



# **WEST COBAR METALS LIMITED**

**ABN 26 649 994 669**

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**Annual Report**

**For the Year Ended 30 June 2022**

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**West Cobar Metals Limited**

**ABN 26 649 994 669**

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**West Cobar Metals Limited**

**ABN 26 649 994 669**

**CORPORATE DIRECTORY**

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<b>Directors</b>	Mr Robert Klug Non-Executive Chairman
	Mr Kevin Das Executive Director
	Mr Ron Roberts Non-Executive Director
	Mr Matt Szwedzicki Non-Executive Director
<b>Chief Executive Officer</b>	Mr David Pascoe
<b>Company Secretary</b>	Mr Craig McNab
<b>Registered Office &amp; Principal Place of Business</b>	Level 8, 216 St Georges Terrace Perth WA 6000
<b>Postal Address</b>	GPO Box 2517 Perth WA 6831
<b>Website</b>	<a href="http://www.westcobarmetals.com.au">www.westcobarmetals.com.au</a>
<b>Share Registry</b>	Automic Registry Pty Ltd Level 5, 191 St Georges Terrace Perth WA 6000
<b>Auditors</b>	RSM Australia Partners Level 32, Exchange Tower 2 The Esplanade Perth WA 6000
<b>Securities Exchange Listing</b>	ASX Code: WC1
<b>Country of Incorporation and Domicile</b>	Australia

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# West Cobar Metals Limited

ABN 26 649 994 669

## DIRECTORS' REPORT

For the Year Ended 30 June 2022

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The Directors present the following report on West Cobar Metals Limited ("the Company") and its wholly owned subsidiaries (together referred to hereafter as "the Group") for the financial year ended 30 June 2022.

### Directors

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

Robert Klug	Non-Executive Chairman
Kevin Das	Executive Director (appointed on 25 March 2022, formerly a Non-Executive Director)
Ron Roberts	Non-Executive Director
Matt Szwedzicki	Non-Executive Director

### Joint Company Secretaries

David McEntaggart resigned as Joint Company Secretary on 22 July 2022. Craig McNab was appointed Company Secretary on 21 July 2021.

### Principal Activities

The principal activity of the Group during the financial year was the exploration of resource projects.

### Operating Results

The loss of the Group for the year ended 30 June 2022 amounted to \$1,233,617 (2021: \$504,153).

### Financial Position

As at 30 June 2022 the Group had a cash balance of \$3,166,739 (2021: \$352,511) and a net asset position of \$4,345,390 (2021: \$296,522).

### Dividends Paid or Recommended

No dividends have been paid, and the directors do not recommend the payment of a dividend for the financial year ended 30 June 2022.

### Corporate Governance Statement

The Company has disclosed its corporate governance statement on the Company website at [www.westcobarmetals.com.au](http://www.westcobarmetals.com.au).

### Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the Group that occurred during the year not otherwise disclosed in this report or in the financial report.

### Corporate

As at the date of this report the following securities were on issue.

<b>ORDINARY SHARES</b>	<b>2022</b>
	<b>No.</b>
Fully Paid Ordinary Shares	41,500,000

# West Cobar Metals Limited

ABN 26 649 994 669

## DIRECTORS' REPORT

For the Year Ended 30 June 2022

OPTIONS	2022 No.
25 cents expiring on 3 June 2026	9,500,000
25 cents expiring on 28 March 2025	3,500,000
20 cents expiring on 4 November 2024	1,000,000
21.5 cents expiring on 4 November 2024	1,000,000
23 cents expiring on 4 November 2024	1,000,000

### Review of Operations

An initial public offer (IPO) prospectus for the issue of 27,500,000 shares at an issue price of \$0.20 per share to raise \$5,500,000 (before costs) was completed. Drill programs were completed at the Bulla Park and Mount Jack Projects.

### Exploration Licences

The Projects comprise of a portfolio of eight mineral exploration licences (Exploration Licences) which together cover an area of approximately 910km<sup>2</sup> and are located in western New South Wales.

A summary of the Company's Exploration Licences are detailed below:

Project	Exploration Licence	Area (km <sup>2</sup> )	Expiry Date
Bulla Park	EL 8642	117	31/08/2026
	EL 9195	115	09/06/2023
	EL 9281	79	06/09/2024
	EL 9260	207	03/08/2023
Mount Jack	EL 8896	62	23/09/2022
Cawkers Well	EL 9197	100	09/06/2023
	EL 9278	54	31/08/2024
Nantilla	EL 9179	176	24/05/2023

The figure below details the location of the Projects:

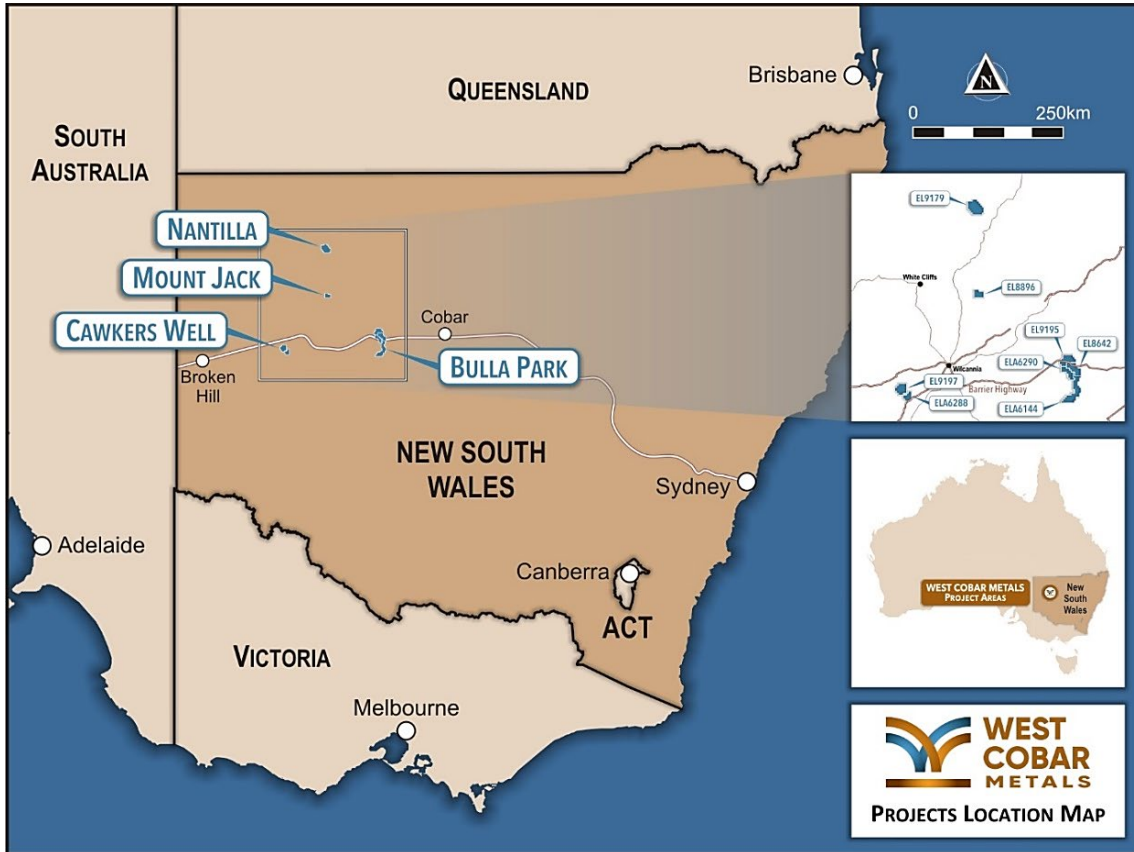


Figure 1 – Location of the Projects, June 2022

### **Bulla Park Project**

The Bulla Park Project comprises four granted exploration licences (EL 8642, EL 9195, EL 9281 and EL 9260) which collectively cover an area of 518km<sup>2</sup>. The Bulla Park Project is located approximately 110km west of Cobar in central New South Wales and is accessible via sealed highways from Sydney to Cobar.

The Bulla Park Project area is underlain by poorly exposed rocks of the Cobar Supergroup, mainly conglomerate and quartz sandstone of the mid-Devonian Mulga Downs Group, overlying Early Devonian sandstone and siltstone of the Winduck Group (refer to Figure 2).

Exploration in and around the Bulla Park Project commenced in the 1970's. Broken Hill Proprietary Company Limited (BHP) investigated anomalous lead samples found during excavation of the Moomba Gas Pipeline, which passes through the Bulla Park Project area. A RAB drilling programme resulted in a widespread near surface lead anomalous halo. Thomson Resources Ltd used BHP's IP geophysical survey to aid in target drilling. A review of that survey resulted in five RC holes being drilled by Thomson, two of which contained anomalous copper intervals. Sandfire Resources Limited (Sandfire) entered into an option agreement with Bulla Park Metals Pty Ltd (now 100% owned by West Cobar) in 2018 and drilled six diamond drillholes to test anomalous gravity and IP survey results. Sandfire's drilling also intersected broad zones of copper mineralisation in the Winduck Group sediments including 33m of 0.45%Cu<sup>1</sup> in historical drillhole 19CA002 from 232m.

<sup>1</sup> Refer to Prospectus dated 6 August 2021

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West Cobar Metals Limited

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DIRECTORS' REPORT

For the Year Ended 30 June 2022

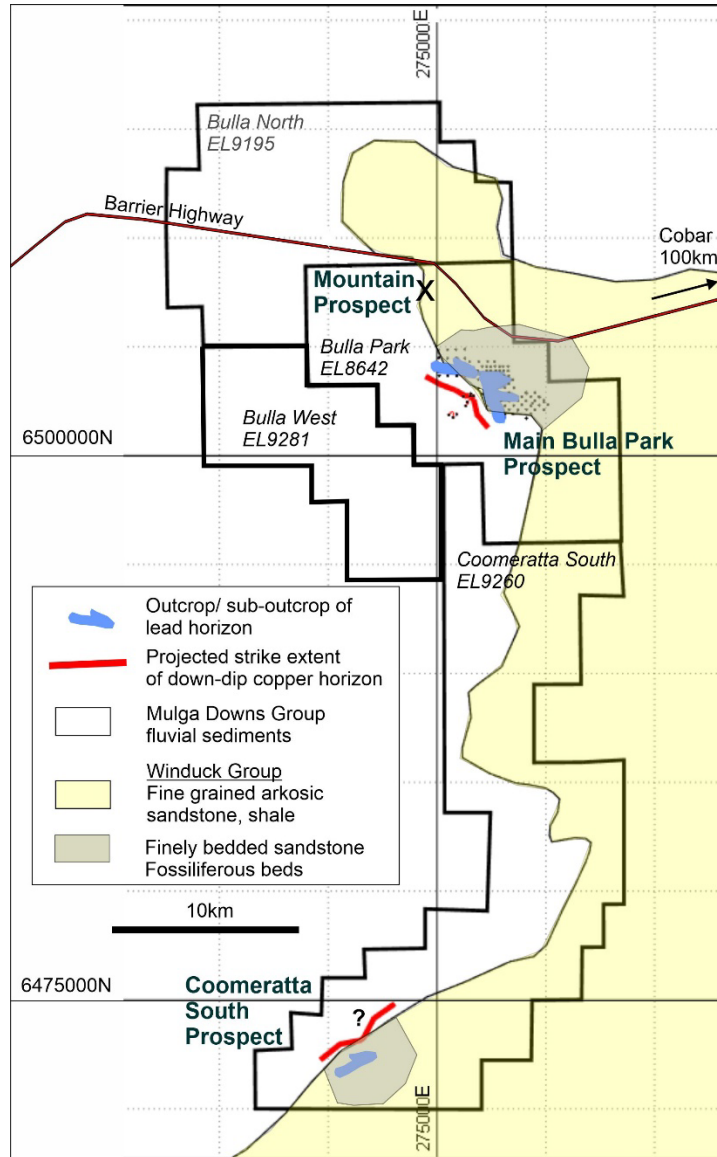


Figure 2 - West Cobar's Bulla Park Project exploration licences and interpreted geology.

Seven diamond holes were drilled by West Cobar at the Bulla Park and Mountain Prospects at the end of 2021 for 295m of mud rotary (pre-collars) and 1762m of diamond drilling. Assays from drill holes BPD01<sup>2</sup>, BPD02<sup>3</sup>, and BPD034 (Table 1) drilled at the Bulla Park Prospect all returned low grade copper intersections but confirmed an overall stratabound control for the copper mineralisation. The copper mineralisation discovered to date consists of tennantite-tetrahedrite, chalcopyrite and bornite disseminated in siltstones and sandstones of the Winduck Group. The results also indicate that the system weakens to the north and west but continues and is open to the south. Lead mineralisation in BPD044 indicates that the mineralised system may extend southwards.

<sup>2</sup> As announced to ASX on 11 November 2021

<sup>3</sup> As announced to ASX on 29 November 2021

<sup>4</sup> As announced to ASX on 17 December 2021

**West Cobar Metals Limited**  
**ABN 26 649 994 669**

**DIRECTORS' REPORT**  
**For the Year Ended 30 June 2022**

**Table 1: Assay results**

Hole ID	From (m)	To (m)	Interval (m)	Cu %	Pb %	Ag g/t	Comments
BPD01 <sup>2</sup>	289	305	16	0.13	<0.1	7	
<i>and</i>	305	311	6	<0.1	0.56	25	
BPD02 <sup>3</sup>	155	163	8	0.13	<0.1	5	
<i>and</i>	194	204	10	0.14	<0.1	3	
BPD03 <sup>4</sup>	146	148	2	0.11	<0.1	4	
BPD04 <sup>4</sup>	164	166	2	0.35	<0.1	10	
<i>and</i>	226	284	58	<0.1	0.61	15	Includes interval with 11m @ 0.15%Zn
<i>including</i>	253	275	22	<0.1	1.0	20	“ “
BPD05 <sup>4</sup>	30	36.8	6.8	<0.1	0.42	10	
BPD06 <sup>4</sup>							No significant mineralisation
BPD07 <sup>4</sup>							No significant mineralisation

Results reported using 0.1%Cu or 0.1% Pb cut-off

<sup>2</sup> As announced to ASX on 11 November 2021

<sup>3</sup> As announced to ASX on 29 November 2021

<sup>4</sup> As announced to ASX on 17 December 2021

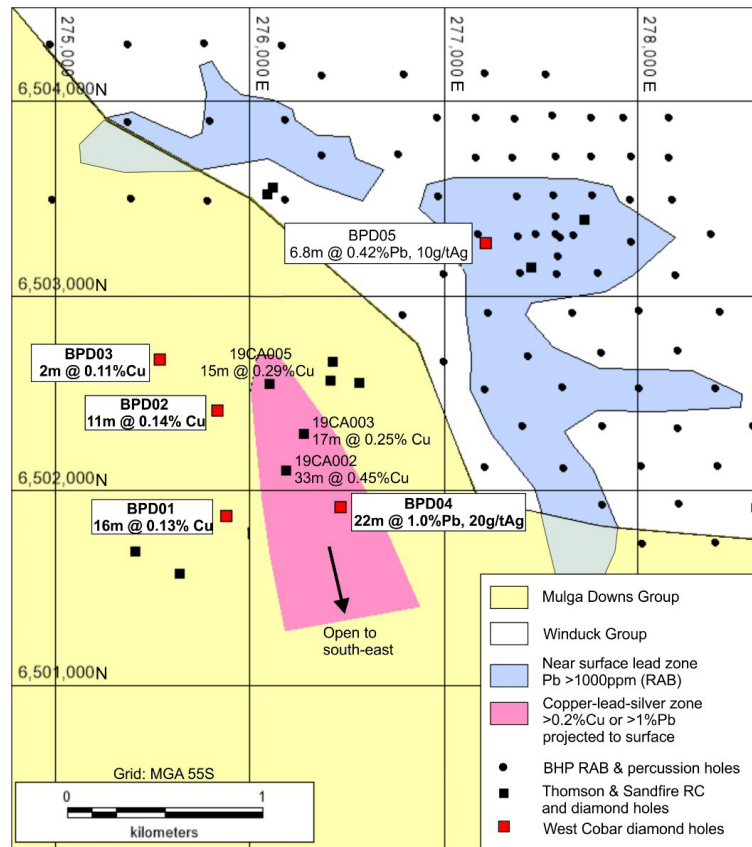


Figure 3 - Diamond drilling by West Cobar at Bulla Park.

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# West Cobar Metals Limited

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## DIRECTORS' REPORT

For the Year Ended 30 June 2022

These initial drill results downgraded the immediate prospectivity for economically mineable mineralisation as it relates to the geological model that the Company presented at the time of its prospectus dated 6 August 2021. West Cobar is analysing the results in the context of its original geological model and is undertaking relatively low-cost geological mapping and drill core relogging in order to decide the best approach for future exploration. This has necessitated a lower forecast spend than was forecast in the Prospectus which anticipated success from the initial drilling program.

The Coomeratta South prospect, 40km south of the Bulla Park prospect within the broader Bulla Park Project, contains anomalous lead and antimony values<sup>1</sup> in stream sediments over an area of 5km by 3km. Recent mapping has delineated an area with anomalous lead (200ppm Pb to 0.15% Pb) in rock chips (non-quantitative portable XRF values) indicated in Figure 2, within an area of Winduck Group fossiliferous sandstone.

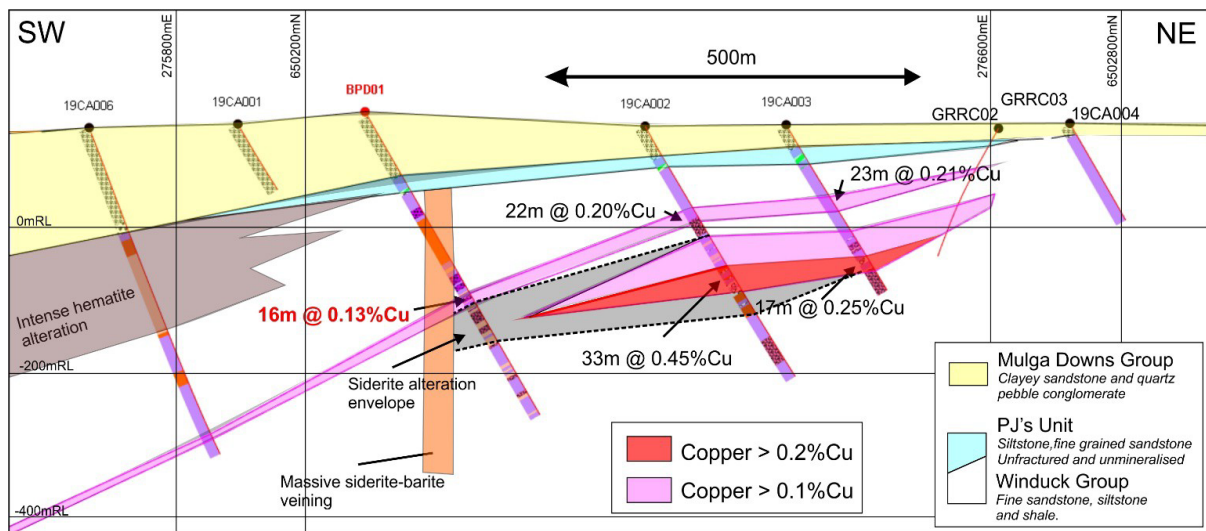


Figure 4 - Diamond drilling by West Cobar at Bulla Park (BPD01). Oblique projected section looking 315°. Indicates stratabound copper mineralisation.

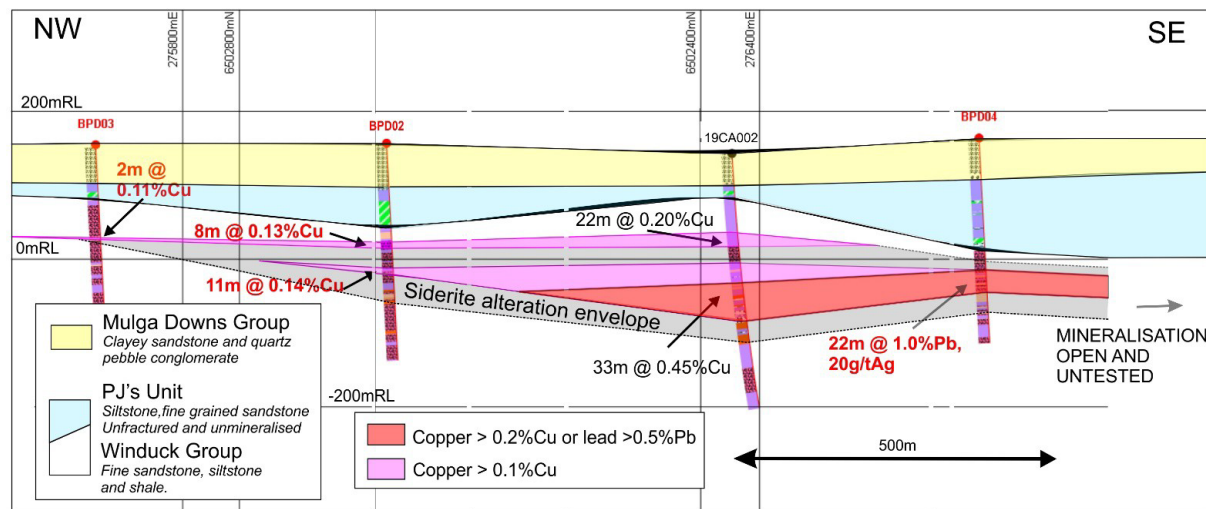


Figure 5 - Diamond drilling by West Cobar at Bulla Park (BPD02, BPD03, BPD04). Oblique projected section looking 045°. Stratabound copper and lead-silver mineralisation open to the south

## West Cobar Metals Limited

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### DIRECTORS' REPORT

For the Year Ended 30 June 2022

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#### **Mount Jack Project**

##### *Location and Access:*

The Mount Jack Project comprises one granted exploration licence (EL 8896) which covers an area of 62 km<sup>2</sup>. The Mount Jack Project is located approximately 70km north-east of Wilcannia and 60km east south-east of White Cliffs.

##### *Drilling:*

Exploration by Minotaur Exploration Limited in 2006 confirmed the presence of a single bullseye magnetic anomaly through a ground magnetic survey and drilled one mud rotary/ diamond hole that failed at 163m. Sampling of this anomaly returned anomalous gold and copper between 159 and 160 metres downhole.<sup>1</sup>

WC1 considered the formations underlying the Mulga Downs Group sediments prospective to host a Cobar-style copper-gold deposit. West Cobar Metals Limited drilled one diamond drill hole (MJD01) comprising 141.0m of mud rotary and 210.1m of diamond coring<sup>5</sup>. It intersected highly magnetic vesicular basalt at 348.1m. The overlying conglomerate contained highly magnetic basalt pebbles from 229.8m to 243.4m. Abundant dolerite pebbles in the conglomerate were also slightly magnetic. These factors are considered likely to explain the magnetic anomaly. Analyses (laboratory for gold, and handheld XRF for base metals) of MJD01 contained no significant values.

##### *Conclusion:*

West Cobar is of the view that the results from the Mount Jack Project do not warrant further expenditure and West Cobar intends to surrender the licence that includes the Project.

#### **Cawkers Well Project**

##### *Location and Access:*

The Cawkers Well Project comprises two granted exploration licences (EL 9197 and EL 9278) which collectively cover an area of 154km<sup>2</sup>. The Cawkers Well Project is located approximately 140km east of Broken Hill and 60km south-east of Wilcannia.

West Cobar is currently in access negotiations with respect to Cawkers Well. The Company does not know how long these negotiations will take but will keep the market informed of the negotiation progress. West Cobar still expects to meet the two-year spend on the Cawkers Well Project as per the Prospectus.

##### *Geology and Mineralisation:*

The Cawkers Well Project area lies within metasediments and volcanics of the Koonenberry Belt. The underlying rocks are mapped as being Cambrian Teltawongee and Ponto Group deep water sandstones. These groups are overlain by a formation consisting of deltaic fluvial sandstone which has similarities to the overlying Middle Devonian Mulga Downs Formation. The pre-Devonian rocks are deformed and weakly metamorphosed, with aeromagnetic interpretation showing strong north-westerly structures that the Company infers are the control on mineralisation (refer to Figure 4).

##### *Historical Exploration:*

Some small-scale mining took place at the Golden Ridges mine at Cawkers Well. Gold was also noted when digging Watsons Tank about 450m southeast of the main diggings. Soil sampling geochemistry identified a 600m strike >10 ppb gold-in-soil BLEG anomaly<sup>1</sup> that coincides with north-westerly trending structures interpreted from aeromagnetic data.

Observation of the Golden Ridges workings indicate that most of the historical RAB drilling may have been too shallow and the few RC holes drilled were poorly positioned to test the mineralisation. The presence of parallel structures identified in aeromagnetic data indicate a much larger system than the historical workings represent.

<sup>1</sup> Refer to Prospectus dated 6 August 2021

<sup>5</sup> Refer to ASX Announcement 23 February 2022

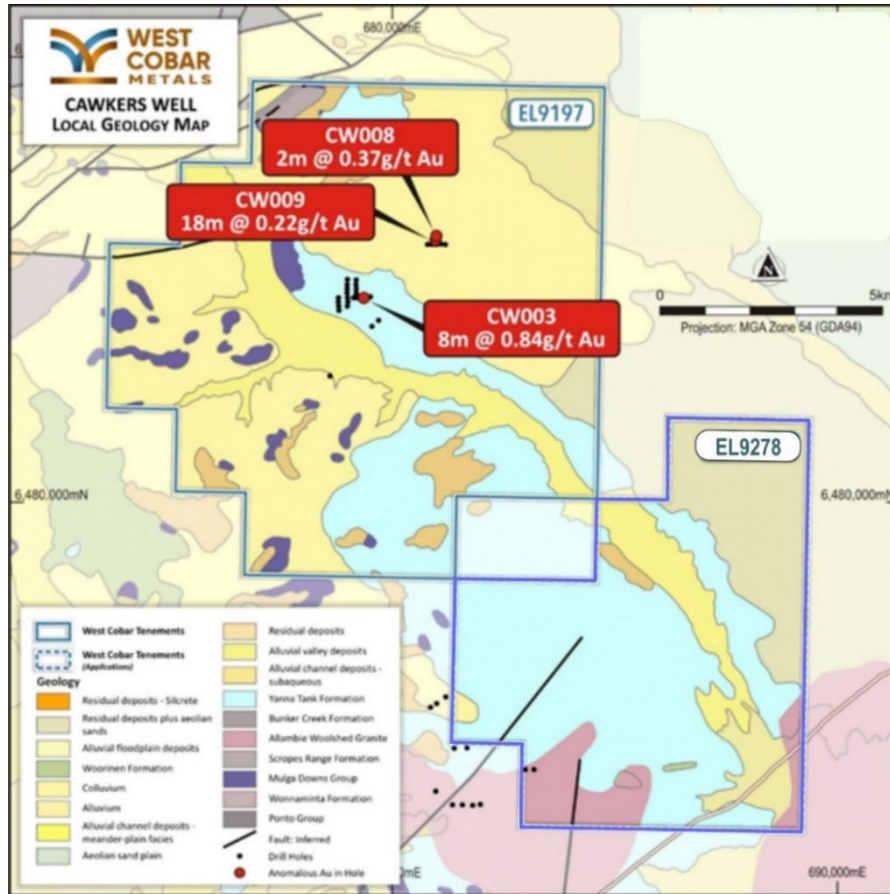


Figure 6 – Interpreted geology on the Cawkers Well Project. Intersections presented in Prospectus dated 6 August 2021

**Nantilla Project**

*Location and Access:*

The Nantilla Project comprises one granted exploration licence (EL 9179) with an area of 176km<sup>2</sup>. It covers adjacent aeromagnetic and gravity anomalies and lies approximately 290km north-east of Broken Hill and 260km north-west of Cobar.

Access negotiations for the Nantilla Project are expected to take place during Q3/Q4 2022, with a view to concluding land access agreements before commencing a detailed magnetic survey and drill program. The Company intends to spend the allocated budget on the Nantilla Project as estimated in the Prospectus.

*Geology and Mineralisation:*

The project area is underlain by Late Jurassic to Cretaceous Eromanga Basin sediments, from 250m to 400m depth, which is indicated by holes drilled in the surrounding region. The Nantilla Project is centred on coincident gravity and magnetic anomalies. The magnetic anomaly consists of several circular features and appears as a gravimetric low on the corresponding gravimetric image which reveals an adjacent gravimetric high. The Tongo 1 magnetic anomaly is analogous to that at the Nantilla Project and the Company infers that the magnetic anomaly represents an intrusive granodiorite. The Company also considers that the gravity high represents a target for high density but non-magnetic mineralisation.

*Historical Exploration:*

There has been no previous ground exploration or drilling on the Nantilla Project area.

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## West Cobar Metals Limited

ABN 26 649 994 669

### DIRECTORS' REPORT

For the Year Ended 30 June 2022

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#### **Proposed Exploration Program**

The Company plans to undertake an exploration program of the Projects with the intention of defining a major base metals or gold deposit that can be profitably mined.

As at the date of this Annual Report the following activities are being carried out:

- Reassessment of the exploration data, mapping and rock chip sampling is being carried out within the Bulla Park Project area in order to modify the mineralisation model and establish drill targets
- Ongoing negotiations to obtain access agreements at the Cawkers Well and Nantilla Projects

The proposed exploration program on each of the Projects is detailed below:

#### **(i) Bulla Park Project**

The geological model that West Cobar presented in the Prospectus is being modified. It is apparent that the best copper mineralisation intersected in historical drill holes correspond to a regional aeromagnetic high and an interpreted strong ENE trending structure. West Cobar expects that a planned low-level aeromagnetic survey, combined with updated geological mapping, will provide the detail to best target the next phase of drilling at both the Bulla Park and Coomeratta South prospects.

#### **(iii) Cawkers Well Project**

Subject to landholder access agreements being concluded, drill targets will be refined in detail following low level airborne magnetic surveys ahead of an initial reverse circulation drilling programme.

#### **(iv) Nantilla Project**

Subject to landholder access agreements being concluded, drill targets will be refined in detail following a low level airborne magnetic survey. The Company then intends to conduct exploratory drilling to investigate the nature of the magnetic anomalies and the adjacent gravity high signature.

#### **Other Projects**

West Cobar has continued to assess opportunities as they are presented with a view to adding to the discovery potential within West Cobar's portfolio of projects.

#### **Events after the Reporting Period**

On 22 July 2022, David McEntaggart resigned as Joint Company Secretary with Craig McNab now being the sole Company Secretary.

On 8 September 2022 the Company entered into binding agreements to acquire Salazar Minerals Pty Ltd and its wholly owned subsidiary Salazar Gold Pty Ltd for consideration of 39,000,000 fully paid ordinary shares. The acquisition is subject to Shareholder approval.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

## West Cobar Metals Limited

ABN 26 649 994 669

### DIRECTORS' REPORT

For the Year Ended 30 June 2022

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#### Information on Directors

The names of directors who held office from incorporation until the date of this report are as follows. Directors were in office for this entire year unless otherwise stated.

#### **Mr Robert Klug (LLB, B Comm)** **Non-Executive Chairman**

Robert Klug is an Australian qualified resources and corporate lawyer with 30 years' experience. Initially trained as an auditor for KPMG, Robert completed a law degree at Murdoch University and worked as a corporate lawyer in London before joining Freehills in Perth. Robert has worked in legal, commercial and senior management roles within the resources section including St Barbara Limited (ASX: SBM) and Heron Resources Limited (ASX: HRR). From 2011 to 2020, Robert was General Counsel and Chief Commercial Officer of Sandfire Resources NL (ASX: SFR). He is currently a Director of ASX-listed Noronex Limited, the Director of George Street Legal Pty Ltd and Chief Executive Officer of Ngadju Native Title Aboriginal Corporation.

#### *Interest in Securities*

- 575,000 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.25 on 03/06/2026

#### **Mr Kevin Das (B.Sc Geology (Hons), GAICD)**

#### **Executive Director (appointed on 25 March 2022, formally a Non-Executive Director)**

Kevin Das has over 19 years' experience in the exploration and mining industry. He has worked in a variety of mining jurisdictions as a senior geologist and has undertaken various technical and corporate roles including business development, project management and company management. Kevin established the ARD Group in 2016 with the goal of establishing a multi-discipline fund that would effectively allocate capital into the natural resources sector. Kevin is the Managing Director of ARD Group where he is responsible for the fund's investment strategy, implementation of capital allocation and daily management activities.

Mr Kevin Das has not been a director of any ASX-listed Company for the last 3 years.

#### *Interest in Securities*

- 100,000 fully paid ordinary shares
- 1,000,000 unlisted options exercisable at \$0.25 on 03/06/2026
- 1,000,000 unlisted options exercisable at \$0.20 on 04/11/2024
- 1,000,000 unlisted options exercisable at \$0.215 on 04/11/2024
- 1,000,000 unlisted options exercisable at \$0.23 on 04/11/2024

#### **Mr Ron Roberts**

#### **Non-Executive Director**

Ron Roberts has over 35 years' experience in all aspects of exploration, including cartography/GIS and data management, field supervision, exploration project management and associated logistics across WA, NT, Qld and South Africa. Ron had various roles at Sandfire Resources (ASX: SFR) from pre-discovery through to their rapid growth as an ASX 200 company.

Mr Ron Roberts has not been a director of any ASX-listed Company for the last 3 years.

#### *Interest in Securities*

- 5,000,000 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.25 on 03/06/2026

## West Cobar Metals Limited

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### DIRECTORS' REPORT

For the Year Ended 30 June 2022

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#### **Mr Matt Szwedzicki (B Eng (Hons), B Comm, GAICD)**

##### **Non-Executive Director**

Matt Szwedzicki has over 20 years' of corporate and commercial experience, having worked in senior leadership roles with a focus on M&A, corporate growth and investment strategy. Matt co-founded and is the Managing Director of Spark New Energies, an energy company with its main assets in the UK. Prior to that Matt held various executive corporate and commercial roles in the energy and resources industries.

Mr Matt Szwedzicki has not been a director of any ASX-listed Company for the last 3 years.

##### *Interest in Securities*

- 1,025,000 fully paid ordinary shares
- 2,000,000 unlisted options exercisable at \$0.25 on 03/06/2026

##### **Information on Other Management**

#### **Mr David Pascoe**

##### **Chief Executive Officer**

David Pascoe is an experienced geologist with more than 30 years' international and Australian experience. He received a BSC (Hons) and MSc, in Mining Geology and Exploration Geology, from Imperial College, London. He has been involved in numerous discoveries throughout his career including Magellan / Paroo Station lead deposit (WA), Tocantinzinho (Brazil, 2Moz Au) and Kerimenge (PNG, 1Moz Au). He has previously held Chief Geologist and Exploration Manager positions, and is a Director of Pasminex Pty Ltd and Bulla Park Metals Pty Ltd.

#### **Mr Craig McNab**

##### **Company Secretary (Appointed 21 July 2021)**

Craig McNab is a Chartered Accountant and Chartered Secretary with over 13 years' experience in the resource industry and accounting profession in Australia, New Zealand and the UK. He initially qualified as an auditor at PricewaterhouseCoopers and his experience includes senior finance positions held at the De Beers Group and various corporate roles at Anglo American plc in London. He provides services to a number of ASX-listed and unlisted companies, specialising in corporate compliance and financial accounting.

#### **Mr David McEntaggart**

##### **Joint Company Secretary (Resigned 22 July 2022)**

David McEntaggart is a Chartered Accountant and Chartered Secretary with over 15 years' experience in the resource industry and accounting profession both in Australia and the UK. He provides services to a number of ASX-listed and unlisted companies, specialising in corporate compliance and financial accounting.

### **REMUNERATION REPORT (AUDITED)**

The remuneration report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for key management personnel ('KMP') who are defined as those persons having the authority and responsibility for planning and directing the major activities of the Group, directly and indirectly, including any director (whether executive or otherwise).

#### **Remuneration Philosophy**

The performance of the Group depends on the quality of the Company's Directors, executives and employees and therefore the Group must attract, motivate and retain appropriately qualified industry personnel.

#### **Remuneration Policy**

Remuneration levels for the executives are competitively set to attract the most qualified and experienced candidates, taking into account prevailing market conditions and the individual's experience and qualifications. During the year, the Group did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive Directors.

# West Cobar Metals Limited

ABN 26 649 994 669

## DIRECTORS' REPORT

For the Year Ended 30 June 2022

The remuneration of executive and non-executive Directors is not dependent on the satisfaction of performance conditions. Remuneration and share based payments are issued to align Directors' interest with that of shareholders.

### Voting and Comments made at the Company's Annual General Meeting ('AGM')

The adoption of the remuneration report for the year ended 30 June 2022 will be voted for approval at the upcoming AGM. As of the date of this report, the company did not receive any specific feedback regarding its remuneration practices.

### CEO Remuneration

Mr Pascoe was appointed as CEO of the Group on 6 May 2021. His employment is in accordance with an Executive Service Agreement dated 6 May 2021 on an ongoing basis subject to termination and notice. Mr Pascoe is entitled to receive \$250,000 per annum (plus superannuation). The Company or Mr Pascoe may terminate the agreement by providing 3 months' notice in writing.

### Executive Director Remuneration

Mr Das was appointed Executive Director on 25 March 2022. Mr Das is entitled to receive \$40,000 per annum for director fees plus a consultancy fee of \$1,000 per day worked for their role as Executive Director.

### Non-Executive Directors Remuneration

Mr Klug was appointed Non-Executive Chairman on 6 May 2021. Mr Klug is entitled to receive \$50,000 per annum (exclusive of superannuation) for their role of Chairman. Mr Roberts and Mr Szwedzicki are entitled to receive \$40,000 per annum (exclusive of superannuation) for their role as Non-Executive Directors.

The Company's Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting. Before a determination is made by the Company in a general meeting, the aggregate sum of fees payable by the Company to the Non-Executive Directors is a maximum of \$400,000 per annum. Summary details of remuneration of the Non-Executive Directors are provided in the table below. The remuneration is not dependent on the satisfaction of a performance condition.

Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. A Director may also be paid additional amounts as fees or as the Directors determine where a Director performs extra services or makes any special exertions, which in the option of the Directors are outside the scope of the ordinary duties of a Director.

### Relationship between the Remuneration Policy and Company's Performance:

	30 June 2022	30 June 2021
	\$	\$
Revenue	-	20,000
Loss after income tax	(1,233,617)	(504,153)
Basic and diluted loss per share (cents)	(3.57)	(5.42)
EBIT	(1,250,398)	(504,153)
EBITDA	(1,220,305)	(504,153)
Share price at reporting date	\$0.11	N/A*

\*There was no share price as at 30 June 2021 as the Group listed with the ASX on 1 October 2021.

**West Cobar Metals Limited**

**ABN 26 649 994 669**

**DIRECTORS' REPORT**

**For the Year Ended 30 June 2022**

**Details of Remuneration**

Details of the nature and amount of each element of the emoluments of each of the Directors and KMP of the Group for the year ended 30 June 2022 and 30 June 2021 are:

**2022**

**Key Management Personnel**

	Short-term Benefits	Post-Employment Benefits	Equity-Settled Share Based Payments		Total	Performance Based as a Percentage of Remuneration
	Cash, Salary & Bonus	Super-annuation	Equity	Options		
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Robert Klug	37,500	3,771	-	-	41,271	-
Kevin Das	62,000	3,017	-	198,700	263,717	-
Ron Roberts	97,716	-	-	-	97,716	-
Matt Szwedzicki	30,000	3,017	-	-	33,017	-
<b>Management</b>						
David Pascoe	212,500	18,854	-	-	231,354	-
<b>TOTAL</b>	<b>439,716</b>	<b>28,659</b>	<b>-</b>	<b>198,700</b>	<b>667,075</b>	

**2021**

**Key Management Personnel**

	Short-term Benefits	Post-Employment Benefits	Equity-Settled Share Based Payments		Total	Performance Based as a Percentage of Remuneration
	Cash, Salary & Bonus	Super-annuation	Equity	Options		
	\$	\$	\$	\$	\$	%
<b>Directors</b>						
Robert Klug	-	-	-	96,600	96,600	-
Kevin Das	-	-	-	48,300	48,300	-
Ron Roberts	-	-	-	96,600	96,600	-
Matt Szwedzicki	-	-	-	96,600	96,600	-
<b>Management</b>						
David Pascoe	-	-	-	96,600	96,600	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>434,700</b>	<b>434,700</b>	

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## West Cobar Metals Limited

ABN 26 649 994 669

### DIRECTORS' REPORT

For the Year Ended 30 June 2022

#### Options Granted as Compensation

Details of options over ordinary shares in the Group that were granted as compensation during the financial year ended 30 June 2022 to each key management person are as follows:

Director/Key Management Personnel	Number Options Granted During Year	Grant Date	Fair Value per Option	Exercise Price per Option	Expiry Date	Number Options Vested During Year
Kevin Das	1,000,000	12-05-2022	\$0.0680	\$0.20	04-11-2024	1,000,000
Kevin Das	1,000,000	12-05-2022	\$0.0662	\$0.215	04-11-2024	1,000,000
Kevin Das	1,000,000	12-05-2022	\$0.0645	\$0.23	04-11-2024	1,000,000

#### Transactions with Directors and their Related Parties

During the 2021 financial year the Group drew down on a \$70,000 loan provided by RSR Enterprises (WA) Pty Ltd a related party to Ronald Roberts. The loan was non-interest bearing and fully repaid on 6 July 2021.

No loans have been made to any Director or any of their related parties during the 2022 financial year.

During the year, fees of \$11,250 (2021: Nil) were paid or due to be paid to Jessica Pascoe, the spouse of CEO David Pascoe, for field assistant services.

There were no further transactions with Directors including their related parties other than those disclosed above.

All transactions were made on normal commercial terms and conditions and at market rates.

#### KMP Shareholdings

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

30 June 2022	Opening Balance	Granted as Remuneration	Issued on Exercise of Options	Other Changes	Closing Balance
Robert Klug	500,000	-	-	75,000	575,000
Kevin Das	-	-	-	100,000	100,000
Ron Roberts	4,500,000	-	-	500,000	5,000,000
Matt Szwedzicki	1,000,000	-	-	25,000	1,025,000
David Pascoe	4,500,000	-	-	-	4,500,000
<b>Total Shares</b>	<b>10,500,000</b>	<b>-</b>	<b>-</b>	<b>700,000</b>	<b>11,200,000</b>

30 June 2021	Opening Balance	Granted as Remuneration	Issued on Exercise of Options	Other Changes	Closing Balance
Robert Klug	-	-	-	500,000	500,000
Kevin Das	-	-	-	-	-
Ron Roberts	1	-	-	4,499,999	4,500,000
Matt Szwedzicki	-	-	-	1,000,000	1,000,000
David Pascoe	1	-	-	4,499,999	4,500,000
<b>Total Shares</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>10,499,998</b>	<b>10,500,000</b>

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## West Cobar Metals Limited

ABN 26 649 994 669

### DIRECTORS' REPORT

For the Year Ended 30 June 2022

#### KMP Options Holdings

The number of options over ordinary shares held during the financial year by each KMP of the Group is as follows:

30 June 2022	Opening Balance	Granted as Remuneration	Exercise of Options	Other Changes	Closing Balance	Vested
Robert Klug	2,000,000	-	-	-	2,000,000	2,000,000
Kevin Das	1,000,000	3,000,000	-	-	4,000,000	4,000,000
Ron Roberts	2,000,000	-	-	-	2,000,000	2,000,000
Matt Szwedzicki	2,000,000	-	-	-	2,000,000	2,000,000
David Pascoe	2,000,000	-	-	-	2,000,000	2,000,000
<b>Total Options</b>	<b>9,000,000</b>	<b>3,000,000</b>	-	-	<b>12,000,000</b>	<b>12,000,000</b>

30 June 2021	Opening Balance	Granted as Remuneration	Exercise of Options	Other Changes	Closing Balance	Vested
Robert Klug	-	2,000,000	-	-	2,000,000	2,000,000
Kevin Das	-	1,000,000	-	-	1,000,000	1,000,000
Ron Roberts	-	2,000,000	-	-	2,000,000	2,000,000
Matt Szwedzicki	-	2,000,000	-	-	2,000,000	2,000,000
David Pascoe	-	2,000,000	-	-	2,000,000	2,000,000
<b>Total Options</b>	-	<b>9,000,000</b>	-	-	<b>9,000,000</b>	<b>9,000,000</b>

#### END OF REMUNERATION REPORT

##### Meeting of Directors

During the year 14 Directors' meetings were held. Attendance by each director during the year were as follows:

Directors	Eligible to attend	Meetings attended
Robert Klug	14	12
Kevin Das	14	13
Ron Roberts	14	13
Matt Szwedzicki	14	14

##### Future Developments, Prospects and Business Strategies

Further information, other than as disclosed in this report, about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Group.

##### Proceedings on Behalf of the Company

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

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

## West Cobar Metals Limited

ABN 26 649 994 669

### DIRECTORS' REPORT

For the Year Ended 30 June 2022

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#### Environmental Issues

The operations and proposed activities of the Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or field development proceeds. It is the Group's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws. In this regard, the Department of Minerals and Petroleum of Western Australia from time to time, review the environmental bonds that are placed on permits. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

#### Indemnity and Insurance of Officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except when there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

#### Indemnity and Insurance of Auditors

The Group has not, during the financial year, indemnified or agreed to indemnify the auditor of the Group or any related entity against a liability incurred by the auditor.

During the financial year, the Group has not paid a premium in respect of a contract to insure the auditor of the Group or any related entity.

#### Officers of the Company who are Former Partners of RSM Australia Partners

There are no officers of the Group who are former partners of RSM Australia Partners.

#### Non-Audit Services

The following amounts were paid to the auditors of the Group, RSM Australia Partners, for non-audit services provided during the year:

	2022	2021
	\$	\$
<b>Non-audit services:</b>		
Independent accountants report	-	14,000
Taxation services	8,000	-

#### Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires our auditors, RSM Australia Partners, to provide the Directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration is included within and forms part of this Directors' Report for the year ended 30 June 2022.

**West Cobar Metals Limited**  
**ABN 26 649 994 669**

**DIRECTORS' REPORT**  
**For the Year Ended 30 June 2022**

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**Auditors**

RSM Australia continues in office in accordance with s327 of the Corporation Act 2001.

This report is signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.



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**Robert Klug**  
Non-Executive Chairman

Dated this 28<sup>th</sup> day of September 2022

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**RSM Australia Partners**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +618 9261 9100  
F +618 9261 9111


[www.rsm.com.au](http://www.rsm.com.au)

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of West Cobar Metals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM  
RSM AUSTRALIA PARTNERS

  
ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 28 September 2022

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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**West Cobar Metals Limited**

**ABN 26 649 994 669**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**For the Year Ended 30 June 2022**

	Note	2022 \$	2021 \$
<b>Revenue</b>			
Other income	2	-	20,000
<b>Expenses</b>			
Corporate and consulting fees		(356,264)	(52,400)
Depreciation	8	(30,093)	-
Share based payments	17	(198,700)	(458,850)
Director and employee benefits expense		(248,820)	-
Travel expenses		(38,293)	(901)
Impairment of exploration expenditure	7	(228,053)	(7,204)
Other expenses		(150,175)	(4,798)
<b>Loss before income tax expense</b>		<b>(1,250,398)</b>	<b>(504,153)</b>
Income tax benefit	3	16,781	-
<b>Loss after income tax for the year</b>		<b>(1,233,617)</b>	<b>(504,153)</b>
<b>Other comprehensive income net of income tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(1,233,617)</b>	<b>(504,153)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	4	(3.57)	(5.42)

The accompanying notes form part of these financial statements.

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West Cobar Metals Limited

ABN 26 649 994 669

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Note	2022 \$	2021 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	3,166,739	352,511
Trade and other receivables	6	185,114	65,346
Income tax receivable		28,926	-
<b>TOTAL CURRENT ASSETS</b>		<b>3,380,779</b>	<b>417,857</b>
<b>NON-CURRENT ASSETS</b>			
Exploration and evaluation assets	7	1,013,693	55,455
Plant and equipment	8	143,943	-
<b>TOTAL NON-CURRENT ASSETS</b>		<b>1,157,636</b>	<b>55,455</b>
<b>TOTAL ASSETS</b>		<b>4,538,415</b>	<b>473,312</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	179,530	106,790
Provisions	10	13,495	-
Borrowings	11	-	70,000
<b>TOTAL CURRENT LIABILITIES</b>		<b>193,025</b>	<b>176,790</b>
<b>TOTAL LIABILITIES</b>		<b>193,025</b>	<b>176,790</b>
<b>NET ASSETS</b>		<b>4,345,390</b>	<b>296,522</b>
<b>EQUITY</b>			
Issued capital	12	5,022,556	290,521
Share based payment reserve	13	1,009,300	458,850
Accumulated losses		(1,686,466)	(452,849)
<b>TOTAL EQUITY</b>		<b>4,345,390</b>	<b>296,522</b>

The accompanying notes form part of these financial statements.

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West Cobar Metals Limited

ABN 26 649 994 669

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2022

2022	Issued Capital	Share based payment reserve	Accumulated losses	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	<b>290,521</b>	<b>458,850</b>	<b>(452,849)</b>	<b>296,522</b>
Loss for the year	-	-	(1,233,617)	(1,233,617)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(1,233,617)	(1,233,617)
<i>Transactions with owner directly recorded in equity</i>				
Shares issued	5,500,000	-	-	5,500,000
Share based payments	-	198,700	-	198,700
Share issue cost	(767,965)	351,750	-	(416,215)
<b>Balance at 30 June 2022</b>	<b>5,022,556</b>	<b>1,009,300</b>	<b>(1,686,466)</b>	<b>4,345,390</b>

2021	Issued Capital	Share based payment reserve	Retained earnings / (accumulated losses)	Total
	\$	\$	\$	\$
<b>Balance at 1 July 2020</b>	<b>20</b>	<b>-</b>	<b>51,284</b>	<b>51,304</b>
Loss for the year	-	-	(504,153)	(504,153)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(504,153)	(504,153)
<i>Transactions with owner directly recorded in equity</i>				
Elimination of subsidiary's share capital on restructuring	(20)	-	20	-
Shares issued	350,015	-	-	350,015
Share based payments	-	458,850	-	458,850
Share issue cost	(59,494)	-	-	(59,494)
<b>Balance at 30 June 2021</b>	<b>290,521</b>	<b>458,850</b>	<b>(452,849)</b>	<b>296,522</b>

The accompanying notes form part of these financial statement.

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West Cobar Metals Limited

ABN 26 649 994 669

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Note	2022 \$	2021 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		-	20,000
Payments to suppliers and employees		(726,676)	(20,730)
Income taxes paid		(12,145)	(21,540)
<b>Net cash used in operating activities</b>	15	<b>(738,821)</b>	<b>(22,270)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for exploration expenditure		(1,159,243)	(55,429)
Payments for plant and equipment		(174,036)	-
Payments for security deposits		(66,500)	(40,000)
<b>Net cash used in investing activities</b>		<b>(1,399,779)</b>	<b>(95,429)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares (net of costs)		5,022,828	350,015
Proceeds from borrowings		-	70,000
Loan repayments		(70,000)	-
<b>Net cash provided by financing activities</b>		<b>4,952,828</b>	<b>420,015</b>
Net increase in cash and cash equivalents		2,814,228	302,316
<b>Cash and cash equivalents at beginning of financial year</b>		<b>352,511</b>	<b>50,195</b>
<b>Cash and cash equivalents at end of financial year</b>	5	<b>3,166,739</b>	<b>352,511</b>

The accompanying notes form part of these financial statements.

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# West Cobar Metals Limited

ABN 26 649 994 669

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

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### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements and notes represent those of West Cobar Metals Limited (the 'Company') and its wholly owned subsidiary (together referred to hereafter as 'the Group').

The financial statements were authorised for issue on 28 September 2022 by the directors of the Company. The directors have the power to amend and reissue the financial statements.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

#### **New or Amended Accounting Standards and Interpretations Adopted**

In the year ended 30 June 2022, the Group has reviewed all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting year.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

#### **Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under the Australian Accounting Standards.

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

The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities. The financial statements are presented in Australian dollars, which is West Cobar Metals Limited's functional and presentation currency.

#### **Accounting Policies**

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report.

##### **a) Operating Segments**

Operating segments are presented using the 'management approach' where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers. The Chief Operating Decision Maker is responsible for the allocation of resources to operating segments and assessing their performance.

##### **b) Principles of Consolidation**

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, West Cobar Metals Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 22.

## West Cobar Metals Limited

ABN 26 649 994 669

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

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

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

#### c) **Income Tax**

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

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

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

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

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

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

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

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

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

## West Cobar Metals Limited

ABN 26 649 994 669

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

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#### d) **Current and Non-current Classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting year; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting year. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting year; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting year. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

#### e) **Exploration and Evaluation Expenditure**

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

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

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.

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 on an undiscounted basis.

Any changes in the estimates for the costs are accounted 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. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

#### f) **Impairment of Assets**

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

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

#### g) **Post-employment benefits and short-term employee benefits**

##### Short term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

## West Cobar Metals Limited

ABN 26 649 994 669

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

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#### h) **Equity-Settled Compensation**

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Trinomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

#### i) **Fair Value Measurement**

When an asset or liability, financial or non-financial is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either; in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

#### j) **Issued Capital**

Ordinary shares are classified as equity.

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

#### k) **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, restricted cash, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

#### l) **Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

#### m) **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

## West Cobar Metals Limited

ABN 26 649 994 669

### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

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#### n) **Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

#### o) **Other Revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

#### p) **Borrowing Costs**

All borrowing costs are recognised as expense in the period in which they are incurred.

#### q) **Goods and Services Tax (GST)**

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

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

#### r) **Plant and equipment**

Items of plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

The depreciable amount of all fixed assets is depreciated on a straight line basis commencing from the time the asset is held ready for use.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Plant and equipment	20% - 33%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

#### s) **Earnings per share**

##### **Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

##### **Diluted earnings per share**

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 interest 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.

# West Cobar Metals Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

### t) Critical Accounting Estimates and Judgments

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

#### **Share based payment transactions**

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the options issued are determined by an internal valuation using a Trinomial option pricing model, using the assumptions detailed in the notes to the financial statements. The assumptions detailed in the note is also judgemental.

For equity transactions with consultants and other employees, the fair value reflects the value attributable to services where applicable. Where there is no quantifiable value of services the value of options is calculated using the Trinomial option pricing model.

For instruments issued with market-based conditions, alternative valuation methodologies would be adopted.

#### **Exploration and evaluation costs**

Exploration and evaluation costs have been capitalised and 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.

Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

#### **Coronavirus (COVID-19) pandemic**

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

### u) New Accounting Standards for Application in Future Periods

#### **New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting year ended 30 June 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, is set out below.

#### **NOTE 2: OTHER INCOME**

	2022	2021
	\$	\$
Sandfire Resources option	-	20,000
	<u>-</u>	<u>20,000</u>

**West Cobar Metals Limited**

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**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 30 June 2022**

**NOTE 3: INCOME TAX EXPENSE**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>a. Recognised in the income statement</b>		
Current tax	-	-
Deferred tax	-	-
Prior period tax credit to be refunded	16,781	-
Income tax as reported in the statement of comprehensive income	<b>16,781</b>	-
<b>b. Reconciliation of income tax expense to prima facie tax payable:</b>		
Loss from ordinary activities before income tax expense	(1,250,398)	(504,153)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	375,119	151,246
Increase / (decrease) in income tax due to:		
- Temporary differences	340,885	(13,337)
- Permanent difference	(60,070)	(30)
- Unused tax losses not recognised	(655,934)	(137,879)
- Prior period tax credit to be refunded	16,781	-
Income tax attributable to operating profit	<b>16,781</b>	-
The following deferred tax balances have not been recognised:		
<b>c. Deferred tax assets not recognised</b>		
Carry forward revenue losses at 30%	<b>2,218,825</b>	-

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

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the expenditure to be realised; and
- no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the expenditure

**NOTE 4: LOSS PER SHARE**

	<b>2022</b>	<b>2021</b>
	<b>Cents per share</b>	<b>Cents per share</b>
Basic and diluted loss per share	(3.57)	(5.42)
The loss and weighted average number of ordinary shares used in this calculation of basic and diluted loss per share are as follows:		
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax for the year	(1,233,617)	(504,153)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	34,568,493	9,294,644

The options outstanding are not included in the calculation of diluted loss per share because they have no dilutive effect for the year ended 30 June 2022 and 30 June 2021.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2022**

**NOTE 5: CASH AND CASH EQUIVALENTS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	3,166,739	352,511
	<b>3,166,739</b>	<b>352,511</b>

**NOTE 6: TRADE AND OTHER RECEIVABLES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
GST receivable	13,576	5,346
Deposits paid	126,500	60,000
Prepayments	45,038	-
	<b>185,114</b>	<b>65,346</b>

There is no allowance for expected credit losses recognised for the year ended 30 June 2022 (2021: Nil).

**NOTE 7: EXPLORATION AND EVALUATION ASSETS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Exploration and evaluation assets</b>		
Balance at the beginning of reporting year	55,455	3,155
Costs capitalised	1,186,291	59,504
Impairment of costs	(228,053)	(7,204)
<b>Balance at the end of reporting year</b>	<b>1,013,693</b>	<b>55,455</b>

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Group conducts impairment testing when indicators of impairment are present at the reporting date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2022**

**NOTE 8: PLANT & EQUIPMENT**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Plant & equipment at cost	174,036	-
Plant & equipment – accumulated depreciation	(30,093)	-
	<u><b>143,943</b></u>	<u>-</u>
Balance at the beginning of reporting year	-	-
Addition	174,036	-
Depreciation	(30,093)	-
Balance at the end of reporting year	<u><b>143,943</b></u>	<u>-</u>

**NOTE 9: TRADE AND OTHER PAYABLES**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade creditors	64,496	62,332
Accruals	81,640	44,458
Other payables	33,394	-
	<u><b>179,530</b></u>	<u><b>106,790</b></u>

Trade creditors are expected to be paid on 30-day terms.

**NOTE 10: PROVISIONS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Provision for annual leave	13,495	-

**NOTE 11: BORROWINGS**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Loan payable	-	70,000

During the 2021 financial year the Group drew down on a \$70,000 loan provided by RSR Enterprises (WA) Pty Ltd a related party to Ron Roberts. The loan was non-interest bearing and fully repaid on 6 July 2021.

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**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 30 June 2022**

**NOTE 12: ISSUED CAPITAL**

	2022 No.	2022 \$
Ordinary shares - fully paid	<b>41,500,000</b>	<b>5,022,556</b>

**Movement in ordinary shares:**

<b>Balance at 1 July 2021</b>	<b>14,000,000</b>	<b>290,521</b>
IPO Placement	27,500,000	5,500,000
Share issue costs	-	(767,965)
<b>Balance at 30 June 2022</b>	<b>41,500,000</b>	<b>5,022,556</b>

	2021 No.	2021 \$
Ordinary shares - fully paid	<b>14,000,000</b>	<b>290,521</b>

**Movement in ordinary shares:**

<b>Balance at 1 July 2020</b>	<b>2</b>	<b>20</b>
Incorporation shares of the Company issued on 6 May 2021	1,500,000	15
Issue of shares to vendors of Bulla Park Metals Pty Ltd on restructuring – 17 May 2021	9,000,000	-
Elimination of Bulla Park Metals Pty Ltd share capital on restructuring – 17 May 2021	(2)	(20)
Seed shares issued on 22 June 2021	3,500,000	350,000
Share issue costs	-	(59,494)
<b>Balance at 30 June 2021</b>	<b>14,000,000</b>	<b>290,521</b>

**Terms and conditions of issued capital**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. The fully paid ordinary shares have no par value.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**Capital risk management**

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

The Company's capital includes ordinary share capital and financial liabilities, supported by financial assets.

Due to the nature of the Group's activities, being mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings. Accordingly, the objective of the Group's capital risk management is to balance the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

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**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 30 June 2022**

**NOTE 13: SHARE BASED PAYMENT RESERVES**

	<b>2022</b>	<b>2021</b>
	\$	\$
Opening balance	458,850	-
Expense for options issued to KMP	198,700	434,700
Expense for options issued to advisors	-	24,150
Share issue costs for options issued to Broker	351,750	-
<b>Closing balance</b>	<b>1,009,300</b>	<b>458,850</b>

A summary of the movements of all options issued is as follows:

<b>2022</b>	<b>Number</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Life (years)</b>
<b>Options outstanding as at 1 July 2021</b>	9,500,000	0.25	5.0
Issued	6,500,000	0.23	2.6
Forfeited	-	-	-
Exercised	-	-	-
Expired	-	-	-
<b>Options outstanding as at 30 June 2022</b>	<b>16,000,000</b>	<b>0.24</b>	<b>3.4</b>
<b>Options exercisable as at 30 June 2022</b>	<b>16,000,000</b>	<b>0.24</b>	<b>3.4</b>

<b>2021</b>	<b>Number</b>	<b>Weighted Average Exercise Price (\$)</b>	<b>Weighted Average Remaining Life (years)</b>
<b>Options outstanding as at 1 July 2020</b>	-	-	-
Issued	9,500,000	0.25	5.0
Forfeited	-	-	-
Exercised	-	-	-
Expired	-	-	-
<b>Options outstanding as at 30 June 2021</b>	<b>9,500,000</b>	<b>0.25</b>	<b>5.0</b>
<b>Options exercisable as at 30 June 2021</b>	<b>9,500,000</b>	<b>0.25</b>	<b>5.0</b>

See note 17 for valuation technique, assumptions and inputs.

**NOTE 14: AUDITORS' REMUNERATION**

	<b>2022</b>	<b>2021</b>
	\$	\$
Remuneration of the auditor of the Group for:		
Audit or review of the financial report	28,000	13,000
Non-audit services:		
Independent accountants report	-	14,000
Taxation services	8,000	-
<b>Total</b>	<b>36,000</b>	<b>27,000</b>

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended 30 June 2022**

**NOTE 15: CASHFLOW INFORMATION**

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>a. Reconciliation of Cash Flow from Operations with Loss after Income Tax</b>		
Loss after income tax	(1,233,617)	(504,153)
<u>Non-cash adjustment</u>		
Share Based Payments	198,700	458,850
Depreciation	30,093	-
Impairment of exploration expenditure	228,053	7,204
Changes in assets and liabilities;		
Trade and other receivables	(53,268)	(3,881)
Trade payables and accruals	106,649	19,710
Provisions	13,495	-
Income tax	(28,926)	-
<b>Cash used in operating activities</b>	<b>(738,821)</b>	<b>(22,270)</b>

**b. Non-Cash Financing and Investing Activities**

There were no non-cash financing and investing activities during the 2022 financial year.

During the 2021 financial year the Group had the following non-cash financing and investing activities:

- Acquisition of Bulla Park Metals Pty Ltd on 17 May 2021 by issuance of 9,000,000 shares to the vendors. No consideration was paid as part of this Restructuring Exercise. Following the completion of the Restructuring Exercise, the Company became the holding company of the Group. Prior to the Restructuring and until the reporting date, the Company and its subsidiary were controlled by the same Controlling Shareholders.

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**NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 30 June 2022**

**NOTE 16: TRANSACTIONS WITH RELATED PARTIES**

**Key Management Personnel ('KMP')**

The total of remuneration paid or due to be paid to the KMP of the Company during the year are as follows:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Short-term key management personnel benefits	439,716	-
Post-employment benefits	28,659	-
Share based payments (see note 17)	198,700	434,700
<b>Total remuneration paid</b>	<b>667,075</b>	<b>434,700</b>

**Transactions with Directors and their related parties**

During the 2021 financial year the Group drew down on a \$70,000 loan provided by RSR Enterprises (WA) Pty Ltd a related party to Ronald Roberts. The loan was non-interest bearing and fully repaid on 6 July 2021.

No loans have been made to any Director or any of their related parties during the 2022 financial year.

During the year, fees of \$11,250 (2021: Nil) were paid or due to be paid to Jessica Pascoe, the spouse of CEO David Pascoe, for field assistant services.

There were no further transactions with Directors including their related parties other than those disclosed above.

All transactions were made on normal commercial terms and conditions and at market rates.

**NOTE 17: SHARE BASED PAYMENTS**

There were the following share based payments during the year:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Unlisted Securities</b>		
9,000,000 options issued to KMP exercisable at \$0.25 on or before 3 June 2026 (i)	-	434,700
3,000,000 options issued to KMP exercisable between \$0.20 - \$0.23 on or before 4 November 2024 (i)	198,700	-
3,500,000 options issued to Broker exercisable at \$0.25 on or before 25 March 2025 (ii)	351,750	-
500,000 options issued to advisors exercisable at \$0.25 on or before 3 June 2026 (i)	-	24,150
<b>Total Share Based Payments</b>	<b>550,450</b>	<b>458,850</b>

(i) Share based payment recognised in the statement of profit or loss and other comprehensive income.

(ii) Share based payment recognised in share issue costs.

The options issued during the year were calculated using the *Hoadley ES02* option pricing model with the following inputs:

	<b>Options granted Range</b>
Expected volatility (%)	100%
Risk free interest rate (%)	0.20% - 2.64%
Weighted average expected life of options (years)	3.5

## West Cobar Metals Limited

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### NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

Expected dividends	Nil
Option exercise price (\$)	\$0.20 - \$0.25
Share price at grant date (\$)	\$0.15 - \$0.20
Fair value of option (\$)	\$0.0645 - \$0.1005

The options issued were deemed to vest immediately and there were no other vesting conditions.

The options issued during the prior year were calculated using the Trinomial option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	100%
Risk free interest rate (%)	0.77%
Weighted average expected life of options (years)	5.0
Expected dividends	Nil
Option exercise price (\$)	\$0.25
Share price at grant date (\$)	\$0.10
Fair value of option (\$)	\$0.0483

#### NOTE 18: CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors there were no contingent assets or liabilities as at 30 June 2022.

#### NOTE 19: CAPITAL AND OTHER COMMITMENTS

In order to maintain the current rights to New South Wales exploration tenements, the Group is required to perform minimum exploration requirements specified by the Department of Mines and Petroleum:

	30 June 2022	30 June 2021
	\$	\$
Less than 12 months	96,667	70,000
Between 12 months and 5 years	116,667	175,000
5 years or more	-	5,834
<b>Total</b>	<b>213,334</b>	<b>250,834</b>

The Group has no other capital or expenditure commitments as at reporting date.

#### NOTE 20: OPERATING SEGMENTS

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. The Group operates in one business segment being exploration for mineral resources. The Group operates in Australia. All segment assets, segment liabilities and segment results relate to one business segment and therefore no segment analysis has been prepared.

# West Cobar Metals Limited

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## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended 30 June 2022

### NOTE 21: FINANCIAL RISK MANAGEMENT

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

The Board of Directors has overall responsibility for the oversight and management of the Group's exposure to a variety of financial risks (including market risk, credit risk and liquidity risk).

#### **Credit risk**

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

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is spread amongst approved counterparties.

The Group does not have any collateral. Credit risk related to balances with banks and other financial institutions is managed by the board. The board's policy requires that surplus funds are only invested with counterparties with a Standard & Poor's rating of at least AA-. All of the Group's surplus funds are invested with AA Rated financial institutions.

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

#### **Liquidity risk**

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

The responsibility with liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained. The Group's policy is to ensure that it has sufficient cash reserves to carry out its planned exploration activities over the next 12 months.

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

#### **Financial liability and financial asset maturity analysis**

2022	Weighted Average Interest Rate	1 year or less	Between 1-2 years	Between 2-5 years	Total
	%	\$	\$	\$	\$
<b>Non-Derivatives</b>					
<i>Financial Assets</i>					
Cash and Cash Equivalents	-	3,166,739	-	-	3,166,739
Trade and Other Receivables	-	185,114	-	-	185,114
<i>Financial Liabilities</i>					
Trade and Other Payables	-	(179,530)	-	-	(179,530)
<b>Net Financial Assets</b>		<b>3,172,323</b>	<b>-</b>	<b>-</b>	<b>3,172,323</b>



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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Year Ended 30 June 2022

2021	Weighted Average Interest Rate	1 year or less	Between 1-2 years	Between 2-5 years	Total
	%	\$	\$	\$	\$
<b>Non-Derivatives</b>					
<i>Financial Assets</i>					
Cash and Cash Equivalents	-	352,511	-	-	352,511
Trade and Other Receivables	-	65,346	-	-	65,346
<i>Financial Liabilities</i>					
Trade and Other Payables	-	(106,790)	-	-	(106,790)
Borrowings	-	(70,000)	-	-	(70,000)
<b>Net Financial Assets</b>		<b>241,067</b>	-	-	<b>241,067</b>

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

**Interest rate risk**

The Group manages interest rate risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

**Fair value of financial instruments**

Unless otherwise stated, the carrying amount of financial instruments reflects their fair value.

**NOTE 22: INTEREST IN CONTROLLED ENTITIES**

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiaries in accordance with the accounting policy described in note 1:

Controlled entities	Country of incorporation	Percentage owned	
		30 June 2022	30 June 2021
Bulla Park Metals Pty Ltd	Australia	100%	100%
WC1 Nevada Lithium LLC	USA	100%	-

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**West Cobar Metals Limited****ABN 26 649 994 669****NOTES TO THE FINANCIAL STATEMENTS  
For the Year Ended 30 June 2022****NOTE 23: PARENT ENTITY DISCLOSURES**

<b>Financial position</b>	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Assets		
Current assets	3,116,795	351,461
Non-current assets	1,390,497	25,132
Total assets	<u>4,507,292</u>	<u>376,593</u>
Liabilities		
Current liabilities	161,902	88,415
Non-current liabilities	-	-
Total liabilities	<u>161,902</u>	<u>88,415</u>
Equity		
Issued capital	5,022,556	290,521
Accumulated losses	(1,686,466)	(486,326)
Reserves	1,009,300	458,850
Total equity	<u>4,345,390</u>	<u>263,045</u>
<b>Financial performance</b>		
Loss for the year	1,200,140	486,326
Total comprehensive loss for the year	<u>1,200,140</u>	<u>486,326</u>

**Significant accounting policies**

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity

**Contingent Liabilities:**

The Company has no contingent liabilities as at 30 June 2022 (2021: Nil).

**Other Commitments and Contingencies:**

The Company has no other commitments and contingencies as at 30 June 2022 (2021: Nil).

**NOTE 24: EVENTS AFTER REPORTING PERIOD**

On 22 July 2022, David McEntaggart resigned as Joint Company Secretary with Craig McNab now being the sole Company Secretary.

On 8 September 2022 the Company entered into binding agreements to acquire Salazar Minerals Pty Ltd and its wholly owned subsidiary Salazar Gold Pty Ltd for consideration of 39,000,000 fully paid ordinary shares. The acquisition is subject to Shareholder approval.

No other matter or circumstance has arisen since the end of audited period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

**West Cobar Metals Limited**

**ABN 26 649 994 669**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of West Cobar Metals Limited, the directors of the Company declare that:

1. the consolidated financial statements, notes and the remuneration report in the Directors' Report 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 year ended 30 June 2022; and
- (ii) complying with Australian Accounting Standards (including International Financial Reporting Standards) and the Corporations Regulations 2001;

2. in the directors' opinion there are reasonable grounds to believe that West Cobar Metals Limited will be able to pay its debts as and when they become due and payable;

This declaration has been made after receiving the declarations required to be made by the directors in accordance with sections of 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors made pursuant to section 295(5)(a) of the Corporations Act 2001.



Robert Klug  
Non-Executive Chairman  
Perth, 28 September 2022

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**RSM Australia Partners**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
WEST COBAR METALS LIMITED**

**Opinion**

We have audited the financial report of West Cobar 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 statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

**Basis for Opinion**

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

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

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

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## Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
<p><b>Exploration and Evaluation Assets</b> Refer to Note 7 in the financial statements</p> <p>The Group has capitalised exploration and evaluation expenditure, with a carrying value of \$1,013,693.</p> <p>We determined this to be a key audit matter due to the significant management judgment involved in assessing the carrying value in accordance with <i>AASB 6 Exploration for and Evaluation of Mineral Resources</i>, including:</p> <ul style="list-style-type: none"> <li>• Determining whether expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest;</li> <li>• Assessing whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and</li> <li>• Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss.</li> </ul>	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> <li>• Obtaining evidence that the right to tenure of the area of interests are valid;</li> <li>• Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest;</li> <li>• Enquiring with management and reviewing budgets to test that the entity will incur substantive expenditure for each area of interest;</li> <li>• Assessing and evaluating management's assessment that no indicators of impairment existed; and</li> <li>• Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.</li> </ul>
<p><b>Share-Based Payments</b> Refer to Note 17 in the financial statements</p> <p>During the year, the Group entered into a shared-based payments arrangement with its key management personnel and broker.</p> <p>Management have accounted for these instruments in accordance with AASB 2 Share-Based Payments.</p> <p>We considered this to be a key audit matter due to the significant judgements involved in assessing the fair value of the instruments issued during the year.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>• Obtaining an understanding of the terms and conditions of the instruments issued;</li> <li>• Testing the completeness of the instruments issued at reporting date;</li> <li>• Evaluating the appropriateness of management's valuation methodology applied to determine the fair value of the instruments issued;</li> <li>• Testing the key inputs used in the valuation model;</li> <li>• Recalculating the value of the share-based payment expense to be recognised in the statement of profit or loss and other comprehensive income; and</li> <li>• Assessing the appropriateness of disclosures in the financial statements.</li> </ul>

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf). This description forms part of our auditor's report.

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## 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 West Cobar 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.

RSM

RSM AUSTRALIA PARTNERS



ALASDAIR WHYTE  
Partner

Perth, WA  
Dated: 28 September 2022

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## West Cobar Metals Limited

ABN 26 649 994 669

### SHAREHOLDER INFORMATION

The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only. The information is current as at 28 September 2022.

#### 1. Shareholding

##### a. Distribution of Shareholders

###### (i) Ordinary share capital

- 41,500,000 fully paid shares held by 417 shareholders. All issued ordinary share carry one vote per share and carry the rights to dividends.

Category (size of holding)	Class of Equity Security		
	Number of Holders	Fully Paid Ordinary Shares	Percentage %
1 - 1,000	12	1,507	0.00%
1,001 – 5,000	58	186,069	0.45%
5,001 – 10,000	60	555,342	1.34%
10,001 – 100,000	226	10,384,812	25.02%
100,001 – and over	61	30,372,270	73.19%
<b>Total</b>	<b>417</b>	<b>41,500,000</b>	<b>100.00%</b>

b. The number of shareholders with less than a marketable parcel of shares is 29.

c. The Company had the following substantial shareholders at the date of this report.

##### **Fully Paid Ordinary Shares**

Holder	Number	%
RSR ENTERPRISES (WA) PTY LTD	5,000,000	12.05%
PASMINEX PTY LTD	4,500,000	10.84%
THE PIONEER DEVELOPMENT FUND (AUST) LIMITED	3,000,000	7.23%

##### d. Voting Rights

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

Ordinary shares

- Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.



## West Cobar Metals Limited

ABN 26 649 994 669

### SHAREHOLDER INFORMATION

e. **20 Largest holders of quoted equity securities (fully paid ordinary shares)**

	<b>Name</b>	<b>Number Held</b>	<b>Percentage %</b>
1.	RSR ENTERPRISES (WA) PTY LTD	5,000,000	12.05%
2.	PASMINEX PTY LTD	4,500,000	10.84%
3.	THE PIONEER DEVELOPMENT FUND (AUST) LIMITED	3,000,000	7.23%
4.	MR EDWIN EDWARD BULSECO & MRS ALLISON BULSECO <KC BULSECO FAMILY A/C>	1,533,000	3.69%
5.	SOUTH WESTERLEY PTY LTD <SOUTH WESTERLEY A/C>	1,025,000	2.47%
6.	SUNCITY CAPITAL PTY LTD <SUNCITY SUPER FUND A/C>	1,000,000	2.41%
7.	ZERRIN INVESTMENTS PTY LTD	925,000	2.23%
8.	MRS ALLISON MAREE BULSECO	642,500	1.55%
9.	MR MARK NICHOLAS LEUBA & MRS ROBYN FRANCIS LEUBA	640,000	1.54%
10.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	560,650	1.35%
11.	MCNEIL NOMINEES PTY LIMITED	550,000	1.33%
12.	TELL CORPORATION PTY LTD	518,705	1.25%
13.	MUITO DINHEIRO PTY LTD	500,000	1.20%
14.	MR ROBERT KLUG <KLUG FAMILY A/C>	500,000	1.20%
15.	MR FRANCIS MATHESON GRUBB	466,148	1.12%
16.	CHELSEA INVESTMENTS (WA) PTY LTD	462,500	1.11%
17.	SOLSTRAALE NOMINEES PTY LTD <MUSGRAVE SUPER FUND A/C>	450,000	1.08%
18.	VALIAN NOMINEES PTY LTD <MCDONAGH S/F A/C>	425,000	1.02%
19.	MR WILLIAM MCARTHUR	385,769	0.93%
20.	KEMBLA NO 20 PTY LTD <CAA A/C>	350,000	0.84%
		<hr/>	
		23,434,272	56.47%

2. The Name of the Company Secretary is Mr Craig McNab.

3. The address of the registered office and principal place of business in Australia is Level 8, 216 St Georges Terrace, Perth WA 6000. Telephone (08) 9481 0389.

4. Registers of securities are held at the following address:

Automic Pty Ltd  
Level 5, 191 St Georges Terrace  
Perth WA 6000

5. **Stock Exchange Listing**

Quotation has been granted for all the ordinary shares of the company on the Australian Securities Exchange Limited.

**West Cobar Metals Limited**

**ABN 26 649 994 669**

**SHAREHOLDER INFORMATION**

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**6. Restricted Securities**

The Company has the following restricted securities on issue as at the date of this report:

- 10,749,925 fully paid ordinary shares, escrowed to 1 October 2023
- 9,500,000 options exercisable at \$0.25 expiring 3 June 2026, escrowed to 1 October 2023
- 3,500,000 options exercisable at \$0.25 expiring 28 March 2025, escrowed to 1 October 2023

**7. Unquoted Securities**

The Company has the following unquoted securities on issue as at the date of this report:

- 9,500,000 options exercisable at \$0.25 on or before 3 June 2026
- 3,500,000 options exercisable at \$0.25 on or before 28 March 2025
- 1,000,000 options exercisable at \$0.20 on or before 4 November 2024
- 1,000,000 options exercisable at \$0.215 on or before 4 November 2024
- 1,000,000 options exercisable at \$0.23 on or before 4 November 2024

**8. Use of Funds**

Between the date of listing on ASX and the date of this report the Company has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives and as set out in the Prospectus dated 6 August 2021.

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**West Cobar Metals Limited**

**ABN 26 649 994 669**

**SCHEDULE OF EXPLORATION TENEMENTS**

The information in the table below is current as at 28 September 2022.

<b>Country</b>	<b>Location</b>	<b>Project</b>	<b>Tenement</b>	<b>Current Interest (%)</b>
Australia	NSW	Bulla Park	EL 8642	100
Australia	NSW	Bulla Park	EL 9195	100
Australia	NSW	Bulla Park	EL 9281	100
Australia	NSW	Bulla Park	EL 9260	100
Australia	NSW	Cawkers Well	EL 9197	100
Australia	NSW	Cawkers Well	EL 9278	100
Australia	NSW	Nantilla	EL 9179	100

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