Annual Financial Report

For the year ended 30 June 2022

Nagambie Resources Limited

and Controlled Entities

Corporate Directory

NAGAMBIE RESOURCES LIMITED ABN 42 111 587 163
NAGAMBIE DEVELOPMENTS PTY LTD ABN 37 130 706 311
NAGAMBIE LANDFILL PTY LTD ABN 90 100 048 075

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS
533 Zanelli Road
Nagambie Vic 3608
Telephone: (03) 5794 1750
Website: www.nagambieresources.com.au
Email: info@nagambieresources.com.au

POSTAL ADDRESS
PO Box 339
Nagambie Vic 3608

DIRECTORS
Michael W Trumbull (Executive Chairman)
Alfonso M Grillo (Non-Executive Director)
William (Bill) Colvin (Non-Executive Director)

CHIEF EXECUTIVE OFFICER
James C Earle

COMPANY SECRETARY
Alfonso M Grillo

AUDITOR
William Buck
Level 20, 181 William Street
Melbourne Vic 3000

PRINCIPAL LEGAL ADVISER
GrilloHiggins Lawyers
Level 4,114 William Street
Melbourne Vic 3000
Telephone: (03) 8621 8881
www.grillohiggins.com.au

SHARE REGISTRY
Automic Pty Ltd
Level 3, 50 Holt Street
Surry Hills NSW 2010
Telephone: 1300 288 664
www.automic.com.au

SECURITIES EXCHANGE LISTING
Nagambie Resources Limited shares are listed
on the Australian Securities Exchange
ASX code: NAG

Table of Contents

Directors' Report

The directors of Nagambie Resources Limited submit herewith the annual financial report of the company and its controlled entities (the group) for the financial year ended 30 June 2022.

Directors

The names and particulars of the company directors in office during the financial year and until the date of this report are as follows. The directors were in office for the entire period unless stated otherwise.

Name	Particulars
MICHAEL W TRUMBULL *Non-Executive Director* Appointed 28 July 2005 *Non-Executive Chairman* Appointed 20 December 2007 *Executive Chairman* Appointed 13 September 2013	Michael Trumbull has a degree in mining engineering (first class honours) from the University of Queensland and an MBA from Macquarie University. A Fellow of the Australian Institute of Mining and Metallurgy, he has over 40 years of broad mining industry experience with mines / subsidiaries of MIM, Renison, WMC, CRA, AMAX, Nicron, ACM and BCD Resources. From 1983 to 1991, he played a senior executive role in expanding the Australian gold production assets of ACM Gold. From 1985 to 1987, he was Project Manager and then Resident Manager of the Westonia open pit gold mine and treatment plant in Western Australia. From 1987 to 1991, he was General Manager – Investments for the ACM Group. From 1993 to 2011, he was a Director of the BCD Resources Group and was involved in the exploration, subsequent mine development and operation of the Beaconsfield underground gold mine in Tasmania. From 1993 to 2003, he was the sole Executive Director of BCD and, from 2003 to 2004, was the Managing Director. *Other current Directorships of Listed Companies* None *Former Directorships of Listed Companies in last three years* None
ALFONSO M GRILLO *Non-Executive Director and* *Company Secretary* *Independent* Appointed 24 November 2017	Alfonso Grillo is a founding Partner at GrilloHiggins Lawyers. He holds a Bachelor of Arts and Bachelor of Law degree. Alfonso has over 20 years experience as a corporate lawyer, including company meeting practice and corporate governance procedures, fundraising and fundraising documentation, ASX Listing Rules and mergers and acquisitions. Alfonso advises resource industry companies in relation to mining and exploration projects, acquisition and divestment of assets, joint ventures and due diligence assessments. Alfonso has been a member of the Audit and Compliance Committee since his appointment. Other Current Directorships of Listed Companies None Former Directorships of Listed Companies in last three years None

GARY R DAVISON *Non-Executive Director* *Independent* Appointed 15 May 2019 Resigned 8 September 2021	Gary Davison is a mining engineer. He is Managing Director and principal Mining Engineer of Mining One Pty Ltd which he helped establish in August 2005, an employee-owned independent group which has over 60 technical consultants. Mining One provides expertise in Australia and internationally in resource geology, mine planning, geotechnical engineering, conceptual studies, feasibility studies and corporate strategic advice. Gary has over 40 years' experience in the mining industry in Australia and overseas. His career began at Renison, Tasmania in 1978 and he has worked at senior mine management levels in Tasmania, Western Australia, Victoria and New South Wales – covering principally underground, but also surface mines. In the early 1990's, Gary managed the Nagambie Mine open pit and heap leach treatment operations for Perseverance. Gary was chairman of the Audit and Compliance Committee until his resignation. *Other Current Directorships of Listed Companies* Westgold Resources Limited from 8 June 2021 *Former Directorships of Listed Companies in last three years* None
WILLIAM T COLVIN *Non-Executive Director* *Independent* Appointed 8 September 2021	Bill Colvin is both a Mining Engineer (BSc (Eng) Hons from the Royal School of Mines, London) and a Chartered Accountant (Institute Chartered Accountants of England & Wales). He worked as an auditor for Coopers & Lybrand in London and Sydney before commencing his executive mining career and has over 30 years of broad experience with mines / subsidiaries of RGC / Goldfields, MPI Mines / Leviathan Resources, Beaconsfield Gold / BCD Resources and currently Bayan Airag Exploration LLC. With Goldfields, Bill had various senior executive roles before becoming General Manager of the Henty Gold Mine in Tasmania and then General Manager, Group Operations. With MPI, he was the General Manager of the Stawell Gold Mine in Victoria, where he transformed the operation from a closure mode to a sustainable future, producing over 800,000 ounces of gold. He was CEO for the BCD Resources group for six years and championed a unique remote mining method that enabled the Beaconsfield Gold Mine to resume operations following its high-profile closure in 2006. As CEO for Bayan Airag, Bill supervised the permitting, construction and operational start-up of that company's 1 Mtpa gold-silver heap-leach mine in remote western Mongolia that faced difficult climatic, infrastructure and political challenges. The mine has been in continuous production since 2014 and the company is now advancing several other Mongolian copper-gold resources. Bill has been Chairman of the Audit and Compliance Committee since his appointment. *Other Current Directorships of Listed Companies* None. *Former Directorships of Listed Companies in last three years* None

Chief Executive Officer

***JAMES C EARLE** BE (Geological) MEM MBA*

James Earle was appointed as Chief Executive Officer on 4 July 2016. He is a Geological Engineer with over 15 years broad experience with environmental impact assessments and approvals, waste management, environmental management plans, soil and water assessments and strategic advice. The majority of his experience has been in public infrastructure development and site-based environmental management.

He has held positions with consulting organisations and government departments in Australia and the UK. The most recent positions held by James were Manager of the Victorian practice of Ramboll Environ and prior to that he was a Senior Consultant, Service Group Manager and Principal Consultant at GHD. Both of these groups are global engineering and environmental consultancies. James has also lectured at the Australian National University.

Operating and Financial Review

Principal Activities

The principal activities of the group during the financial period were the exploration for, and development of, gold, associated minerals, and construction materials in Australia, and the investigation and development of waste handling assets.

Review of Operations

Detailed re-analysis of the spectacular-looking 2006 NRP02 drill intersection under the West Pit at the 100%-owned Nagambie Mine concluded that the massive-stibnite veining could strike NNW, a direction never tested in the eight follow-up holes drilled in 2006/2007. The first seven holes in a CY2022 diamond drilling program designed to test this re-analysis, NAD007-013, all intersected stibnite mineralisation. In particular, holes NAD009-011 all intersected significant massive stibnite veining.

Until this year, Nagambie Resources' gold model was based on the major N-S compression event (circa 375 million years ago) in the Waranga Domain resulting in E-W-striking anticlines and thrust faults, with quartz-carbonate gold mineralisation emplaced in the resulting E-W "plumbing systems". With the confirmation of mineralised N to NNW-striking cross faults at the Nagambie Mine, the gold model was adapted to consider that these cross faults post-dated and progressively (from east to west at Nagambie) displaced the E-W features southwards in blocks, with stibnite-gold mineralisation being emplaced in the N-NNW-striking "plumbing systems".

Nagambie Resources and Golden Camel Mining Pty Ltd (GCM) are proceeding with the construction and operation of a 300,000 tonnes per annum gold toll treatment facility at the Nagambie Mine. GCM is the Manager and is paying 100% of all construction and commissioning costs; thereafter all revenues and operational costs will be shared 50:50. Initial feed for the plant is to be trucked from GCM's Golden Camel Mine.

Following successful first-stage laboratory testwork on bacterial leaching of the historical gold heap leach pad at the Nagambie Mine, a second-stage, larger-scale project has been devised and is to be funded by AusIndustry and the Perth-based laboratory to an amount of $105,000.

The Spark consortium announced that it had placed orders for two large tunnel-boring machines (TBMs) to excavate the road tunnels for the North East Link Project (NELP), commencing in CY2024. The consortium has not yet placed orders for the storage of the 7 Mt of PASS material that will be generated. Nagambie Resources remains one of the bidders for the NELP PASS storage.

Dividends

No dividends in respect of the current financial period have been paid, declared or recommended for payment (2020: Nil).

Share options

Share options granted to directors and executives

The following options were granted to directors and executives during the year: Refer to page 10 of the remuneration report for full details.

Michael Trumbull (director)	4,000,000
Alfonso Grillo (director)	2,000,000
William Colvin (director)	2,000,000
James Earle (chief executive officer)	4,000,000

Shares under option or issued on exercise of options

No options were exercised during the year.

Options on issue as at reporting date

Number of options	Grant date	Vesting date	Expiry date	Exercise price
13,750,000	24/11/2017	24/11/2017	24/11/2022	10 cents
1,000,000	20/12/2017	20/12/2017	20/12/2022	14.1 cents
4,500,000	22/8/2018	22/8/2018	22/8/2023	12.6 cents
10,500,000	23/11/2018	23/11/2018	23/11/2023	10.8 cents
2,000,000	27/2/2019	27/2/2019	27/2/2024	12.0 cents
14,900,000	29/11/2019	29/11/2019	29/11/2024	10.0 cents
14,150,000	1/12/2020	1/12/2020	1/12/2025	10.0 cents
14,650,000	26/11/2021	26/11/2021	26/11/2026	11.25 cents
75,450,000				

Indemnification of officers and auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above), the company secretary, executive officers and any related body corporate against a liability incurred by a director, secretary or executive officer 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. The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such by an officer or auditor.

Directors' meetings

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

During the financial year 4 board meetings and 2 audit and compliance committee meetings were held.

	Board of directors		Audit and compliance committee	
Directors	**Held**	**Attended**	**Held**	**Attended**
Michael Trumbull	4	4	2	2
Alfonso Grillo	4	4	2	2
William Colvin	4	4	2	2
Gary Davison	-	-	-	-

Covid-19 Impacts

The Covid-19 pandemic continued to affect activities throughout the year. Lockdowns in Melbourne and regional Victoria resulted in some exploration drilling delays and various site visits being delayed, although the internet and virtual meetings did allow personnel to work from home.

Likely Developments

During the 2023 financial year, Nagambie Resources is planning to:

1. Continue drilling the C1 / C2 vein system from the northern side of the West Pit, testing for both strike extension to the north and extension at depth;
2. In the second half of FY2023, design an exploration decline to access the C1 / C2 vein system at 100m vertical depth and prepare a Work Plan Variation for MIN5430 to construct the decline and carry out strike driving of the C1 and C2 veins on three levels;
3. Continue to assist Golden Camel wherever required to construct and commission the gold toll treatment plant at the Nagambie Mine;
4. Carry out the second-stage, larger-scale laboratory testwork to recover residual gold from the Nagambie Mine heap leach pad; and
5. Continue detailed investigations and permitting for the commencement of mining of the sand and gravel resources established at the Nagambie Mine.

Financial Matters

The consolidated loss for the group for the year amounted to $2,340,799 after tax. This compared to a restated loss after tax for the year ended 30 June 2021 of $1,981,521. The increase of $359,278 in the loss for the year arises after a decrease in revenue of $25,677 and an increase in expenditures of $333,601. After a loss on disposal of $65,111 and a decrease of $623,852 in the carrying value of the shares in Mawson Gold Limited is taken into account as Other comprehensive income there is a Total comprehensive loss of $3,029,762 for the year.

There were 13,213,812 new shares issued during the year at 5.3 cents.

Changes in state of affairs

There was no significant change in the state of affairs of the Group during the financial year other than already disclosed.

Subsequent events

On 25 July 2022, the Company redeemed 18,000,000 Series 6 Convertible Notes with a face value of $1,800,000 into new Series 10 Convertible Notes with a face value of $1,800,000, alongside issuing 15,712,500 convertible notes to investors who are sophisticated, experienced or professional investors for the purposes of section 708 of the Corporations Act, in respect of $1,257,000 in funding received (First Round Series 10 Convertible Notes).
Further to the 25 July 2022 issue of $3.057 million Series 10 Convertible Notes to sophisticated and professional investors, on 17 August 2022 the Company issued an additional 2,500,000 Series 10 Convertible Notes with a face value of $200,000 or $0.08 each to a sophisticated and professional investor for the purposes of section 708 of the Corporations Act (Second Round Series 10 Convertible Notes). The additional fund will be used to continue the successful drilling program for Costerfield-Mine-style, antimony-gold mineralisation at the Nagambie Mine and to add working capital.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years

Environmental regulations

The company's exploration and mining tenements are located in Victoria. The operation of these tenements is subject to compliance with the Victorian and Commonwealth mining and environmental regulations and legislation.

Licence requirements relating to ground disturbance, rehabilitation and waste disposal exist for all tenements held. The directors are not aware of any ongoing breaches of mining and environmental regulations and legislation during the year and up to the date of this report.

Directors' shareholdings and options

The following table sets out each director's relevant interest in shares, debentures, and rights or options on shares of the company or a related body corporate as at the date of this report.

Directors	Fully paid ordinary shares Number	Share options Number
Michael Trumbull	21,734,529	20,000,000
Alfonso Grillo	2,504,010	10,000,000
Bill Colvin	674,020	2,000,000
Gary Davison	586,038	6,000,000

Remuneration report (Audited)

Remuneration policy for directors and executives

Details of key management personnel
The directors and key management personnel of Nagambie Resources Limited during the financial year were:

Michael Trumbull	Executive Director
Alfonso Grillo	Non-Executive Director
William Colvin	Non-Executive Director
Gary Davison	Non-Executive Director
James Earle	Chief Executive Officer

Remuneration Policy

The Board is responsible for determining and reviewing the compensation of the directors, the chief executive officer, the executive officers and senior managers of the company and reviewing the operation of the company's Employee Option Plan. This process requires consideration of the levels and form of remuneration appropriate to securing, motivating and retaining executives with the skills to manage the company's operations. The board of directors also recommends levels and form of remuneration for non-executive directors with reference to performance and when required, sought independent expert advice. The total sum of remuneration payable to non-executive directors shall not exceed the sum fixed by members of the company in general meeting.

In accordance with ASX Listing Rule 10.17, the current maximum aggregate compensation payable out of the funds of the company to non-executive directors for their services as directors is $250,000 per annum. For the year ending 30 June 2022, the board resolved that the executive chairman's remuneration be set at $150,000 (2021: $150,000) per annum excluding superannuation and share based payments. For non-executive directors, remuneration was set at $42,000 (2020: $42,000) per annum excluding superannuation and share based payments. Where a director performs special duties or otherwise performs consulting services outside of the scope of the ordinary duties of a director, then additional amounts will be payable.

There is no direct relationship between the company's remuneration policy and the company's performance. That is, no portion of the remuneration of directors, secretary or senior managers is 'at risk'. However, in determining the remuneration to be paid in each subsequent financial year, the board will have regard to the company's performance. Therefore, the relationship between the remuneration policy and the company's performance is indirect.

Options are issued to employees under the company's Employee Option Plan at the discretion of the board. Options issued to directors require the approval of shareholders at a general meeting. The purpose of the issue of options is to remunerate employees and directors as an incentive for future services. The directors consider it important that the company is able to attract and retain people of the highest calibre and believe that the most appropriate means of achieving this is to provide an opportunity to participate in the company's future growth and give them an incentive to contribute to that growth.

Relationship between the remuneration policy and company performance

The tables below set out summary information about the Group earnings and movements in shareholder wealth for the five years to June 2022.

	30 June 2022	30 June 2021	30 June 2020	30 June 2019	30 June 2018
Revenue	$259,498	$285,175	$306,173	$328,904	$762,163
Net loss before tax	$2,340,798	$1,981,521	$1,604,138	$1,764,434	$1,187,261
Net loss after tax	$2,340,798	$1,981,521	$876,491	$1,485,048	$1,187,261
Share price at start of year (cents)	5.2	5.2	4.4	16.0	4.7
Share price at end of year (cents)	4.9	8.0	5.2	4.4	16.0
Dividends paid	Nil	Nil	Nil	Nil	Nil
Basic earnings per share (cents)	(0.46)	(0.40)	(0.19)	(0.35)	(0.29)
Diluted earnings per share (cents)	(0.46)	(0.40)	(0.19)	(0.35)	(0.29)

Director and executive remuneration

The directors, executives and consultants detailed below received the following amounts as compensation for their services during the year:

		Short Term Benefits	Post Employment Benefits	Share Based Payment	Performance Related Benefits	Movement In Accrued Leave	Total
		Salary and fees	Superannuation	Options (non-cash)			
		$	$	$	$	$	$
Directors							
Michael Trumbull (1)	**2022**	**165,000**	**-**	**198,892**	**-**	**-**	**363,892**
	2021	164,250	-	161,588	-	-	325,838
Alfonso Grillo (2)	**2022**	**46,200**	**-**	**99,446**	**-**	**-**	**145,646**
	2021	45,990	-	80,794	-	-	126,784
Gary Davison (3)	**2022**	**8,568**	**-**	**-**	**-**	**-**	**8,568**
	2021	45,990	-	80,794	-	-	126,784
William Colvin (4)	**2022**	**33,945**	**3,395**	**99,446**	**-**	**-**	**136,786**
	2021	-	-	-	-	-	-
Chief Executive Officer							
James Earle (5)	**2022**	**166,667**	**16,667**	**198,892**	**-**	**5,643**	**387,869**
	2021	200,000	19,000	80,794	-	15,297	315,091
Total for Year	**2022**	**420,380**	**20,062**	**596,676**	**-**	**5,643**	**1,042,761**
Total for Year	2021	456,230	19,000	403,790	-	15,297	894,497

Apart from the contracts disclosed at (1) and (5) below there were no other contracts with management or directors in place during the 2022 and the 2021 financial years.

(1) Michael Trumbull is employed as Executive Chairman under a consultancy agreement which commenced on 1 July 2013 and is ongoing. The fixed annual remuneration level was set at $150,000 plus superannuation of $15,000 (2021: $150,000 plus superannuation of $14,250) plus provision of a motor vehicle and reimbursement of out of pocket expenses. The contract may be terminated upon giving 6 months notice by the company or 3 months by the Consultant. Apart from accrued entitlements there are no other termination benefits.

During the 2022 financial year, fees of $165,000 (2021: $164,250) were paid to Cypron Pty Ltd, an entity controlled by Michael Trumbull, for his services as a director of the company. At 30 June 2022, there was an amount of $165,000 (2020: $45,168) owing to Cypron Pty Ltd.

(2) During the 2022 financial year, fees of $46,200 (2021: $45,990) were paid to GrilloHiggins Lawyers, an entity in which Alfonso Grillo is a partner, for his services as a director of the company. The amount of $46,200 is comprised of $42,000 director's fee plus an allowance of $4,200 for superannuation. During the 2022 financial year the company also paid fees of $81,859 (2021: $68,335) to GrilloHiggins Lawyers for secretarial and legal services provided by Alfonso Grillo and other GrilloHiggins personnel.

At 30 June 2021, there was $52,905 (2020: $Nil) owing to GrilloHiggins.

(3) Gary Davison was appointed a director on 15 May 2019 and resigned 8 September 2021. During the 2022 financial year he was paid $8,568 (2021: $45,990) for his services as a director of the company. The amount of $8.568 is comprised of $7,825 director's fee plus an allowance of $743 for superannuation.
At 30 June 2022, there was no amount (2021: $3,990) owing to Gary Davison.

(4) William Colvin was appointed a director on 8 September 2021 . During the 2022 financial year he was paid $37,340 (2021: $Nil) for his services as a director of the company. The amount of $37,340 is comprised of $33,945 director's fee plus an allowance of $3,395 for superannuation.
At 30 June 2022, there was $37,340 (2021: $Nil) owing to William Colvin.

(5) James Earle is employed as the Chief Executive Officer under an employment agreement which commenced on 8 August 2016 and is ongoing. The fixed remuneration is $200,000 per annum plus superannuation. He is also entitled to a cash incentive bonus subject to performance hurdles. For the 2022 financial year there was no cash bonus paid (2021: $0). The agreement may be terminated by either party upon giving 3 months notice. Apart from accrued entitlements, there are no other termination benefits.
At 30 June 2022 there was $36,666 (2021 $Nil) owing to James Earle.

Shareholdings of key management personnel

	Balance 1 July 2021	Granted as remuneration	On exercise of options	Net change (1)	Balance 30 June 2022
Michael Trumbull	21,168,492	-	-	566,037	21,734,529
Alfonso Grillo	1,937,973	-	-	566,037	2,504,010
Gary Davison	586,038	-	-	-	586,038
William Colvin	-	-	-	674,020	674,020
James Earle	1,258,287	-	-	-	1,258,287
Total	**24,950,790**	**-**	**-**	**-**	**26,756,884**

(1) Net change refers to on and off market acquisitions/disposals and participation in share purchase plans.

Executive Options

The Group has an ownership-based remuneration scheme for staff and executives (including executive and non-executive directors) of the company. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, staff and executives of the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors.

Each share option converts into one ordinary share of Nagambie Resources Limited on exercise by the payment of the exercise price. No amounts are paid or payable by the recipient on receipt of the options. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors of the company.

The options granted expire five years after their issue or one month after the resignation of the staff member or executive, whichever is the earlier, or as otherwise determined by the board of directors. There are 75,450,000 share options on issue under this plan, of which 52,000,000 are held by directors and key management personnel and 23,450,000 are held by other current and former executives and employees.

Options on issue at the end of the financial year

Number of options	Grant date	Vesting date	Expiry date	Exercise price
13,750,000	24/11/2017	24/11/2017	24/11/2022	10 cents
1,000,000	20/12/2017	20/12/2017	20/12/2022	14.1 cents
4,500,000	22/8/2018	22/8/2018	22/8/2023	12.6 cents
10,500,000	23/11/2018	23/11/2018	23/11/2023	10.8 cents
2,000,000	27/2/2019	27/2/2019	27/2/2024	12.0 cents
14,900,000	29/11/2019	29/11/2019	29/11/2024	10.0 cents
14,150,000	1/12/2020	1/12/2020	1/12/2025	10.0 cents
14,650,000	26/11/2021	26/11/2021	26/11/2026	11.25 cents
75,450,000				

Value of options issued to directors and executives

The following grants of share-based payment compensation to directors and executives relate to the 2022 financial year:

Name	Option series	Number granted	Number vested	% of grant vested	% of grant forfeited	% of compensation for year consisting of options
Michael Trumbull	issued 26/11/2021	4,000,000	4,000,000	100%	0%	54.65%
Alfonso Grillo	issued 26/11/2021	2,000,000	2,000,000	100%	0%	68.27%
William Colvin	issued 26/11/2021	2,000,000	2,000,000	100%	0%	72.70%
James Earle	issued 26/11/2021	4,000,000	4,000,000	100%	0%	46.84%

The following table summarises the value of options granted, exercised or lapsed during the 2022 financial year to directors and executives:

Name	Value of options granted during the year (i)	Value of options exercised during the year (ii)	Value of options lapsed during the year (iii)
	$	$	$
Michael Trumbull	198,892	Nil	137,474
Alfonso Grillo	99,446	Nil	34,368
William Colvin	99,446	Nil	Nil
Gary Davison	Nil	Nil	Nil
James Earle	198,892	Nil	102,332

(i) The value of options granted during the period is recognised in compensation at the grant date which is also the vesting date. The assessed value was 4.97 cents per option.
(ii) No options were exercised during the reporting period.
(iii) 8,000,000 directors options and no executives options lapsed during the reporting period.

Option holdings of key management personnel

	Balance 1 July 2021	Granted as remuneration	Options Exercised	Options Lapsed	Balance 30 June 2022	Vested and exercisable at 30 June 2022
Michael Trumbull	20,000,000	4,000,000	-	(4,000,000)	20,000,000	20,000,000
Alfonso Grillo	9,000,000	2,000,000	-	(1,000,000)	10,000,000	10,000,000
William Colvin	-	2,000,000	-	-	2,000,000	2,000,000
Gary Davison	6,000,000	-	-	-	6,000,000	6,000,000
James Earle	13,000,000	4,000,000	-	(3,000,000)	14,000,000	14,000,000
Total	**48,000,000**	**12,000,000**	**-**	**(8,000,000)**	**52,000,000**	**52,000,000**

This concludes the Remuneration report which has been audited.

Corporate Governance

The Company's Corporate Governance Statement and other corporate governance related documents may be accessed from the Company's website at https://www.nagambieresources.com.au/investor-information/corporate-governance-statement.

Non-audit services

As detailed in note 27 to the financial statements, no amount has been paid to the auditor during the financial year for non-audit services.

Auditor's independence declaration

The auditor's independence declaration is attached to this directors' report.

Proceedings on behalf of the company

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

Signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors

Michael W Trumbull
Executive Chairman

Melbourne
29 September 2022

WilliamBuck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NAGAMBIE RESOURCES LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

J.C. Luckins
Director

Melbourne, 29 September 2022

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com
williambuck.com.au

Statement of Profit and Loss and Other Comprehensive Income for the financial year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated Restated 2021 $
Revenue	4	**259,498**	285,175
Corporate expenses		**(471,542)**	(529,296)
Cost of sales and rehabilitation		**(13,027)**	(19,061)
Depreciation		**(204,869)**	(225,899)
Employee benefits expense	4	**(828,500)**	(676,779)
Interest expense	3	**(1,082,359)**	(815,661)
Loss before income tax		**(2,340,799)**	(1,981,521)
Income tax benefit	5	**-**	-
Loss for the year after tax		**(2,340,799)**	(1,981,521)
Other comprehensive income *Items that will not be re-classified to profit or loss*			
Movement in Fair Value of investments	8	**(688,963)**	**(1,091,514)**
Total comprehensive income (loss) for the year		**(3,029,762)**	**(3,073,035)**
Loss per share calculated on Loss for the year after tax Basic and diluted loss per share in cents	6	**(0.46)**	(0.40)

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 30 June 2022

		Consolidated		
	Note	2022 $	Restated 2021 $	Restated 2020 $
Current assets				
Cash and cash equivalents	16(b)	**127,211**	1,359,055	224,057
Deposit paid		**-**	90,500	-
Trade and other receivables	7	**33,967**	76,298	75,235
Equity investments at fair value	8	**220,074**	2,039,706	1,977,054
Total current assets		**381,252**	3,565,559	2,276,346
Non-current assets				
Security deposits	9	**750,795**	739,559	709,213
Equity investments at fair value	8	**-**	-	1,977,055
Property, plant and equipment	11	**1,502,538**	254,101	284,013
Right of use assets	12	**54,806**	544,162	743,579
Exploration and evaluation assets	10	**14,506,514**	13,282,132	12,149,498
Total non-current assets		**16,814,653**	14,819,954	15,863,358
Total assets		**17,195,905**	18,385,513	18,139,704
Current liabilities				
Trade and other payables	13	**691,135**	359,250	246,725
Borrowings	17	**1,559,199**	-	300,000
Lease liabilities		**62,075**	254,640	279,349
Provisions	18	**51,420**	47,522	32,303
Contract liabilities		**41,876**	41,876	41,188
Total current liabilities		**2,405,705**	703,288	899,565
Non-current liabilities				
Borrowings	17	**4,291,192**	5,518,801	3,351,180
Lease liabilities		**-**	62,076	287,092
Provisions	18	**28,310**	23,063	18,927
Total non-current liabilities		**4,319,502**	5,603,940	3,657,199
Total liabilities		**6,725,207**	6,307,228	4,556,764
Net assets		**10,470,698**	12,078,285	13,582,940
Equity				
Issued capital	14	**27,977,836**	27,284,103	27,284,103
Reserves	15	**4,138,612**	4,531,592	4,626,210
Accumulated losses		**(21,645,750)**	(19,737,410)	(18,327,373)
Total equity		**10,470,698**	12,078,285	13,582,940

The accompanying notes form part of these financial statements

Statement of Changes in Equity
for the financial year ended 30 June 2022

	Consolidated					
	Issued capital $	Options reserve $	Asset revaluation reserve $	Convertible notes reserve $	Accumulated losses $	Total $
Balance at 1 July 2020	27,284,103	2,105,677	1,236,697	-	(17,926,357)	12,700,120
Adjustment for correction of error (Note 3)	-	-	-	1,283,836	(401,016)	882,820
Balance at 1 July 2020 restated	27,284,103	2,105,677	1,236,697	1,283,836	(18,327,373)	13,582,940
Loss for the year	-	-	-	-	(1,981,521)	(1,981,521)
Other comprehensive income	-	-	(1,091,514)	-	-	(1,091,514)
Total comprehensive income	-	-	(1,091,514)	-	(1,981,521)	(3,073,035)
Recognition of share based payments	-	571,618	-	-	-	571,618
Transfer of gain on disposal of Investment	-	-	(456,484)	-	456,484	-
Transfer of value of options lapsed	-	(115,000)	-	-	115,000	-
Recognition of reserve for issue of Convertible Notes (Note 3)	-	-	-	996,762	-	996,762
Balance at 30 June 2021 restated	27,284,103	2,562,295	(311,301)	2,280,598	(19,737,410)	12,078,285
Balance at 1 July 2021	27,284,103	2,562,295	(311,301)	2,280,598	(19,737,410)	12,078,285
Loss for the year	**-**	**-**	**-**	-	**(2,340,799)**	**(2,340,799)**
Other comprehensive income	**-**	**-**	**(688,963)**	**-**	**-**	**(688,963)**
Total comprehensive income	**-**	**-**	**(688,963)**	**-**	**(2,340,799)**	**(3,029,762)**
Recognition of share based payments	**-**	**728,442**	**-**	**-**	**-**	**728,442**
Transfer of loss on disposal of investment	**-**	**-**	**65,111**		**(65,111)**	**-**
Transfer value of options lapsed	**-**	**(497,570)**	**-**	**-**	**497,570**	**-**
Issue of Share Capital	**700,333**	**-**	**-**	**-**	**-**	**700,333**
Share issue expenses	**(6,600)**	**-**	**-**	**-**	**-**	**(6,600)**
Balance at 30 June 2022	**27,977,836**	**2,793,167**	**(935,153)**	**2,280,598**	**(21,645,750)**	**10,470,698**

The accompanying notes form part of these financial statements

Statement of Cash Flows
for the financial year ended 30 June 2022

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts from customers		**300,492**	246,367
Receipts from Aust. Taxation Office – Cash Flow Boost		**-**	32,108
Payments to suppliers and employees		**(329,597)**	(521,637)
Interest received		**1,337**	4,408
Interest paid		**(750,769)**	(551,278)
Net cash used in operating activities	16(a)	**(778,537)**	(790,032)
Cash flows from investing activities			
Payments for exploration expenditure		**(1,224,382)**	(1,232,634)
Receipt from Mawson Gold JV option		**-**	100,000
Payments for security bonds		**(10,000)**	(30,000)
Payments for term deposits		**(1,237)**	-
Receipts from disposal of plant and equipment		**-**	5,000
Receipts from disposal of investments		**1,130,669**	822,889
Payment for property, plant and equipment		**(873,449)**	-
Deposit paid for land		**-**	(90,500)
Net cash used in investing activities		**(978,399)**	(425,245)
Proceeds from issue of shares		**693,733**	-
Proceeds (repayment) of borrowings		**86,000**	(300,000)
Proceeds from issue of convertible notes		**-**	2,900,000
Repayment of lease liabilities		**(254,641)**	(249,725)
Net cash provided by financing activities		**525,092**	2,350,275
Net increase (decrease) in cash and cash equivalents		**(1,231,844)**	1,134,998
Cash and cash equivalents at the beginning of the financial period		**1,359,055**	224,057
Cash and cash equivalents at the end of the financial period	16(b)	**127,211**	1,359,055

The accompanying notes form part of these financial statements

Notes to the Financial Statements for the financial year ended 30 June 2022

1. General information

Nagambie Resources Limited (the Company) is a listed for-profit public company, incorporated in Australia and operating in Victoria. The registered office and principal place of business for the Company are located at 533 Zanelli Road, Nagambie Vic 3608. These financial statements were authorised for issue on the date of the signing of the attached Directors' Declaration.

2. Significant accounting policies

Statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*, Australian Accounting Standards and Interpretations. The financial statements include the consolidated financial statements of the group.

Compliance with Australian Accounting Standards (AASBs) ensures that the financial statements and notes of the group comply with International Financial Reporting Standards ('IFRS').

Basis of preparation

The financial statements have been prepared on an accruals basis using historical cost with the exception of certain assets measured at fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, which is the functional and presentation currency of the Company and its controlled entities. Comparative information where necessary has been reclassified in order to achieve consistency in presentation with amounts disclosed in the current year.

Changes in accounting policies

Other than the policies described below there have been no changes in accounting policies.

The following significant accounting policies have been adopted in the preparation and presentation of the financial statements:

(a) Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation and settlement of liabilities in the normal course of business.

The consolidated entity generated a net loss after income tax expense for the period ended 30 June 2022 of $2,340,799 (2021: $1,981,521) and at reporting date has net assets of $10,470,698 (30 June 2021: $12,078,285) including $14,506,514 (30 June 2021: $13,282,132) of capitalised exploration, evaluation and development costs. The consolidated entity's working capital deficit, being current assets less current liabilities was $2,024,453 at 30 June 2022 (30 June 2021: working capital surplus $2,862,271).

On the basis of the disclosures above a material uncertainty exists for the consolidated entity to continue as a going concern. This material uncertainty that exists that may cast significant doubt on the entity's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The biggest impact on the current net assets deficit is the redemption of $1.8 million Series 6 convertible notes, due for redemption on 17 November 2022. The Company on the 25 July successfully negotiated with these note holders to roll over Series 6 into Series 10 which also included the raising of additional funds of $1,457,000. The early redemption and roll over of Series 6 convertible notes had the effect of reducing the working capital deficit from $2,024,453 to $465,254 before taking into account the additional $1,457,000 raised.

The Directors have concluded that the going concern basis is appropriate, based on analysis of the consolidated entity's existing cash reserves and internal cash flow forecasts which include their current best estimate of expected future financial commitments and other cash flows over the next 12 months.

If the actual outcomes differ significantly from the cash flow forecast estimates made and the consolidated entity has additional cash requirements, the consolidated entity may need to take one or more of the following measures when necessary:

2. Significant accounting policies (continued)

- Raise additional capital. The consolidated entity has demonstrated its ability to raise capital over many years and the Directors are confident that a future capital raising would be successful;
- Obtain letters of support from convertible notes holders, indicating their intention to convert their notes;
- Sale or mortgage of freehold property;
- Continue to reduce corporate overhead costs;
- Continue to pursue opportunities to farm-out part of the consolidated entity's exploration interests.

On this basis no adjustments have made to the financial report relating to the recoverability and classification of the carrying amount of the assets or the amount and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern. Accordingly, the financial report has been prepared on a going concern basis.

If the going concern basis of accounting is found to be no longer appropriate, the recoverable amounts of the assets shown on the consolidated statement of financial position sheet are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly, from those reflected.

(b) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (referred to as 'the group' in these financial statements). The Group controls an entity when the Group 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 to direct the activities of the entity.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

(c) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(d) Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

2. Significant accounting policies (continued)

(e) Exploration and evaluation assets

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

(i) the rights to tenure of the area of interest are current; and
(ii) at least one of the following conditions is also met:
(a) the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or

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

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

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

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

(f) Impairment of tangible assets

At the end of each reporting period, the group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years.

(g) Income tax

Current tax

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

2. Significant accounting policies (continued)

<u>Deferred tax</u>
Deferred tax is accounted for using the liability method. Temporary differences are differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The tax base of an asset or liability is the amount attributed to that asset or liability for tax purposes.

(g) Income tax

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

A deferred tax liability is not recognised in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures except where the group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

<u>Current and deferred tax for the period</u>
Current and deferred tax is recognised as an expense or income in the statement of profit or loss and other comprehensive income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(h) Research & development tax incentive

The Research & development (R&D) tax incentive refund relates to eligible R&D activities undertaken by the group. The tax credit is recognised when the money is received from the Australian Taxation Office. This credit is recognised in current tax (refer note 2(g) above).

(i) Right of use assets

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

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

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

2. Significant accounting policies (continued)

(j) Lease liabilities

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

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

Depreciation is calculated on a straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

(k) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item.

Depreciation is provided on property, plant and equipment except for freehold land.

Depreciation is calculated on a straight line basis so as to write off the net cost amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes recognised on a prospective basis.

The range of useful lives for each class of plant equipment for the year were:

Plant and equipment:	4-10 years
Computer equipment:	3-5 years
Motor vehicles:	3-5 years
Buildings	40 years

The gain or loss arising on disposal or retirement of an item of property, plant or equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

(l) Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

(m) Revenue

Revenue is measured at the fair value of the consideration received or receivable.

Sale of rock revenue

Revenue from the sale of rock is measured at the fair value for the consideration received or receivable. The revenue is recognised when the rock is removed from the company premises. There are no cartage expenses as the customer utilises their own assets to source and remove the rock.

Interest revenue

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2. Significant accounting policies (continued)

Rental revenue

Property rental income is recognised on a straight-line basis over the period of the lease term. When rental income is received in advance at the end of a period it is recognised as income in the following period to which it relates.

Government Grants

Government grants are recognised when the Group has reasonable assurance that conditions will be complied with and the grant will be received

(n) Share-based payments

Equity-settled share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Binomial option pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

The fair value determined at the grant date of the equity-settled share-based payments is expensed when options are granted since in all cases there is no delay until options are vested.

Equity-settled share-based payment transactions with other parties are measured at the fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(o) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or

ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financial activities which are recoverable from a payable to the taxation authority are presented as operating cash flows.

(p) Trade and other payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(q) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

(r) 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.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

Convertible notes are initially classified as a financial liability until extinguished on conversion or redemption. The corresponding interest on convertible notes is expensed to profit or loss.

(s) Finance costs

Finance costs are expensed in the period in which they are incurred, including interest on bank accounts and interest on short-term and long-term borrowings.

2. Significant accounting policies (continued)

(t) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

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

(u) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the company intends to hold and has irrevocably elected to classify them as such upon initial recognition. There are two types of FVOCI accounting under AASB 9 (Equity FVOCI and Debt FVOCI)

(v) Impairment of financial assets

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

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

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

(w) Critical accounting estimates and judgements

<u>Exploration and evaluation costs</u>

Exploration and evaluation costs have been capitalised on the basis that the group may commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and directly allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest or activities that are not at a stage that permits a reasonable estimate of the existence of economically recoverable reserves. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Management have assessed the balance of capitalised exploration costs in line with future planned exploration activities and the group's accounting policy and have determined that no impairment was necessary. If a tenement has been relinquished or reduced, then an impairment charge is taken. This charge is generally based on the pro-rata area reduced, however there can be other reasons for not using such an approach. When a tenement is not relinquished or reduced but is thought to be of reduced carrying value then an impairment based on management's estimate of fair value has been applied. Any charge for impairment is recognised in profit or loss immediately and also shown at Note 9.

2. Significant accounting policies (continued)

Rehabilitation of tenements

The group has considered whether a provision for rehabilitation of any tenement is required. The directors do not consider that such a provision is necessary due to the fact that rehabilitation is being undertaken on a progressive basis. Whilst the company is in exploration phase it cannot reliably estimate the scope and costs of rehabilitation work that will need to be undertaken.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the group considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Share based payments

The group 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 is determined by using a Binomial valuation method of taking into account the terms and conditions upon which the instruments were granted. The company employs an external consultant to complete the valuation and this takes into account the expected volatility of the share price as one of the key components of the valuation. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value of convertible notes

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

(x) Fair value measurement hierarchy

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

(y) Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 29.

(z) New Accounting Standards for Application in Current and Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. In the directors' view none of these standards and interpretations will have a material effect on these financial statements.

2. Significant accounting policies (continued)

New Accounting Standards for Application in Current and Future Periods

Standard	Mandatory date for annual reporting periods beginning on or after	Reporting period standard adopted by the company
The revised Conceptual Framework for Financial Reporting	1 January 2020	1 July 2020
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	1 January 2020	1 July 2020
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	1 January 2020	1 July 2020
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of liabilities as Current or Non-Current	1 January 2023	1 July 2023

3. Restatement of Financial Statements as a Result of Change in Accounting Policy and Correction of an Error

The Company was reporting the convertibles notes it had issued at face value as either a Current liability or Non-current liability depending on when those liabilities fell due.
AASB 132 *Financial Instruments: Presentation* requires that the debt component of convertible notes, with fixed conversion formulae, be valued at fair value upon initial recognition (the date upon which the Company and the convertible noteholder became party to contract), with any difference between the face value of those notes and the fair value of the debt component recognised in equity.

Following the directors of the Company taking up the fair value of the four tranches of convertible notes the following items have been adjusted and restated as if valued at fair value upon initial recognition.

Profit and Loss 30 June 2021	**Reported** **$**	**Adjusted** **$**	**Restated** $
Finance costs	(551,278)	(264,383)	(851,661)
Loss for the year	**(1,717,138)**	**(264,383)**	**(1,981,521)**
Basic and diluted loss per share in cents	(0.34)		(0.40)
Statement of Financial Position 30 June 2021			
Borrowings	7,134,000	(1,615,199)	5,518,801
Equity			
Convertible notes reserve	-	2,280,598	2,280,598
Accumulated losses	(19,072,011)	(665,399)	(19,737,410)
Statement of Financial Position 30 June 2020			
Borrowings	4,234,000	(882,820)	3,351,180
Equity			
Convertible notes reserve	-	1,283,836	1,283,836
Accumulated losses	(17,926,357)	(401,016)	(18,327,373)

4. Revenue and expenses

	Consolidated	
	2022	2021
	$	$
The loss before income tax includes the following items of revenue and expenses.		
(a) Revenue		
Revenue from contracts with customers		
Rental income	**223,148**	211,798
Sale of rock and quarry products	**28,146**	18,005
Other sales	**-**	9,107
Other revenue		
Government cash flow boost	**-**	30,438
Interest	**1,337**	4,754
Sundry income	**6,867**	11,073
Total revenue	**259,498**	285,175
(b) Expenses		
Employee benefits expense		
Employee benefits	**71,323**	77,898
Share based payments expense	**728,442**	571,618
Superannuation expense	**28,735**	27,263
	828,500	676,779

5. Income tax

		2022	2021
(a)	**Income tax expense**		
	Loss from operations	**(2,340,799)**	(1,717,138)
	Prima facie tax benefit calculated at 25% (2021: 26%)	**585,200**	515,141
	Add tax effect of:		
	- Non deductible expenses	**(3,073)**	3,323
	- Share based payments	**(182,110)**	(171,485)
	Less tax effect of:		
	Current year tax loss not recognised	**(400,017)**	(346,979)
	Add R&D tax incentive	**-**	-
	Income tax benefit	**-**	-
(b)	**Deferred tax asset**		
	A deferred tax asset attributable to tax losses and timing differences has not been brought to account due to the uncertainty of recoverability in future periods.	**4,906,200**	5,527,182

6. Loss per share

Basic and diluted loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Net loss	**2,340,799**	1,981,521
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**503,146,158**	499,932,346
Basic and diluted loss per share in cents	**0.46**	0.40

As discussed in Note 22, the company has issued options over its unissued share capital. All these options are anti-dilutive in nature due to the company incurring losses and the share price being less than the exercise price. They therefore have not been incorporated into the diluted earnings per share calculation.

7. Receivables	**2022 $**	2021 $
Trade receivables	**461**	628
Other receivables	**33,506**	75,670
Total receivables	**33,967**	76,298

8. Equity investments at fair value

Current assets		
Shares in Mawson Gold Limited	**220,074**	2,039,706
Total equity investments at fair value	**220,074**	2,039,706

Total Equity Investments at fair value 30 June 2021	**2,039,706**
Sale of investments during the period at fair value	**(1,195,780)**
Revaluation on investments held 30 June 2022	**(623,852)**
Total equity investments at fair value 30 June 2022	**220,074**

The shares shown above as current assets are those which are available for sale within the next 12 months. There are no shares subject to escrow periods which expire beyond that time.

The difference between fair value at balance date and the cost at the date of the transaction for equity investments is $935,153 loss (2021 $311,301 loss). This amount is reflected in an Asset revaluation reserve and shown at Note15.

Financial assets at fair value through other comprehensive income relate to Mawson Gold Limited which are ordinary shares in a company listed on the Toronto Stock Exchange. These have been valued at the quoted prices at accordance with AASB 13, using Level 1 of the fair value hierarchy – quoted prices (unadjusted) in active markets for identical assets or liabilities

8. Equity investments at fair value continued

A reconciliation of the number of Mawson Gold Limited shares held, Fair Value and Asset Revaluation Reserve is below.

Date	Transaction	Quantity of shares	Equity investment at fair value $	Asset revaluation reserve $
23 Mar 2020	Acquisition	9,500,000	2,717,412	-
30 Jun 2020	Revalued at financial year end	-	1,236,697	(1,236,697)
30 Jun 2021	Sold at fair value during financial year	(1,900,000)	(366,405)	-
30 Jun 2021	Movement in revaluation reserve	-	(1,091,514)	1,091,514
30 Jun 2021	Profit on disposal	-	(456,484)	454,484
30 Jun 2022	Sold at fair value during financial year	(5,975,000)	(1,195,780)	-
30 Jun 2022	Movement in revaluation reserve	-	(688,963)	688,963
30 Jun 2022	Loss on disposal	-	65,111	(65,111)
30 Jun 2022	Balance at year end	1,625,000	220,074	935,153

9. Security deposits

Non-current assets

Security deposits - environmental bonds (i)	**600,795**	589,559
Deposit on land	**150,000**	150,000
Total other assets	**750,795**	739,559

(i) Security deposits – environmental bonds

The company holds security deposits, in the form of term deposits with its banker. These are guarantees for performance conditions set by the Department of Economic Development, Jobs, Transport and Resources Victoria on mining tenements held by the company. Those guarantees are held to cover any future rehabilitation obligations the company may have on the mining tenements. When all obligations in relation to a mining tenement are finalised, the relevant guarantee will be released and associated environmental bond will be redeemed. The deposits are shown as non-current assets since it is not expected that they will be repaid during the coming 12 months. These cash deposits earn interest for the company.

10. Exploration and evaluation assets

	Consolidated	
	2022 $	2021 $
Balance at beginning of the year	**13,282,132**	12,149,498
add Exploration costs capitalised for the year	**1,224,382**	1,235,634
Less Mawson Gold Limited option conditions payment	**-**	(100,000)
Balance at end of the year	**14,506,514**	13,282,132

13. Trade and other payables

	Consolidated	
	2022	2021
	$	$
Trade payables	**143,573**	182,173
Other payables	**547,562**	177,077
	691,135	259,250

14. Issued capital

	2022	2021
(a) Issued and paid capital	**$**	$
Ordinary shares fully paid	**27,977,836**	27,284,103

(b) Movements in shares on issue

	Year ended 30 June 2022		Year ended 30 June 2021	
	Number of shares issued	**Issued capital $**	Number of shares issued	Issued capital $
Balance at beginning of the year	**499,932,346**	**27,284,103**	499,932,346	27,284,103
Movements during the year				
Placement of shares				
March 2022 issue price 5.3 cents	**6,755,340**	**358,033**	-	-
Share purchase plan				
March 2022 issue price 5.3 cents	**6,458,490**	**342,300**	-	-
Share issue expenses	**-**	**(6,600)**	-	-
Balance at end of the year	**513,146,176**	**27,977,836**	499,932,346	27,284,103

(c) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on the shares held.

Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the company. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Share options granted under the employee share option plan

As at 30 June 2022 there were 29,300,000 (2021 28,300,000) options over ordinary shares in respect of the employee share option plan. These options were issued in accordance with the provisions of the employee share option plan to executives and senior employees. Of these options 29,300,000 were vested by 30 June 2022 (2021: 28,300,000).

Share options granted under the employee share option plan carry no rights to dividends and have no voting rights. Further details of the employee share option plan are contained in note 22 to the financial statements.

Other share options on issue

As at 30 June 2022 there were 38,000,000 options over ordinary shares issued to directors (2021:48,000,000). Of these options 38,000,000 were vested by 30 June 2022 (2021: 48,000,000).

The options carry no rights to dividends and have no voting rights. Further details of these options are shown in note 22 to the financial statements.

(d) Capital management

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

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The group is subject to equipment financing arrangements and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

The capital risk management policy remains unchanged from the 30 June 2020 Financial Statements.

15. Reserves

	Consolidated 2022 $	Consolidated Restated 2021 $
Options reserve		
Balance at beginning of the year	**2,562,295**	2,562,295
Recognition of share based payments	**728,442**	571,618
Value of options exercised	**-**	-
Value of options lapsed	**(497,570)**	(115,000)
Balance at end of the year	**2,793,167**	2,562,295

The options reserve represents the fair value of unvested and vested ordinary shares under options granted to directors, consultants and employees.

	2022 $	Restated 2021 $
Asset revaluation reserve		
Balance at beginning of the year	**(311,301)**	1,236,697
Decrease on Equity investment at fair value	**(623,852)**	(1,091,514)
Increase on Equity investments at fair value	**-**	-
Transfer gain on disposal of investment	**-**	(456,484)
Balance at end of the year	**(935,153)**	(311,301)
Convertible notes reserve		-
Balance at beginning of the year	**2,280,598**	1,283,836
Equity in new notes issued	**-**	996,762
Equity in notes repaid or converted	**-**	-
Balance at end of year	**2,280,598**	2,280,598
Total reserves at end of year	**4,138,612**	4,531,592

16. Notes to the statement of cash flows

(a) Reconciliation of loss after tax to net cash flows from operations

	2022 $	Restated 2021 $
Net loss for the period	**(2,340,799)**	(1,981,521)
Depreciation of property, plant and equipment	**204,869**	225,899
Profit on disposal of plant and equipment	**-**	(1,570)
Share based payment expense	**728,442**	571,618
Non-cash interest on convertible notes	**331,590**	264,383
Impairment of assets	**-**	-
Changes in assets and liabilities		
(Increase)/Decrease in receivables	**42,330**	(1,409)
Increase/(Decrease) in creditors	**245,886**	113,213
Increase/(Decrease) in employee provisions	**9,144**	19,355
Net cash from (used in) operating activities	**(778,538)**	(790,032)

(b) Reconciliation of cash

Cash and cash equivalents comprise:

	2022 $	Restated 2021 $
Cash on hand and at call	**127,211**	1,359,055
	127,211	1,359,055

	Consolidated 2022 $	Restated 2021 $
17. Borrowings		
Current		
Convertible Notes Series 6		
Series 6 Face value of notes issued	**1,800,000**	-
Series 6 Equity component	**(691,837)**	-
Series 6 Interest	**451,036**	-
	1,559,199	-
Total current borrowings	**1,559,199**	-
Non-current		
Convertible Notes Series 6		
Series 6 Face value of notes issued	**-**	1,800,000
Series 6 Equity component	**-**	(691,837)
Series 6 Equity component	**-**	355,901
	-	1,464,064
Convertible Notes Series 7		
Series 7 Face value of notes issued	**700,000**	700,000
Series 7 Equity component	**(269,048)**	(269,048)
Series 7 Interest	**124,657**	109,660
	577,609	540,612
Convertible Notes Series 8		
Series 8 Face value of notes issued	**1,134,000**	1,134,000
Series 8 Equity component	**(322,951)**	(322,951)
Series 8 Interest	**165,207**	116,397
	976,256	927,446
Convertible Notes Series 9		
Series 9 Face value of notes issued	**3,500,000**	3,500,000
Series 9 Equity component	**(996,762)**	(996,762)
Series 9 Interest	**234,089**	83,441
	2,737,327	2,586,679
Total non-current borrowings	**4,291,192**	
Total borrowings	**5,850,391**	5,518,801

(i) The Company has four series of unsecured Convertible Notes outstanding for a total of $7,134,000.

Series 6: 18,000,000 Notes issued at 10 cents on 17 November 2017 for a total of $1,800,000
Series 7: 7,000,000 Notes issued at 10 cents on 27 February 2019 for a total of $700,000
Series 8: 22,680,000 Notes issued at 5 cents on 19 January 2020 for a total of $1,134,000
Series 9: 35,000,000 Notes issued at 10 cents on 13 April 2021 for a total of $3,500,000

Each series of Convertible Note has the following terms:

- Interest is payable at 10% per annum every six months after the issue date;
- Convertible on a 1 for 1 basis into ordinary shares in the company at any time prior to the maturity date at the option of the note holder;
- Redeemable for cash in full after 5 years, if not converted;
- Unsecured but rank ahead of shareholders; and
- Protected for reorganisation events such as bonus issues and share consolidations.

11. Property, plant and equipment

	Consolidated				
	Land and buildings $	Plant and equipment $	Computer equipment $	Motor vehicles $	Total $
Gross carrying amount					
Balance at 1 July 2021	45,063	390,873	25,951	86,211	548,098
Additions	960,184	3,765	-	-	963,949
Disposals	-	-	-	-	-
Movement from Right of use assets	-	609,674	-	25,290	634,964
Balance at 30 June 2022	**1,005,247**	**1,004,312**	**25,951**	**111,501**	**2,147,011**
Accumulated depreciation					
Balance at 1 July 2021	-	(184,031)	(23,755)	(86,211)	(293,997)
Depreciation expense	-	(41,899)	(751)	(5,790)	(48,440)
Disposals	-	-	-	-	-
Movement from Right of use assets	-	**(302,036)**	-	-	(302,036)
Balance at 30 June 2022	**-**	**(527,966)**	**(24,506)**	**(92,001)**	**(644,473)**
Net book value					
As at 30 June 2021	45,063	206,842	2,196	-	254,011
As at 30 June 2022	**1,005,247**	**476,346**	**1,445**	**19,500**	**1,502,538**

The movement from Right of use assets are leased assets that finished their lease term during the year and the entity took ownership of the leased asset. During the Right of use asset's life, management had depreciated at a slower rate than the life of the lease contract and therefore when they took ownership there was still a useful life / carrying value which has been transferred to Property, plant and equipment.

12. Right of use assets

	Consolidated			
	Land and buildings $	Plant and equipment $	Motor vehicles $	Total $
Gross carrying amount				
Balance at 1 July 2020	416,523	609,674	88,932	1,115,129
Additions	-	-	-	-
Movement to Property, plant and		**(609,674)**	**(88,932)**	**(698,606)**
Balance at 30 June 2021	**416,523**	**-**	**-**	**416,523**
Accumulated depreciation				
Balance at 1 July 2021	(230,184)	(277,750)	(63,033)	(570,967)
Depreciation expense	(131,532)	(24,286)	(609)	(156,428)
Movement to Property, plant and	-	302,036	63,642	365,678
Balance at 30 June 2021	**(361,716)**	**-**	**-**	**(361,716)**
Net book value				
As at 30 June 2021	186,339	331,924	25,899	544,162
As at 30 June 2022	**54,806**	**-**	**-**	**54,806**

Land and buildings consists of the group's rental lease for farm land in Nagambie (remaining term is 5 months, no option to extend is included in valuation). For calculation of the value the group has used a discount rate based on weighted average incremental borrowing rate of 10%.

Plant and equipment consists of the group's rental lease for equipment. For calculation of the value the group has used a discount rate based on weighted average incremental borrowing rate of 10%.

Motor vehicles consists of the group's rental leases for motor vehicles. For calculation of the value the group has used a discount rate based on weighted average incremental borrowing rate of 10%.

17. Borrowings continued

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

18. Provisions

	Consolidated	
	2022 **$**	2021 $
Current		
Employee benefits	**51,420**	47,522
Non-current		
Employee benefits	**28,310**	23,063
Total provisions	**79,730**	70,585

19. Commitments

(a) Planned exploration expenditure

The amounts detailed below are the minimum expenditure required to maintain ownership of the current tenements held. An obligation may be cancelled if a tenement is surrendered.

Not longer than 1 year	**1,099,260**	1,301,055
Longer than 1 year and not longer than 5 years	**2,087,949**	2,909,687
Longer than 5 years	**1,174,240**	-
	4,546,449	4,210,092

(b) Property acquisition with deferred settlement

As noted in the 2021 Annual Financial Report the company is in the process, via its wholly owned subsidiary Nagambie Developments Pty Ltd, of purchasing a farming property in the Nagambie area. Unless settlement is further deferred by agreement with the vendor, the balance due on or before the 15 October 2022 will be $1,513,488.

The land as an asset and the balance due at settlement as a liability have not been brought to account since control and the title will not pass until settlement.

20. Contingent Liabilities

Apart from the matter discussed in Note 9 the group has no contingent liability as at 30 June 2022 (2021: Nil).

21. Financial instruments

The board of directors is responsible for monitoring and managing the financial risk exposures of the group, to which end it monitors the financial risk management policies and exposures and approves financial transactions and reviews related internal controls within the scope of its authority. The board has determined that the only significant financial risk exposures of the group are liquidity risk and market risk. Other financial risks are not significant to the group due to the following:

- It has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars;
- It has no significant outstanding receivable balances that have a credit risk;
- Its mining operations are in the exploration phase and therefore have no direct exposure to movements in commodity prices;
- All of the interest bearing instruments are held at amortised cost which have fair values that approximate their carrying values since all cash and payables (except for convertible notes refer note 17) have maturity dates within one financial year. Term deposits on environmental bonds and convertible notes have interest rate yields consistent with current market rates;
- All of the financing for the group is from equity and convertible note instruments, and
- The group has no externally imposed capital requirements with the exception of an ASX requirement to not issue more than 25% of its share capital through a placement in a 12-month period.

(a) Categories of financial instruments

	Consolidated	
	2022 **$**	2021 $
Financial assets		
Cash and cash equivalents	**127,211**	1,359,055
Receivables	**33,967**	76,298
Equity investments at fair value	**220,074**	2,039,706
Financial liabilities		
Lease liabilities	**62,075**	316,716
Trade and other payables	**691,135**	359,250
Borrowings	**5,850,391**	5,518,801

(b) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the group's funding and liquidity management requirements. The group manages liquidity risk by maintaining sufficient cash balances to meet obligations as and when they fall due.

The following tables detail the company's and the group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the group can be required to pay. The table includes both interest and principal cash flows.

21. Financial instruments (continued)

Consolidated liabilities	Interest rate	Less than 1 month	1-3 months	3+ months to 1 year	1-5 years	5+ years
	%	$	$	$	$	$
2022						
Trade and other payables		**501,346**	**112,104**	**77,685**	**-**	-
Lease liabilities	**10.0**	**12,210**	**37,243**	**12,622**	**-**	-
Borrowings	**10.0**	**-**	**-**	**1,559,199**	**4,491,192**	-
		513,556	**149,347**	**1,798,853**	**4,491,192**	-
2021						
Trade and other payables		103,789	24,037	231,423	-	-
Lease liabilities	10.0	24,010	48,020	182,610	62,076	-
Borrowings	10.0	-	-	-	5,518,801	-
		127,799	72,057	414,033	5,580,877	-

(c) Market risk

The group is exposed to price risk in relation to equity investments which it holds in Mawson Gold Limited. These shares are listed on the Toronto Stock Exchange and the price will fluctuate. The following table shows the impact of a 50% change in the price of those listed securities.

	Average price increase			Average price decrease		
	% change	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in Mawson Gold Limited	+50%	Nil	$110,037	-50%	Nil	($110,037)

22. Share-based payments

The group has an ownership-based remuneration scheme for executives (including executive directors) of the group. In accordance with the provisions of the scheme, as approved by shareholders at a previous annual general meeting, executives with the company may be granted options to purchase parcels of ordinary shares at an exercise price determined at the discretion of the board of directors. Each executive share option converts into one ordinary share of Nagambie Resources Limited on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither right to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry. The number of options granted is at the discretion of the board of directors. The options granted expire five years after their issue, or one month after the resignation of the executive, whichever is the earlier. The total of options on issue is 75,450,000 (2020: 75,300,000). Of these 23,450,000 (2020: 27,300,000) have been issued to executives and employees and the balance of 52,000,000 (2020: 48,000,000) have been issued to directors and key management personnel.

Information with respect to the number of all options granted including executive options is as follows.

	30 June 2022		30 June 2021	
	Number of options	**Exercise price**	Number of options	Exercise price
Balance at beginning of period	**75,300,000**		72,450,000	
granted	**14,650,000**	**11.4 cents**	14,150,000	10 cents
exercised	**-**		-	
lapsed	**(14,500,000)**	**10 cents**	(11,300,000)	10 cents
Balance at end of period	**75,450,000**		75,300,000	

22. Share-based payments (continued)

Options on issue at the end of the reporting period

Number of options	Grant date	Vesting date	Expiry date	Exercise price	Fair value at grant date
13,750,000	24/11/2017	24/11/2017	24/11/2022	10 cents	2.80 cents
1,000,000	20/12/2017	20/12/2017	20/12/2022	14.1 cents	2.80 cents
4,500,000	22/8/2018	22/8/2018	22/8/2023	12.6 cents	3.90 cents
10,500,000	23/11/2018	23/11/2018	23/11/2023	10.8 cents	3.90 cents
2,000,000	27/2/2019	27/2/2019	27/2/2024	12.0 cents	3.90 cents
14,900,000	29/11/2019	29/11/2019	29/11/2024	10.0 cents	2.85 cents
14,150,000	1/12/2020	1/12/2020	1/12/2025	10.0 cents	4.04 cents
14,650,000	26/11/2021	26/11/2021	26/11/2026	11.4 cents	4.97 cents
75,450,000					

(i) Exercised during the financial year
There were no options exercised during the financial year

(ii) Equity-settled employee benefits reserve
The equity-settled employee benefits reserve arises on the grant of share options to executives and senior employees under the employee share option plan. Amounts are transferred out of the reserve and into issued capital when the options are exercised.

(iii) There are no vesting conditions for the above options

The weighted average fair value of the share options granted during the financial year is 4.04 cents (2020: 3.90 cents). Options were priced using a Binomial option valuation model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market conditions attached to the option), and behavioural considerations. Expected volatility is based on the historical share price volatility over the past 3 years. The options may be exercised early, but not before vesting date.

Inputs into the valuation model			
Grant date	26/11/2021	Option life	5 years
Options Issued	14,650,000	Dividend yield	Nil
Share price at grant date	7.6 cents	Risk free interest rate	0.64%
Exercise price	11.4 cents	Expiry date	26/11/2026
Expected volatility	95.0%		

23. Key Management personnel compensation

	Consolidated	
	2022	2021
	$	$
Short-term employee benefits	**420,380**	456,230
Post-employment benefits	**20,062**	19,000
Movement in Accrued Leave	**5,643**	15,297
Share-based payment	**596,676**	403,970
	1,042,761	894,497

24. Subsidiaries

Name of entity	Country of incorporation	Ownership interest 2022 %	2021 %
Parent entity			
Nagambie Resources Limited	Australia	-	-
Subsidiaries			
Nagambie Developments Pty Ltd	Australia	100	100
property owning entity			
Nagambie Landfill Pty Ltd	Australia	100	100
no business activity conducted during the year			

25. Related party transactions

Transactions with key management personnel and related parties

There were no related party transactions undertaken during the year other than disclosures already identified elsewhere in this report.

26. Segment information

The group operates in one principal geographical area – in Australia. The group carries out exploration for, and development of gold associated minerals and construction materials in the area. During the year the group earned $167,503 (2021 $169,341) of its rental income described in note 4 from the Department of Defence. There was no other major reliance on any other customer.

27. Remuneration of auditors

	Consolidated 2022 $	2021 $
Auditor of the parent entity--		
Audit or review of the financial report	**34,000**	28,500
Other non-audit services	-	-
	34,000	28,500

The auditor of Nagambie Resources Limited is William Buck

28. Subsequent events

On 25 July 2022, the Company redeemed 18,000,000 Series 6 Convertible Notes with a face value of $1,800,000 into new Series 10 Convertible Notes with a face value of $1,800,000, alongside issuing 15,712,500 convertible notes to investors who are sophisticated, experienced or professional investors for the purposes of section 708 of the Corporations Act, in respect of $1,257,000 in funding received (First Round Series 10 Convertible Notes).

Further to the 25 July 2022 issue of $3.057 million Series 10 Convertible Notes to sophisticated and professional investors, on 17 August 2022 the Company issued an additional 2,500,000 Series 10 Convertible Notes with a face value of $200,000 or $0.08 each to a sophisticated and professional investor for the purposes of section 708 of the Corporations Act (Second Round Series 10 Convertible Notes). The additional fund will be used to continue the successful drilling program for Costerfield-Mine-style, antimony-gold mineralisation at the Nagambie Mine and to add working capital.

29. Parent entity disclosures

	Parent	
	2022	2021
	$	$
Current assets	**381,252**	3,475,059
Non-current assets	**15,604,601**	14,647,590
Total assets	**15,985,853**	18,122,649
Current liabilities	**2,343,630**	522,530
Non-current liabilities	**4,319,502**	7,157,063
Total liabilities	**6,663,132**	7,679,593
Issued capital	**27,947,736**	27,254,033
Options reserve	**2,793,167**	2,562,295
Accumulated losses	**(21,590,667)**	(19,035,945)
Convertible notes reserve	**2,280,598**	2,280,598
Total equity	**10,495,681**	10,469,052
Loss	**(2,386,893)**	(1,762385)
Total comprehensive income	**(623,852)**	(1,305,901)

There were no contingent liabilities and **c**ommitments of the parent entity not otherwise disclosed in the consolidated financial statements.

Directors' Declaration

In the Directors opinion:

(a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
   (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year ended on that date; with Accounting Standards, the Corporations Regulations 2001 and other mandatory, professional reporting requirements; and
   (ii) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory, professional reporting requirements.

(b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

(c) At the date of this declaration there are reasonable grounds to believe that the members of the group are able to meet their obligations as and when they become due and payable.

Note 2 confirms that the financial statements also comply with International Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations required by s.295A of the *Corporations Act 2001*

Signed in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the directors

Michael W Trumbull
Executive Chairman

Melbourne
29 September 2022

William Buck

Nagambie Resources Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Nagambie Resources 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 other explanatory information, and the directors' declaration.

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

i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements which indicates that the Group incurred a net loss after income tax of $2,340,799, is reporting a net working capital deficiency of $2,024,453, and is reporting total net assets of $10,470,698 which includes $14,506,514 of capitalised exploration, evaluation and development costs. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS	
Area of focus **Refer also to notes 2 and 10**	**How our audit addressed it**
The Group has incurred exploration and evaluation costs for exploration projects in Victoria over a number of years. The Group holds the right to explore and evaluate those projects through tenement and licence agreemens. There is a risk that the Group may lose its right to further explore and evaluate those areas of interest and therefore amounts capitalised to the consolidated statement of financial position from the current and historical periods be no longer recoverable. Given the significant carrying value of exploration and evaluation assets this is a significant area of focus for our audit.	Our audit procedures included: — Understanding and vouching the underlying contractual entitlement to explore and evaluate each area of interest, including an evaluation of the requirement to renew that tenement at its expiry; — Examining project spend per each area of interest and comparing this spend to the minimum expenditure requirements set out in the underlying tenement expenditure plan; — Examining project spend to each area of interest to ensure that it is directly attributable to that area of interest; — From an overall perspective, comparing the market capitalisation of the Group to the net carrying value of its assets on the consolidated statement of financial position to identify any other additional indicators of impairment. We also assessed the adequacy of the Group's disclosures in respect of exploration and evaluation assets in the financial report.

RESTATEMENT OF CONVERTIBLE NOTES	
Area of focus **Refer also to notes 3**	**How our audit addressed it**
The Group has issued convertible notes in the prior years. As at 30 June 2022 Series 6, 7, 8 & 9 are on issue We note that the convertible notes have a fixed conversion price and thus exhibit characteristics which are similar to equity and therefore an equity component should be separated from the	Our audit procedures included: — Recalculating the quantum of the equity component in respect of the Series 6, 7, 8 & 9 notes for the purpose of the restatement in the annual report; — Verifying that the values attributed to the transactions were in line with the

host debt contract in accordance with AASB 132 *Financial Instruments: Presentation*. Historically the Group has accounted for the convertible notes on issue at face value, and as a result we included a qualification in our audit report in respect of this matter. However in the current period the Group has elected to restate the financial statements to included an equity reserve in respect of these convertible notes. Given the complexity of the convertible notes this is a significant area of focus for our audit.	terms of the convertible note agreements; — Confirming that the disclosure in the financial report was appropriate including the restatement note. Our opinion on the current year's financial report is not modified in respect of this matter.

SHARE BASED PAYMENTS

Area of focus **Refer also to notes 2, 15, 22 and the Remuneration Report**	**How our audit addressed it**
The Group rewards its key management personnel and employees through ownership-based incentive scheme through the granting and issuing of options. These are share-based payments which are charged to the profit or loss as they vest. These options had no performance hurdles or service conditions attached to their vesting, hence they vested immediately upon grant and issue. There were significant subjectivities relating to the accounting for these options in this financial report, including: — The determination of the grant date for the options for identifying the appropriate share price used in the formula for calculating the value of the option; — Determining the volatility rate used in pricing the options and the selection and use of the Binomial model in computing the value of those options; and — Reflecting the vested benefit attributed to key management personnel in disclosures in the financial report and in the Remuneration Report. The Group commissioned the use of an independent expert during the year to appraise	Our audit procedures included: — Determining the grant dates, and evaluating what were the most appropriate dates based on the terms and conditions of the share-based payment arrangements; — Evaluating the fair values of share-based payment arrangements by reviewing the independent experts report; — Evaluating the vesting of the share-based payments; — For the specific application of the Binomial option pricing model, we assessed the experience, competence, and objectivity of the external expert used to advise the value of the arrangement to management. We retested some of the key assumptions used in the model; and — We considered that the forecast volatility applied in the model to be appropriately reasonable and within industry norms. We also assessed the adequacy of the Group's disclosures in respect of share based payments in the financial report.

the fair value of the options which were granted and issued. Overall due to the high level of subjectivity involved, we have determined that this is a key judgemental area that our audit concentrated on.	

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Nagambie Resources 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

J.C. Luckins
Director

Melbourne, 29 September 2022