1	Volume-weighted average price ('VWAP') of the Company's share price exceeding $0.01 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 2	VWAP of the Company's share price exceeding $0.02 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 3	VWAP of the Company's share price exceeding $0.05 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 4	VWAP of the Company's share price exceeding $0.10 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 5	VWAP of the Company's share price exceeding $0.15 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 6	VWAP of the Company's share price exceeding $0.20 continuously for more than 20 consecutive trading days within 1 year of grant.
Tranche 7	VWAP of the Company's share price exceeding $0.01 continuously for more than 10 consecutive trading days within 1 year of grant.
Tranche 8	VWAP of the Company's share price exceeding $0.01 continuously for more than 14 consecutive trading days within 1 year of grant.

The fair value of the performance rights was determined using the trinomial option pricing model, taking into account the terms and conditions upon which the performance rights were granted. The following table lists the input to the model for the performance rights:

	Terry Donnelly						Will Scott	Tony Sage
	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8
Dividend yield (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility (%)	150%	150%	150%	150%	150%	150%	150%	150%
Risk free interest rate (%)	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%	0.53%	2.52%
Exercise price ($)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Marketability discount (%)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected life of options (years)	1 year	1 year	1 year	1 year	1 year	1 year	1 year	1 year
Share price at grant date ($)	$0.004	$0.004	$0.004	$0.004	$0.004	$0.004	$0.004	$0.005
Value per option ($)	$0.0022	$0.0015	$0.0007	$0.0003	$0.0002	$0.0001	$0.0027	$0.004

The total fair value of all performance rights granted during the financial year was $435,000 (30 June 2021: $270,000) with an amount of $173,527 (30 June 2021: $270,000).

Subsequent to 30 June 2022, no performance rights lapsed.

(d) Expenses arising from share-based payments

Total costs arising from share-based payment transactions recognised as expenses during the year are as follows:

	2022 $	2021 $
Director shares	200,000	140,000
Performance rights issued to directors	173,527	270,000
Options issued to employees and consultants	-	29,664
Total share-based payments expense recognised in profit or loss	373,527	439,664

22. OTHER UNLISTED OPTIONS

The following refers to unlisted options issued by the Company which do not constitute a share-based payment.

(a) Options granted during the current year

On 16 December 2021, a total of 12,222,223 unlisted options with an exercise price of $0.005, expiring on 16 December 2022 were issued to investors pursuant to the placement which completed on the same day.

On 4 February 2022, a total of 151,111,110 unlisted options with an exercise price of $0.005, expiring on 4 February 2023 were issued to investors pursuant to the placement which completed on the same day.

On 23 May 2022, the Company issued 2,500,000 options to Mr Will Scott, Non-Executive Director, on the same terms and conditions as participations of the March placement (exercise price of $0.006 and expiring on 31 March 2024). The options were issued following receipt of shareholder approval at the GM on 20 May 2022.

On 23 May 2022, a total of 22,500,000 unlisted options with an exercise price of $0.006, expiring on 31 March 2024 were issued to investors pursuant to the placement which completed on the same day. The options were issued following receipt of shareholder approval at the GM on 20 May 2022.

(b) Options granted during the prior year

On 18 December 2020, a total of 107,000,000 unlisted options with an exercise price of $0.005, expiring on 18 December 2021 were issued to investors pursuant to the placement which completed on the same day.

(c) Options on issue at 30 June 2022

The outstanding balance of options at 30 June 2022 (other than those granted as share-based payments) is as follows:

Grant Date	Exercise Price	Number of Options	Expiry Date	Listed/Unlisted
19 February 2020	$0.006	10,000,000	30/06/2023	Unlisted
16 December 2021	$0.005	12,222,223	16/12/2022	Unlisted
4 February 2022	$0.005	151,111,110	4/02/2023	Unlisted
23 May 2022	$0.006	25,000,000	31/03/2024	Unlisted
		198,333,333		

23. LOSS PER SHARE

	2022 Cents per Share	2021 Cents per Share
Basic and diluted loss per share (a)	(0.10)	(0.15)

(a) Basic and Diluted Loss per Share

The loss and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	2022 $	2021 $
Loss for the year	(5,620,000)	(5,412,150)

	2022 Number	2021 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	5,116,780,666	3,644,099,637

There are 204,533,333 share options (30 June 2021: 123,200,000) excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

Since 30 June 2022 and prior to the date of release of these financial statements, nil (30 June 2021: nil) share options have been forfeited and nil (30 June 2021: nil) share options have been exercised.

Since 30 June 2022 and prior to the date of release of these financial statements, nil (30 June 2021: 120,000,000) performance rights have lapsed and nil (30 June 2021: nil) performance rights have vested.

24. RELATED PARTY DISCLOSURES

Loans with related parties

On 14 December 2021, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is secured over 25,000,000 unencumbered shares held by the Company in CuFe Limited (ASX: CUF). On 20 June 2022, the Company entered into a second loan agreement and received funds of $500,000 from EUR. Both loans are repayable on 30 November 2022 and accrues interest of 5% per annum. Mr Antony Sage is a director of EUR.

Agreements entered into with related parties

<u>Nickol River Acquisition</u>

On 23 August 2021, the Company announced the acquisition of a package of tenements from D&K Corps Investments Pty Ltd that form part of the central part of the Nichol River Gold Project Area. The terms of the acquisition included the payment of a facilitation fee of $200,000 to Rich Minerals Pty Ltd (**Rich Minerals**), a company controlled by Will Scott. Rich Minerals requested that the facilitation fee payment be advanced to Wyn Contracting Pty Ltd, an entity also controlled by Will Scott.

<u>Office lease agreement with Okewood Pty Ltd</u>

Effective 1 February 2021, the Company entered into a lease agreement with Okewood Pty Ltd, a company owned by Tony Sage, for the part-lease of 32 Harrogate Street, West Leederville WA 6007 (**Lease Agreement**). The term of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Lease Agreement is ongoing commencing 1 February 2021 for a rent of $2,500 per month. The lease covers the rental, outgoings and parking charges under agreements made on commercial terms and conditions at market rates.

Transactions with related parties

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

The following table provides the total amount of transactions (excluding loans with related parties and remuneration) that have been entered into with related parties for the relevant financial year.

		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Director related entities:					
CuFe Limited	2022	686	250	-	250
CuFe Limited	2021	750	754	-	716
European Lithium Limited	2022	686	16,060	150	8,772
European Lithium Limited	2021	750	6,360	-	805
Perth Glory Football Club	2022	-	27,000	-	-
Perth Glory Football Club	2021	-	43,925	-	-
Okewood Pty Ltd	2022	-	30,000	-	5,000
Okewood Pty Ltd	2021	-	12,500	-	-
Universal Trust	2022	-	-	-	-
Universal Trust	2021	-	24,819	-	-
Wyn Contracting Pty Ltd	2022	-	230,195	-	27,434
Wyn Contracting Pty Ltd	2021	-	-	-	-

Sales to and purchases from director related entities are for the acquisition of the Nickol River tenements ($200,000) and the balance relating to the reimbursement of occupancy, investor relations, travel, capital raising and other costs:

- Tony Sage is a director of European Lithium Limited and CuFe Limited
- Okewood Pty Ltd and Okewood Pty Ltd trading as Perth Glory Football Club are entities controlled by Tony Sage
- Universal Trust is an entity controlled by Terry Donnelly
- Wyn Contracting Pty Ltd is an entity controlled by Will Scott

Key management personnel

The following table discloses the remuneration of the directors and key management personnel of the Company:

	2022 $	2021 $
Short-term employee benefits	642,959	529,387
Post-employment benefits	-	-
Share-based payments	173,527	270,000
Long-term employee benefits	-	-
	816,486	799,387

Detailed remuneration disclosures are provided in the remuneration report.

Equity instrument disclosures relating to key management personnel

On 16 December 2021, the Company issued 50,000,000 fully paid ordinary shares and 50,000,000 performance rights as a sign-on bonus to Mr Will Scott, upon his appointment as a Non-Executive Director of the Company. The shares were issued following receipt of shareholder approval at the AGM on 30 November 2021.

On 16 December 2021, the Company issued 120,000,000 performance rights to Non-Executive Chairman Mr Terry Donnelly. The shares were issued following receipt of shareholder approval at the AGM on 30 November 2021.

On 23 May 2022, the Company issued 50,000,000 incentive performance rights to Mr Tony Sage, Executive Director. The shares were issued following receipt of shareholder approval at the GM on 20 May 2022.

On 23 May 2022, the Company issued 10,000,000 shares and 2,500,000 options to Mr Will Scott, Non-Executive Director, who participated in the March 2022 placement. The securities were issued following receipt of shareholder approval at the GM on 20 May 2022.

25. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks including market risk (currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to meet its financial targets whilst minimising potential adverse effects on financial performance. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and aging analysis for credit risk. Risk management is carried out by the Board.

The Group holds the following financial instruments at 30 June 2022:

		Fair value	
	At amortised cost	**Through profit and loss**	**Through other comprehensive income**
	$	**$**	**$**
Financial assets			
Trade and other receivables	280,486	-	-
Financial assets at fair value through profit or loss	-	6,369,579	-
Total current	280,486	6,369,579	-
Total assets	280,486	6,369,579	-
Financial liabilities			
Trade and other payables	716,537	-	-
Total current	716,537	-	-
Total liabilities	716,537	-	-

The Group holds the following financial instruments at 30 June 2021:

	At amortised cost	Fair value Through profit and loss	Fair value Through other comprehensive income
	$	$	$
Financial assets			
Trade and other receivables	341,985	-	-
Financial assets at fair value through profit or loss	-	4,863,742	-
Total current	341,985	4,863,742	-
Other financial assets	-	17,435	-
Total non-current	-	17,435	-
Total assets	341,985	4,881,177	-
Financial liabilities			
Trade and other payables	492,153	-	-
Convertible note	-	136,219	-
Total current	492,153	136,219	-
Total liabilities	492,153	136,219	-

(a) Market Risk

(i) Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from commercial transactions. The Group converted assets and liabilities into the functional currency where balances were denominated in a currency other than the Australian dollars.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating entity in currencies other than the functional currency.

At the reporting date, the Group did not have any material balances of cash held in a foreign currency and therefore a movement of 10% in the foreign currency exchange rates as at 30 June 2022 would not have a material impact on the consolidated loss or equity.

Managements have set up a policy to monitor and measure this risk using sensitivity analysis and cash flow forecasting.

(ii) Cash Flow Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents. The Group is exposed to movements in market interest rates on short term deposits.

At the reporting date, the Group had the following variable rate cash and cash equivalents and restricted cash:

	2022	2021
	$	$
Financial assets:		
Cash and cash equivalents	314,373	280,749
Restricted cash	17,500	17,500
	331,873	298,249
Weighted average interest rate	0.06%	0.06%

Movement of 50 basis points on the interest rate (considered a reasonably possible change) would not have a material impact on the consolidated loss or equity.

(iii) Price Risk

The Group is exposed to equity securities price risk. This arises from investments held and classified on the statement of financial position as at fair value through profit or loss. The Group is not exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio which is done in accordance with the limits set by the Board of Directors.

The majority of the Group's equity investments are publicly traded on the Australian Securities Exchange (ASX) and are recognised as financial assets carried at fair value through profit or loss.

(b) Credit Risk

Credit risk is managed on a consolidated basis. Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The maximum credit risk on financial assets, excluding investments, of the Group, which have been recognised on the statement of financial position, is the carrying amount, net of any provision for doubtful debts.

The Group is exposed to credit risk as a result of subscribing to loan notes and convertible loan notes issued by listed and unlisted entities. This credit risk is managed by obtaining adequate security over the loans, generally in the form of a fixed and floating charge over the assets of the borrower. Details of the loan notes and convertible loan notes to which the Group had subscribed during the year are listed in notes 15 and 16. Credit risk arises from trade receivables. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings.

The Company holds 91% (2021: 92%) of its cash and cash equivalents with banks with a Moody's credit rating on Aa3.

Financial assets:	**2022 $**	**2021 $**
Cash and cash equivalents and restricted cash	331,873	298,249
Loans and receivables	280,486	341,985
Financial assets at fair value through profit or loss	6,369,579	4,863,742
Other financial assets	-	17,435
	6,981,938	5,521,411

(c) Liquidity Risk

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows in relation to its operational, investing and financing activities. At the reporting date, the Group has financing arrangements in place as disclosed under note 16.

(d) Fair Value Estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values. The carrying values of trade and other receivables net of impairment and the carrying value of payables approximate fair values due to their short-term nature.

AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The carrying value of trade and other receivables, financial assets, trade and other payables and short term loan payables approximates to fair value.

Valuation techniques to derive level 3 fair values

Convertible notes at fair value through profit or loss

The fair value of the convertible notes is determined based on probability being applied to the each of the fair value of the conversion option (i.e., Number of Convertible Notes x Share Price) and the fair value of the redemption option (being amount payable on redemption). The adjusting event represents a ratchet feature and has nil value until one of the adjusting events take place. The ratchet feature adjusts the conversion ratio of the convertible notes to ordinary shares of the Company. The observable input in the valuation of the convertible notes is the share price and the unobservable inputs are the probability rate, the redeeming, the adjusting events and credit risk of the Company.

Valuation techniques to derive level 1 fair values

Investments

The fair value of listed investments is based on quoted market prices at the end of the reporting period.

26. COMMITMENTS

The Group has approximately $583k in relation to its exploration tenements.

27. CONTINGENT ASSETS AND LIABILITIES

Contingent asset for future royalties payable from the Mayoko Iron Ore Project

In March 2012, Johannesburg Stock Exchange listed Exxaro Resources Limited (**Exxaro**) completed a takeover offer for all of the shares and listed options in African Iron Limited, a company in which the Company held 126,700,000 shares, delivering $72.2 million in cash to the Company. African Iron Limited owns the Mayoko Iron Ore Project which is located in the Republic of Congo (**Mayoko Project**). As part of the takeover transaction, the Company retains a production royalty of AUD$1.00 (indexed annually to the CPI) per tonne of iron ore shipped from the Mayoko Project (**Mayoko Royalty**). On 6 February 2014, the Company released an announcement advising shareholders that Exxaro has been granted a Mining Convention for the Mayoko Project. In September 2016 Exxaro announcement the completion of the sale of the Mayoko Project to Sapro SA. On 13 February 2017, the Company released an announcement that it had sold the Mayoko Royalty for A$1,000,000 subject to the formality of the new owners signing off on the transaction. As at 30 June 2018, the Company had received A$500,000 in cash with the remaining A$500,000 to be received as deferred consideration.

Contingent issue of shares on Winance Facility

On 31 July 2019, the Company announced that it had executed a finance facility with Winance Investment LLC (**Winance** or **Investor**). The facility was for up to A$15m by way of the issue of convertible securities in the Company. As at 31 December 2019, the Company has drawn down $1.2 million from the $15m facility and Further drawdowns of $500,000 each are available upon full conversion of the notes from the previous drawdown, subject to a cooling off period. The Company is under no obligation to drawdown subsequent tranches of the facility. Under the facility, Winance will also receive a commitment fee of 5% of the investment amount at the funding of each tranche payable in shares. Refer to Note 15 for further details on the Winance facility.

Contingent license fees for Sierra Leone projects

During the year ended 30 June 2019, the Company received a letter from the Sierra Leone Ministry of Mines (**MoM**) informing Marampa Iron Ore (SL) Limited (**Marampa SL**) of the cancellation of the Marampa mining license ML05/2014 due to non-payment of fees. In September 2014, Marampa SL submitted to the MoM an application letter entitled "Force Majeure to all Cape Lambert Operations in Sierra Leone" which was acknowledged by the MoM. The Company understood that the agreement with the MoM was that force majeure events were acknowledged and authorised and as such no fees would accrue or be payable until a processing facility was operating and Marampa SL is producing iron ore from Marampa. The Company understands that the notice of cancellation of license letter has incorrectly been issued by the new Sierra Leone government who are not aware of the agreement. The Company is of the view that there is no present obligation with respect to accrued exploration license fees since 2015 for its Sierra Leone projects due to the Company declaring force majeure and therefore the liability has been reversed in the financial statements.

28. SUBSIDIARIES

Name of Entity	Country of Incorporation	Ownership Interest 2022 %	2021 %
Parent entity			
Cyclone Metals Limited	Australia	-	-
Subsidiaries			
African Minerals Exploration Ltd	Australia	100%	100%
Cape Lambert Minsec Pty Ltd	Australia	100%	100%
Danae Resources Pty Ltd	Australia	100%	100%
Dempsey Resources (Bermuda) Limited[1]	Bermuda	100%	100%
Dempsey Resources Pty Ltd	Australia	100%	100%
Marampa Iron Ore (Bermuda) Limited	Bermuda	100%	100%
Marampa Iron Ore (SL) Limited	Sierra Leone	100%	100%
Metals Exploration (Australia) Pty Ltd	Australia	100%	100%
Metal Exploration (SL) Limited	Sierra Leone	100%	100%
Mineral Resources (Bermuda) Limited[1]	Bermuda	100%	100%
Mineral Securities Investments (Australia) Pty Ltd	Australia	100%	100%
Mineral Securities Operations Pty Ltd	Australia	100%	100%
Mining International Pty Ltd	Australia	100%	100%
Pinnacle Group Assets (SL) Limited	Sierra Leone	100%	100%
Grand Port Resources Pty Ltd	Australia	100%	-
Midway Resources Limited	New Zealand	100%	-
Nimitz Resources Limited	New Zealand	100%	-

[1] In the process of being liquidated or wound up.

29. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements of the parent entity show the following aggregate amounts:

	2022 $	2021 $
Statement of financial position		
Current assets	513,966	541,035
Total assets	2,805,442	1,726,722
Current liabilities	(22,549,855)	(19,856,048)
Total liabilities	(23,738,569)	(21,069,238)
Shareholders' equity		
Issued capital	227,796,300	220,115,530
Reserves	2,160,656	1,987,129
Retained earnings	(250,890,084)	(241,445,176)
Total deficit	**(20,933,127)**	**(19,342,517)**
Net loss for the year	**(9,444,908)**	**(16,051,769)**
Total comprehensive loss	**(9,444,908)**	**(16,051,769)**

(b) Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of environmental performance bonds for subsidiaries during the current year amounting to nil (2021: nil).

(c) Tax Consolidation

The Company and its 100% owned controlled entities have formed a tax consolidated group. Members of the Group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned controlled entities on a pro-rata basis. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At reporting date, the possibility of default is remote. The head entity of the tax consolidated group is Cyclone Metals Limited.

Tax Effect Accounting by Members of the Tax Consolidated Group

Members of the tax consolidated group have entered into a tax funding agreement. The tax funding agreement provides for the allocation of current taxes to members of the tax consolidated group. Deferred taxes are allocated to members of the tax consolidated group in accordance with a group allocation approach which is consistent with the principles of *AASB 112 Income Taxes*. The allocation of tax under the tax funding agreement is recognised as an increase/decrease in the controlled entities' intercompany accounts with the tax consolidated group head Company, Cyclone Metals Limited. In this regard, the Company has assumed the benefit of tax losses from controlled entities of $606,171 (2021: $242,679) as of the reporting date. The Company has received a payment from the controlled entities of nil (2021: nil) as of the reporting date in respect of the current year tax liability for the tax consolidated group. The nature of the tax funding agreement is such that no tax consolidation contributions by or distributions to equity participants are required.

30. REMUNERATION OF AUDITORS

The auditor of Cyclone Metals Limited is BDO (WA) Pty Ltd.

	2022 $	2021 $
Amounts received or due and receivable by BDO (WA) Pty Ltd for:		
An audit or review of the financial report of the entity and any other entity in the Group	56,403	52,190
	56,403	52,190

31. ACQUISITION OF ASSETS

Kay Trinder Acquisition

On 6 October 2021, the Company announced the acquisition of tenements E47/3176 and P47/1524 from Kay Trinder. Consideration for the acquisition comprised a cash payment of $30,000 and the issue of 11,666,667 fully paid ordinary shares in the Company at a deemed issue price of $0.006 per share (**Kay Trinder Acquisition**).

The fair value of the Kay Trinder Acquisition shares as at the date of acquisition are:

	Note	Total
Consideration		
Cash		30,000
Shares Issued (11,666,667)	18	70,000
		100,000
Assets Acquired		
Exploration assets		-
		-
Deferred exploration and evaluation expenditure	12	100,000

Nickol River Acquisition

On 23 August 2021, the Company announced the acquisition of a package of tenements from D&K Corps Investments Pty Ltd (**D&K**) that form the central part of the Nickol River Gold Project (NRP) area, located approximately 13km east of Karratha in the Pilbara region of Western Australia. The NRP comprises seven granted Mining Leases (M47/87, M47/127, M47/401, M47/421, M47/435, M47/455, M47/577) and five Miscellaneous Licences (L47/686, L47/687, L47/688, L47/689, and L47/565 (application)) and a Water Licence 177790. Consideration for the acquisition of the NRP tenements comprised a facilitation fee of $200,000 payable to Rich Minerals Pty Ltd (refer to note 24) and the issue of 100,000,000 fully paid ordinary shares in the Company to D&K at a deemed issue price of $0.005 per share (**Nickol River Acquisition**).

The fair value of the Nickol River Acquisition shares as at the date of acquisition are:

	Note	Total
Consideration		
Shares Issued (100,000,000)	18	500,000
Facilitation fee		200,000
		700,000
Assets Acquired		
Exploration assets		-
		-
Deferred exploration and evaluation expenditure	12	700,000

Grand Port Acquisition

On 23 March 2022, the Company completed the acquisition of 100% of the issued share capital and voting rights of Grand Port Resources Pty Ltd (**Grand Port**) and its wholly owned subsidiaries Midway Resources Limited (**Midway**) and Nimitz Resources Limited (**Nimitz**) which together owns or has applications over a diversified portfolio of gold, copper, nickel and PGE assets in New Zealand (**Grand Port Acquisition**). Consideration for the Grand Port Acquisition consisted of 500,000,000 Tranche 1 shares in the Company (issued 23 March 2022) and 400,000,000 Tranche 2 shares in the Company (issued 23 May 2022) at a deemed issue price of $0.005 per share. The fair value of the shares on the date of issue of the Tranche 1 shares was $0.004 per share which resulted in a gain of $500,000 being recognized as part of exploration and evaluation expenditure.

The fair value of the Grand Port Acquisition shares, together with the take on balances of Grand Port, Midway and Nimitz has been used to record the value of exploration and evaluation assets on initial recognition in accordance with the Group's accounting policies:

	Note	Total
Consideration		
Shares Issued (900,000,000)	18	4,500,000
Assets Acquired		
Cash acquired		11,479
Trade and other receivables		240
Exploration assets		135,141
Trade and other payables		(22,249)
		124,611
Deferred exploration and evaluation expenditure	12	4,375,389

32. EVENTS SUBSEQUENT TO REPORTING DATE

On 6 July 2022, the Company confirmed the closures of the Unmarketable Parcel Sale Facility (**Facility**) with the final number of shares eligible to be sold under the Facility was 43,064,049 shares from a total of 2,588 shareholdings. The Company has now sold these shares with proceeds from the sale of these shares being distributed to participating shareholders.

On 28 July 2022, the Company announced that it would be undertaking a placement to raise up to AUD$500,000 at an issue price of $0.004 per fully paid ordinary share (**July 2022 Placement Shares**). Participants of the Placement will also be entitled to receive one unlisted option for every two shares at an exercise price of $0.005 expiring 30 June 2024 (**July 2022 Placement Options**). On 28 July 2022, the Company issued 12,500,000 July 2022 Placement Shares and 6,250,000 July 2022 Placement Options.

On 31 July 2022, the finance facility with Winance Investment LLC expired (refer to note 27).

On 17 August 2022, the Company entered into a loan agreement and received funds of $500,000 from European Lithium Ltd (ASX: EUR). The loan is unsecured, repayable on 30 November 2022 and accrues interest of 5% per annum. Mr Antony Sage is a director of EUR.

There have been no other events subsequent to 30 June 2022 up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cyclone Metals Limited, I state that:

1. In the opinion of the directors:

   (a) the financial statements and notes of Cyclone Metals Limited for the financial year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the financial position of the Group as at 30 June 2022 and of its performance, for the period ended on that date; and

      (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements; and

      (iii) complying with International Financial Reporting Standards as disclosed in note 2(c).

   (b) Subject to the matters set out in note 2(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Signed in accordance with a resolution of the Directors:

____

Tony Sage
Executive Director

Perth, 2 September 2022

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Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Cyclone Metals Limited

Report on the Audit of the Financial Report

Opinion

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

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 2(b) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Accounting for exploration and evaluation assets

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 12 of the financial report, the carrying value of exploration and evaluation assets represents a significant asset of the Group. Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. In particular: • Whether the conditions for capitalisation are satisfied; • Which elements of exploration and evaluation expenditure qualify for recognition; and • Whether facts and circumstances indicate that the exploration and expenditure assets should be tested for impairment. Furthermore, there is complexity and judgment in determining the fair value of exploration assets acquired by way of share-based payment. The accounting for exploration and evaluation assets is therefore considered as a key audit matter.	Our procedures included, but were not limited to the following: • Reviewing management's assessment of the accounting treatment of tenements acquired; • Assessing the fair value of exploration assets acquired by way of share based payment at acquisition date; • Obtaining a schedule of the area of interest held by the Group and assessing whether the rights to tenure of this area of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the area of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and directors' minutes; • Considering whether the area of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;

	• Considering whether any facts or circumstances existed to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 12 of the Financial Report.

Accounting for share-based payments

Key audit matter	*How the matter was addressed in our audit*
During the financial year ended 30 June 2022, the Group issued performance rights, options and shares to key management personnel and consultants, which have been accounted for as share-based payments, as disclosed in Note 21 of the financial report. Refer to Note 2(t) and Note 2(ab) of the financial report for a description of the accounting policy and significant estimates and judgements applied to these arrangements. Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the Group's accounting for share-based payments to be a key audit matter.	Our procedures included, but were not limited to: • Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements; • Holding discussions with management to understand the share-based payment transactions in place; • Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation models used and assessing the valuation inputs; • Involving our valuation specialists to assess the reasonableness of management's valuation inputs in respect to the market-based conditions attached to certain share-based payments; • Assessing the allocation of the share-based payment expense over the relevant vesting period; and Assessing the adequacy of the related disclosures in Note 2(t), Note 2(ab) and Note 21 of the financial report.

Other information

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

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Cyclone Metals Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth

2 September 2022

ADDITIONAL STOCK EXCHANGE INFORMATION

Cyclone Metals Limited is a listed public company, incorporated in Australia.

The Company's registered and principal place of business is 32 Harrogate Street, West Leederville, Western Australia 6007 Australia.

This information is current as at 31 July 2022.

(a) Distribution of equity securities

The distribution of members and their holdings of equity securities in the Company as at 31 July 2022 are as follows:

Category (size of holding)	Total Holders	Number of Units	%
1- 1,000	44	11,383	0.00
1,001- 5,000	83	247,818	0.00
5,001- 10,000	61	495,270	0.01
10,001- 100,000	333	21,436,788	0.35
100,001 – 999,999,999	1,510	6,094,545,723	99.64
Total	**2,031**	**6,116,736,982**	**100.00**

Equity Securities

As at 31 July 2022, there were 2,031 shareholders, holding 6,116,736,982 fully paid ordinary shares.

All issued ordinary shares carry one vote per share and are entitled to dividends.

The number of shareholders holding less than a marketable parcel of shares is 588.

(b) Twenty Largest Shareholders

The names of the twenty largest fully paid ordinary shareholders as at 31 July 2022 are as follows:

	Name	Number of Fully Paid Ordinary Shares Held	% held of Issued Capital
1	WINANCE	798,279,517	13.05
2	OKEWOOD PTY LTD	312,264,763	5.11
3	GULF ENERGY INTERNATIONAL LIMITED	278,178,538	4.55
4	GILMORE CAPITAL LIMITED	225,000,000	3.68
5	DORALEDA PTY LTD	200,887,500	3.28
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	184,022,567	3.01
7	SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	175,647,059	2.87
8	MR BRUNO SENEQUE <SENEQUE FAMILY A/C>	175,187,500	2.86
9	VIXEN RESOURCES PTY LTD	165,000,000	2.70
10	D & K CORPS INVESTMENTS PTY LTD	114,375,000	1.87
11	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	105,929,954	1.73
12	WESTCAP PTY LTD	100,605,230	1.64
13	GHAN RESOURCES PTY LTD	91,804,278	1.50
14	HARLIN PTY LTD <DOUGLAS SUPERANNUATION A/C>	69,300,000	1.13
15	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	65,396,297	1.07
16	CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	60,000,000	0.98
17	SILVERLIGHT HOLDINGS PTY LTD <CAIRNS INVESTMENT A/C>	56,000,000	0.92
18	EXCHANGE MINERALS LIMITED	50,000,000	0.82
19	STONEFIELD DEVELOPMENTS PTY LTD <STONEFIELD DISCRETIONARY A/C>	49,337,223	0.81
20	CITICORP NOMINEES PTY LIMITED	45,913,732	0.75
		3,323,129,158	**54.33**

(c) Substantial shareholders

The names of the substantial shareholders in accordance with *section 671B* of the *Corporations Act 2001* at 31 July 2022 are as follows:

	Fully paid ordinary shareholders	Number as per the Notice	% held of Issued Capital at the time of Notice
1	WINANCE	798,279,517	13.05
2	OKEWOOD PTY LTD	312,264,763	5.11

(d) Voting Rights

In accordance with the Company's constitution, on show of hands every member present in person or by proxy or attorney or duly authorised representative had one vote. On a poll every member present in person or by proxy or attorney or duly authorised representative has one vote for every fully paid ordinary share held. Options do not carry a right to vote.

(e) Unquoted securities

At 31 July 2022 the Company has 210,783,333 unlisted options and 220,000,000 performance rights of issue.

The names of security holders holding more than 20% of an unlisted class of security are listed below:

Name	Unlisted Options Exercisable at $0.005 Expiring 18 December 2022	Unlisted Options Exercisable at $0.006 Expiring 30 June 2023	Unlisted Options Exercisable at $0.005 Expiring 16 December 2022
Kapil Singh	5,000,000	-	-
Rotherwood Enterprises Pty Ltd	-	10,000,000	-
Leonora Pharmacy Pty Ltd	-	-	6,666,667
Mr Ashley Steven Martin	-	-	5,555,556
Holders < 20%	-	1,200,000	-
	5,000,000	**11,200,000**	**12,222,223**

Name	Unlisted Options Exercisable at $0.005 Expiring 4 February 2023	Unlisted Options Exercisable at $0.006 Expiring 31 March 2024	Unlisted Options Exercisable at $0.005 Expiring 30 June 2024
Belstar Holdings Pty Ltd	-	-	2,500,000
Mr Ian Barrie Murie	-	-	2,500,000
Spartan Nominees Pty Ltd	-	-	1,250,000
D&K Corps Investments Pty Ltd	-	7,500,000	-
Holders < 20%	151,111,110	17,500,000	-
	151,111,110	**25,000,000**	**6,250,000**

Name	Performance Rights
Okewood Pty Ltd	50,000,000
Progressive Nominees Pty Ltd	120,000,000
Wyn Contracting Pty Ltd	50,000,000
	220,000,000

ADDITIONAL STOCK EXCHANGE INFORMATION

Schedule of Mineral Tenements Held at 30 June 2022

Tenement	Project & Location	Interest
Kukuna Project - EL 22/2012	Kukuna – Sierra Leone	100%
ML 90098 [1]	Wee MacGregor - Queensland	20%
ML 2504 [1]	Wee MacGregor - Queensland	20%
ML 2771	Wee MacGregor - Queensland	100%
ML 2773 [1]	Wee MacGregor - Queensland	20%
E09/2441	Yalardy – Western Australia	100%
E09/2442	Yalardy – Western Australia	100%
E47/3176	Nickol River – Western Australia	100%
L47/565	Nickol River – Western Australia	100%
L47/686	Nickol River – Western Australia	100%
L47/687	Nickol River – Western Australia	100%
L47/688	Nickol River – Western Australia	100%
L47/689	Nickol River – Western Australia	100%
M47/087	Nickol River – Western Australia	100%
M47/127	Nickol River – Western Australia	100%
M47/401	Nickol River – Western Australia	100%
M47/421	Nickol River – Western Australia	100%
M47/435	Nickol River – Western Australia	100%
M47/455	Nickol River – Western Australia	100%
M47/577	Nickol River – Western Australia	100%
P47/1524	Nickol River – Western Australia	100%
EP60671	Muirs Reef – New Zealand	100%
PP60709	Muirs Surrounds – New Zealand	100%
EP60663	Mareburn – New Zealand	100%
PP60700	Macraes South – New Zealand	100%
PP60707	Drybread – New Zealand	100%
PP60708	Waikerikeri – New Zealand	100%
EP60694	Longwood Range Prinz – New Zealand	100%
PP60693	Longwood Range M'vale – New Zealand	100%
EP60692	Longwood Range Tops – New Zealand	100%

[1] Subject to the Cohiba (Cobalt X) Farm-in agreement, refer to ASX March 2017 Quarterly Report for details. On 31 March 2021 Cohiba announced that wholly owned subsidiary Cobalt X Pty Ltd had earnt an 80% interest in the tenements.

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