# 2022

## ANNUAL REPORT

**Oar Resources Limited and its controlled entities**

**ACN 009 118 861**

**Contents**

## BOARD OF DIRECTORS

Mr Christopher Gale
Mr David Vilensky
Mr Anthony Greenaway (appointed on 1 February 2022)

## COMPANY SECRETARY

Mr Yugi Gouw

## REGISTERED & PRINCIPAL OFFICE

Unit 3, 32 Harrogate Street
West Leederville, WA 6007
Telephone: (08) 6117 4797

## STOCK EXCHANGE LISTING

Oar Resources Limited is listed on the Australian Securities Exchange
(ASX Code: OAR)

## AUDITORS

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
SUBIACO WA 6008

## SHARE REGISTRY

Automic Registry Services
Level 5, 126 Philip Street
Sydney NSW 2000
Telephone: 1300 288 664

# Review of Operations

## 1. COMPANY OVERVIEW

Oar Resources Limited ("OAR" or "the Company") is a diversified mineral resources exploration company with a portfolio of projects in demand driven commodities.

OAR's projects include the Oakdale Graphite Project on the Eyre Peninsula in South Australia and a portfolio of gold exploration projects in the highly prospective gold province of Nevada, USA, in an area that hosts several multi-million-ounce deposits. The Company also holds further tenements on the Eyre Peninsula considered highly prospective for kaolinite and halloysite, graphite, iron ore and other commodities. In addition, it holds the 100%-owned Crown platinum-group element PGE-Nickel-Copper Project in the Julimar district, in Western Australia, and, via its Peruvian subsidiary, Ozinca Peru SAC, OAR owns a CIP gold plant, strategically located proximal to thousands of small gold miners in Southern Peru.

## 2. PROJECTS

### 2.1. Oakdale Graphite Project, Eyre Peninsula, South Australia

The Oakdale Graphite Project is situated in the centre of the Eyre Peninsula (Figure 1), and forms part of OAR's ground holding in the region which comprises six contiguous exploration licences over approximately 1,520km$^2$ of the Gawler Craton. The Eyre Peninsula is an active and highly prospective minerals precinct, which also hosts Renascor Resources' (ASX: RNU) world-class Siviour Graphite Project.

In light of strong improvement in the graphite price and outlook for the sector, OAR undertook a review of the Oakdale Project during the year (*ASX announcement, 26 April 2022*). This included a review of a previous Scoping Study (*ASX announcement, 2 December 2015*) and JORC Resource completed at the Project, along with a site visit to the Project, which incorporated an assessment of drill core from previous drilling conducted by OAR.

The outcomes of the review were highly positive. The bullish prevailing supply and demand metrics in the graphite market, in conjunction with the potential to grow the Oakdale Resource, provided OAR with the confidence to re-commence exploration and other project enhancing work at the Oakdale Project – with the aim of updating and expanding the previous Scoping Study.

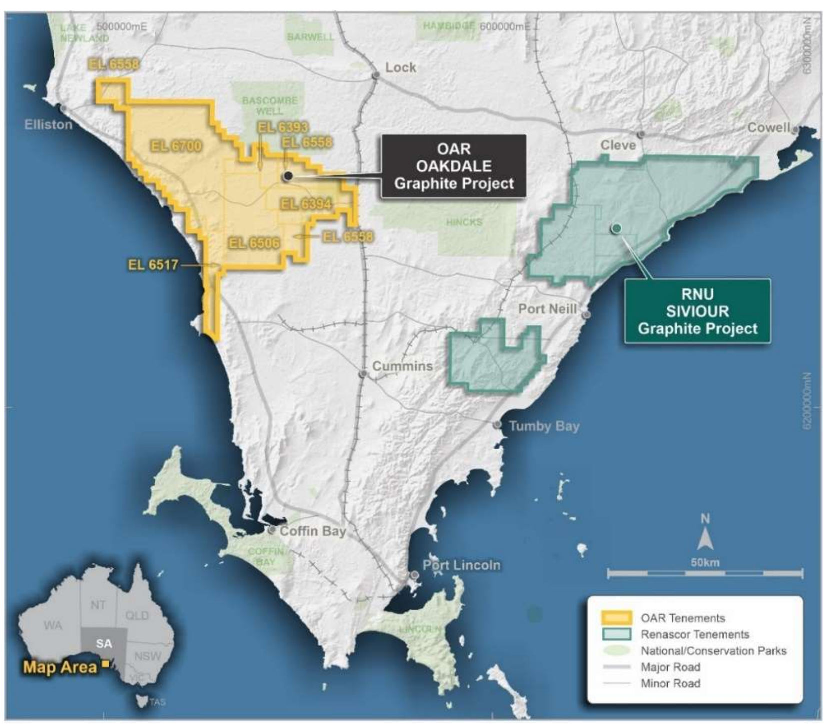


*Figure 1: Oakdale Graphite Project location map*

The Oakdale Graphite Project is listed as a 'critical minerals project' by the Federal Government and has been subject to previous extensive drilling by OAR, totalling 330 air core and 11 diamond drill holes over a total of 19,124 metres. This drilling resulted in the definition of an initial JORC Resource of 13.47Mt @ 3.3% Total Graphite Content (TGC) including 6.31Mt @ 4.7% TGC (*ASX announcement, 27 October 2015*), which formed the basis of the previous Oakdale Scoping Study.

Following the Project review, OAR confirmed plans to advance its exploration and development plans at Oakdale (*ASX announcement, 26 May 2022)*.

This included plans for an extensive 5,500m aircore drilling program designed to expand and upgrade the existing Oakdale JORC Resource, and a new metallurgical test work program as an initial step in assessing the amenability of Oakdale graphite to potentially produce a battery-grade spherical graphite for use in the production of lithium-ion batteries. It is the Company's intention to adopt a staged approach to assessing the potential to produce purified spherical graphite at the Oakdale Project.

<u>Drill Planning</u>

OAR lodged the requisite Program for Environment Protection and Rehabilitation (PEPR) with the Department of Energy and Mining of South Australia and commenced engagement with landholders in the Project area, in preparation for a planned aircore drilling program at Oakdale.

The existing JORC Resource at Oakdale remains open along strike and at depth, which offers potential for expansion. The planned aircore drilling program will target areas of the current resource that remain open, and will also aim to upgrade portions of the resource to the Indicated JORC Resource category.

<u>Metallurgical Testwork</u>

In addition, the Company engaged an independent consultant to conduct further processing and metallurgical test work. This work is initially designed to produce a graphite concentrate of >95% TGC, as a first step in assessing the potential to produce a higher margin purified spherical graphite.

The graphite-rich diamond core used in the original Scoping Study was re-sampled by the Company in preparation for the metallurgical testwork (*Figures 2 and 3*). The ability to resample this historic drilling will allow the new metallurgical testwork to commence without the immediate need to complete more diamond drilling.

This will help reduce both time and costs associated with obtaining new metallurgical samples for an updated Scoping Study. It will also allow OAR to prioritise the aircore drilling designed to upgrade and infill the current Oakdale Resource Estimate.

Initial samples were sent for assessment at IMO metallurgical laboratory in Perth, WA, under guidance from Battery Limits who were engaged to undertake the revised Scoping Study.


*Figure 2: High-grade diamond drill core fragments from OAD001 – resampled for revised testwork*

*Figure 3: Original core from OAD002, (containing 1.7m @ 16.65% TGC from 39.60m), prior to sampling and resampling for the new testwork to feed into the updated scoping study*

OAR notes that demand for battery-grade graphite was substantially lower at the time of the original Scoping Study than it is in 2022, as was the graphite price. Other inputs to the original study have also changed significantly.

The graphite price is now at historic highs and demand is expected to continue to remain strong, with electric vehicles and other high growth sectors relying heavily upon graphite in the production of lithium-ion batteries. Graphite is the dominant anode material utilised in batteries, regardless of the battery chemistry.

### 2.2. Gibraltar Halloysite-Kaolin Project, Eyre Peninsula, South Australia

The Gibraltar Halloysite-Kaolin Project ("Gibraltar") is located to the north and adjacent to Andromeda Metals' Ltd (ASX: ADN) Mt Hope Kaolin Project on the Eyre Peninsula, in South Australia *(Figure 4*).


*Figure 4: OAR's South Australia tenure, highlighting the Gibraltar Project (EL6506)*

During the year, OAR reported exceptionally high-grade halloysite results from drilling at the Gibraltar Project (*ASX announcement, 1 September 2021*). Individual grades as high as 53% halloysite were returned from one composite sample. This was amongst the highest grade halloysite to be reported in the area.

This result combined with multiple other holes, which returned samples grading in excess of 30% halloysite confirmed the discovery of a new, high-grade halloysite project at Gibraltar. The halloysite results, along with previously reported high-brightness kaolin results, highlighted four distinct high-priority target areas (*Figure 5*).

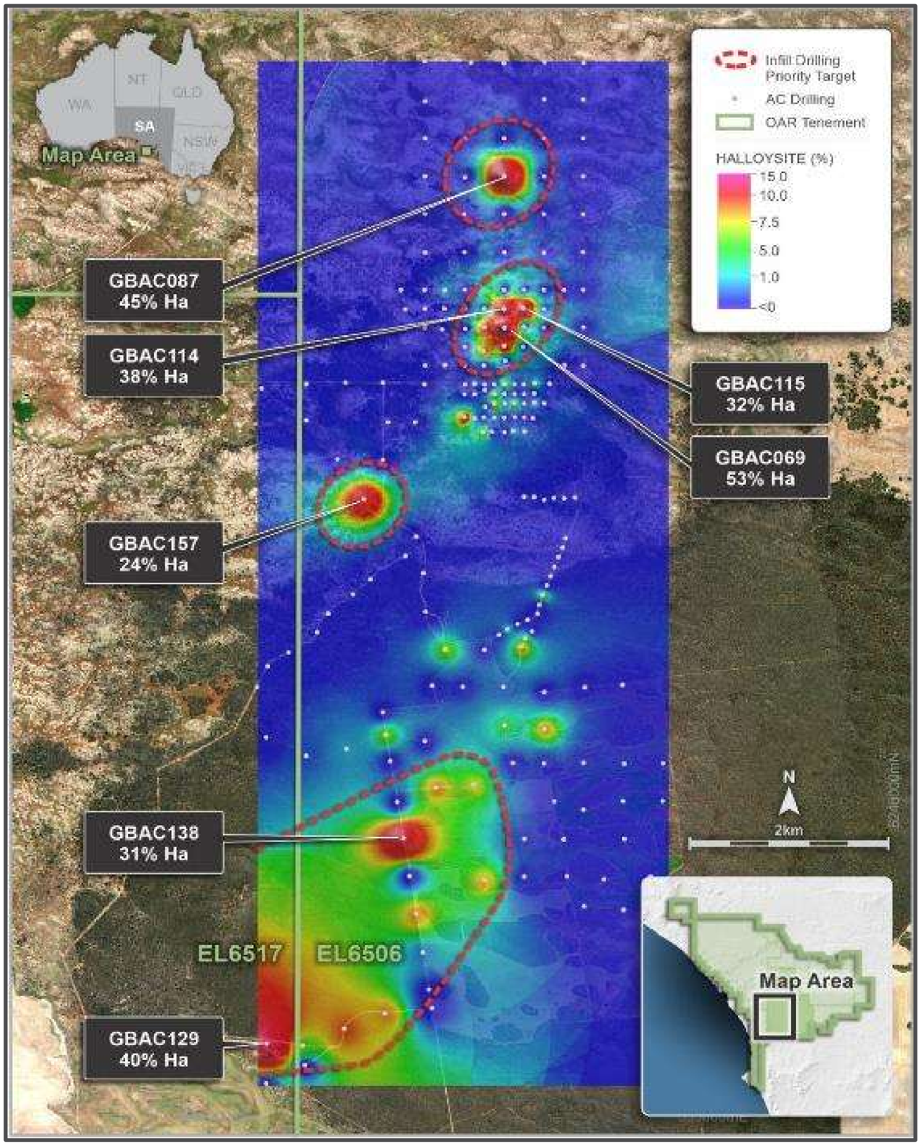


*Figure 5: Gibraltar Project with all aircore drill collars and maximum down-hole halloysite value contours plus selected composite results*

This “clustering” of halloysite pods within the broader kaolinitic saprolite is typical of this style of mineralisation and is observed in other kaolin/halloysite deposits within the district, where other companies have defined multiple JORC Resources over an area of a similar size.

There is a large target area in the south-west of the Project, which covers an area in excess of 12km$^2$ and is open and untested to the west. This target area was previously defined by high-brightness kaolin intersected in scout drilling, and has subsequently shown to contain high-grade halloysite material.

Logging of drill chips from this area confirmed the presence of felsic granitic basement, which OAR interpreted to be part of the same granite complex underlying Andromeda’s Mt Hope Kaolin Deposit, immediately south of OAR’s Gibraltar Project tenements.

OAR announced a strategic review of its project portfolio (*ASX announcement, 25 January 2022*). As part of this review, it has assessed several investment and divestment opportunities for its non-core assets on the Eyre Peninsula in South Australia.

### 2.3. Nevada Gold Projects, USA

OAR has a portfolio of gold and silver prospective exploration projects in Nevada, USA, which are considered prospective for Carlin and epithermal-style million-plus ounce gold deposits found in northern and southern Nevada (*Figure 6*). These projects are the Douglas Canyon, Lambarson Canyon and Tonopah North Projects. During the year, OAR's exploration focused on the Douglas Canyon Project, with further exploration work discontinued at Lambarson Canyon and Tonopah North.


*Figure 6: Nevada Project locations, with regional mines*

#### *2.3.1. Douglas Canyon Gold Project*

The 100%-owned Douglas Canyon Project is located in the prolific Walker Lane Gold-Silver district, within the Camp David/Mina area of Southern Nevada which hosts numerous high-grade gold-silver epithermal projects (*Figure 7*). The Project has an approved CFR43-101 Exploration Permit and is fully bonded with the United States Bureau of Land Management (BLM).

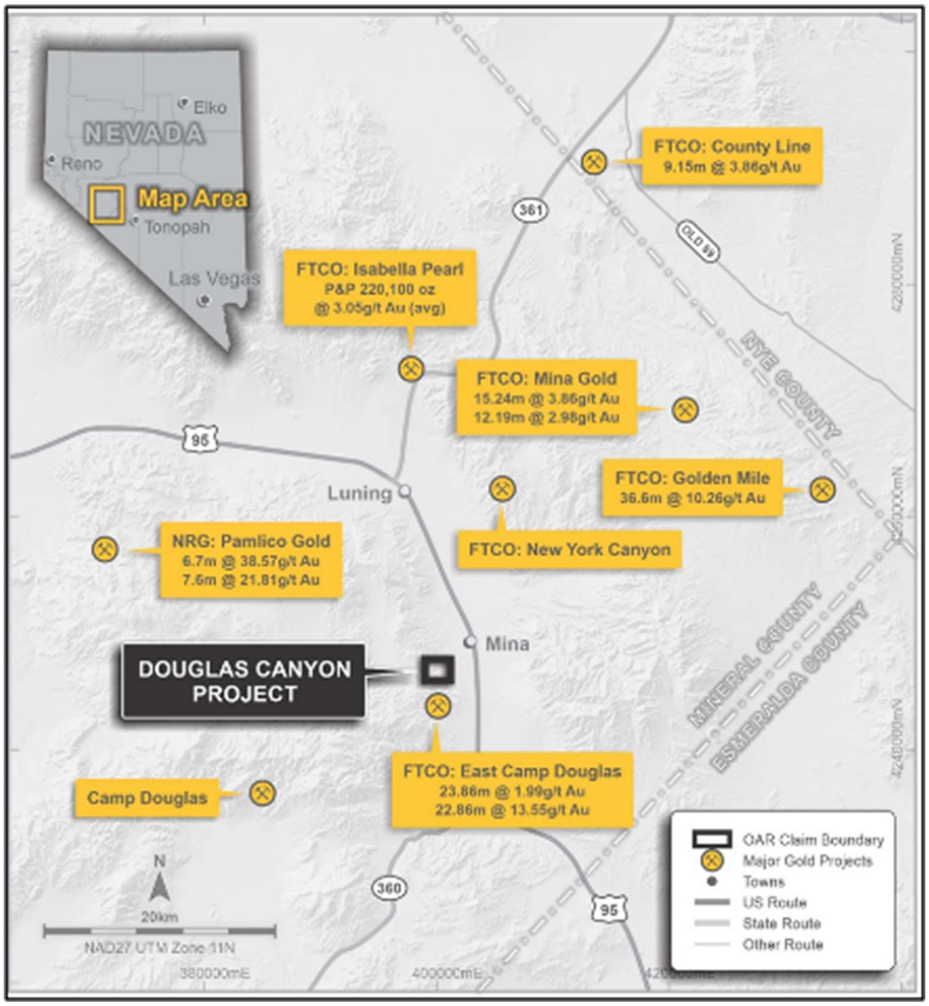


*Figure 7: Douglas Canyon Project area also showing project locations and recent exploration results by other gold companies in the region; Fortitude Gold Corporation (FTCO) and New Range Gold Corporation (NRG)*

OAR completed its first phase of drilling at Douglas Canyon during the year (*ASX announcements, 1 November 2021 and 9 June 2022*). The program was successful in intersecting high-grade gold and silver mineralisation.

OAR completed two diamond drill holes (DCD-01 and DCD-02) for a total of 477.8 metres in its maiden drilling program at Douglas Canyon. The program successfully tested for potential depth extensions of outcropping high-grade gold and silver mineralisation, which included 18g/t gold and 398g/t silver.

Drilling intersected a bleached and altered zone with quartz veining at the projected target depth of 110.8m (363.5ft). The 2.4m alteration zone across two core trays is in stark contrast to the surrounding unaltered andesite and cherty sediments (*Figure 8).*

Drillhole DCD-01 returned an individual sample in excess of 4.3g/t gold and 600g/t silver, and intersected high-grade silver and gold anomalism similar to that found in the outcrop (*Figure 9*). The oxidised intersection at 110 metres downhole returned the following high-grade intersection:

- **1.8m @ 1.28g/t Au and 190g/t Ag from 111.09m in DCD-01**
    - **incl. 0.7m @ 2.4g/t Au and 361g/t Ag from 112.16m**


*Figure 8: Altered and mineralised target zone intersected in DCD-01*

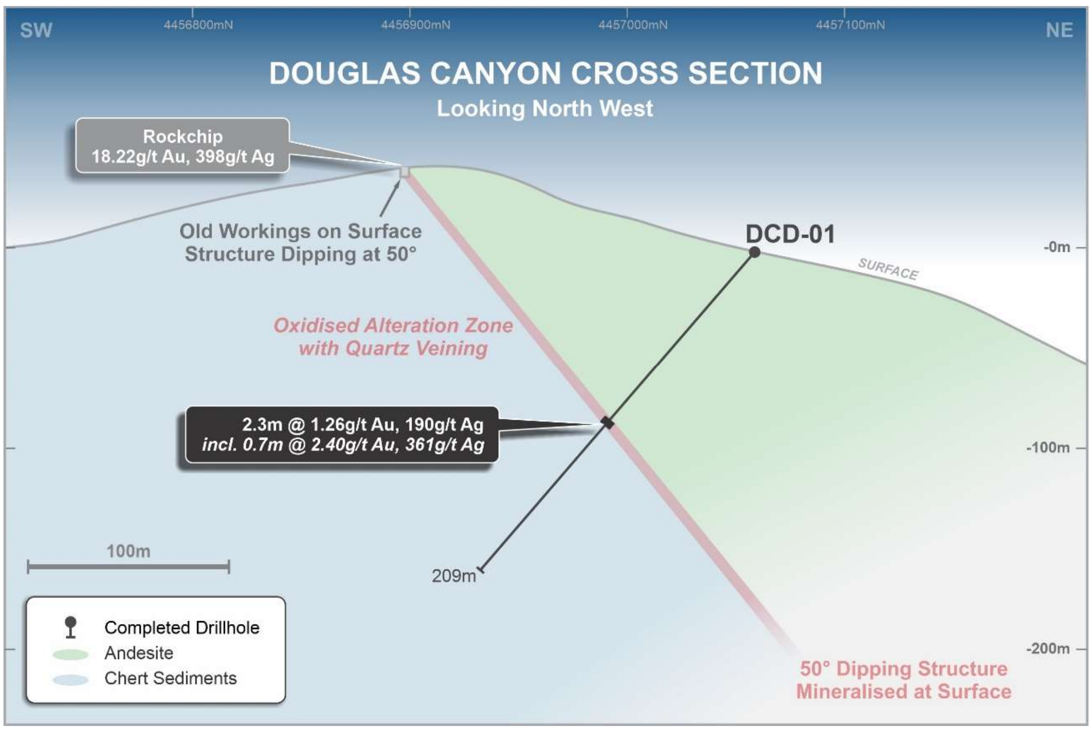


*Figure 9: Cross section of DCD-01 intersecting the down dip extension of surface mineralisation*

OAR plans to integrate the drill results from Douglas Canyon with existing drilling and surface data, and assess the drill results in context of the larger silver and gold mineralising systems in the region, before making any decisions on follow up drilling which would test along strike or down dip.

The Company also expanded the Douglas Canyon Project area, via the strategic addition of new claims immediately adjacent and to the west of the existing tenure (*ASX announcement, 21 February 2022*). These new claims increased the Project area by an additional ~2.59km$^2$ (~259 hectares) to approximately 6.47km$^2$ (647 hectares) and increased the interpreted strike length to in excess of 2.5km. In tandem with detailed assessment of the drill results, OAR also plans to undertake mapping and sampling along strike into the recently acquired western extension area at Douglas Canyon.

### 2.4. Crown PGE-Ni-Cu Project, Yilgarn Craton, Western Australia

The Crown Project (E70/5406) is 100%-owned by OAR and is located in the Julimar district, within the Yilgarn Craton, approximately 70km northeast of Perth in Western Australia (*Figure 10*). It covers a series of prominent magnetic structures interpreted to represent mafic volcanic rocks, considered to be highly prospective for Ni-Cu-PGE and gold mineralisation. The Project is situated eight kilometres west of Chalice Mining's (ASX: CHN) major Gonneville PGE-Ni-Cu-Co-Au discovery.

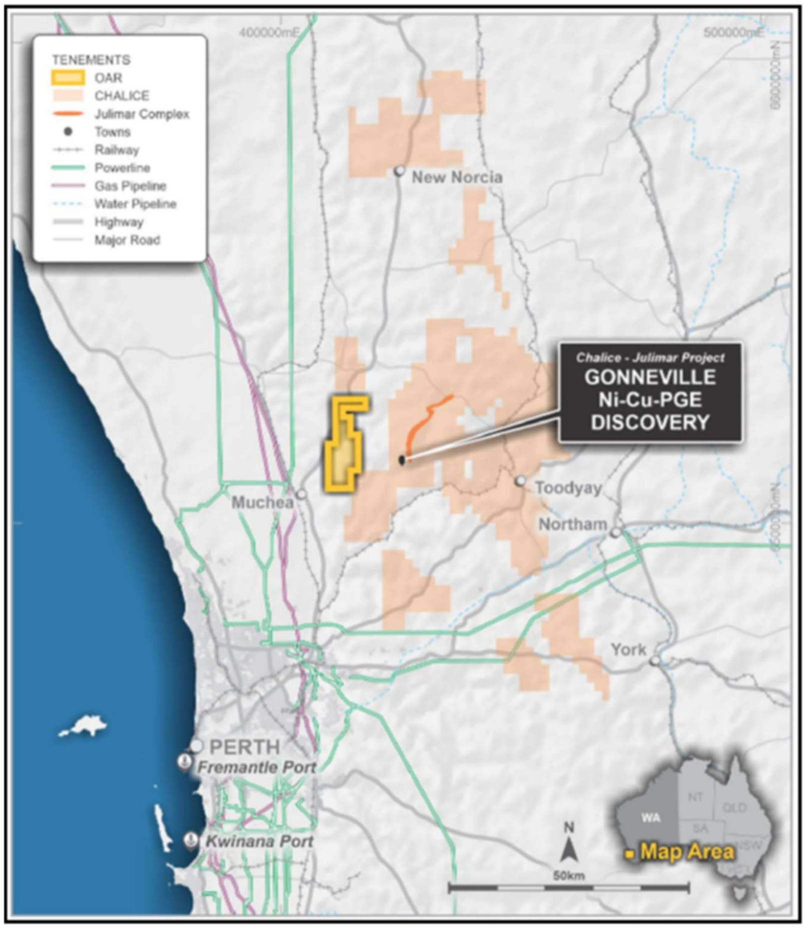


*Figure 10: Crown Project, approximately 70km NE of Perth and 8km from Chalice Gold Mine's Gonneville Ni-Cu-PGE discovery*

OAR undertook extensive fieldwork programs at the Crown Project during the year, designed to deliver a thorough understanding of the geological setting of the Project area. Work completed included geological mapping, soil geochemistry and rock chip sampling of areas of outcrop (*Figure 11*), which was aimed at identifying potential drill targets for a maiden drilling program.

This fieldwork resulted in the definition of two broad geological domains at the Project:

- The Western Domain, which is interpreted as being less prospective and is dominated by granitic lithologies; and
- The Eastern Domain, which is characterised by a mixture of the targeted mafic, ultramafic, and granitic lithologies.

This Eastern Domain was the main focus of the OAR's exploration at Crown.

*Figure 11: Soil sampling at the Crown Project*

Priority magnetic targets were identified by geophysical interpretation undertaken by Southern Geoscience in the eastern region of the Project area. These targets were deemed to host unsuitable lithologies for the presence of Julimar-type mineralisation. As a result, OAR's exploration focus moved to the southeast corner and eastern margin of the Project, where the Company was able to successfully negotiate land access agreements over a number of exploration target areas.

A total of 170 rock outcrops were identified and sampled as part of OAR's systematic exploration across the Project. Industry standard, whole-rock analysis of 26 elements and oxides was conducted using laboratory XRF. A further 27 elements were determined using ICP in addition to gold, platinum, and palladium by Fire Assay technique.

Interpretation of the rock chip data indicated that there were no significant anomalies that warranted follow up.

A total of 758 soil geochemistry samples were collected across the Project with no significant anomalism detected by PXRF analysis of 40 elements, and fire assay of gold, platinum and palladium.

A petrographic study was undertaken on six selected rock chip samples. The rocks were considered to belong to the basement rocks of pre-Cambrian age consisting of meta-sediments containing mafic and igneous bodies. The rock types identified were not consistent with Julimar style mineralisation.

Due to the rock types identified in outcrop and the results of OAR's targeted soil geochemistry programs, the Company recommended that no further work be undertaken at the Crown Project.

### 2.5. Chimu Gold Plant – Peru

OAR recommenced work at the Chimu gold plant in Peru during the year, after it was previously paused due to the impact of COVID-19. The beneficiation operation license was upgraded from 40 tonnes per day to 340 tonnes per day. The design for a proposed upgrade of the plant and water supply was completed, and a land access permit was granted.

The Company also advised that it was in discussions with several parties in relation to the divestment of the project for cash consideration.

## 3. CORPORATE

### 3.1. Capital Raisings

***$1.5m Placement (March 2022)***

OAR completed a share placement to raise $1.5 million at a price of $0.005 per share (*ASX announcement, 4 March 2022*). The funds raised were deployed to advance exploration programs at the Company's core projects. Placement participants also received one free attaching option for every two shares subscribed for in the Placement, with each option having an exercise price of $0.01 and expiry date of 11 March 2025.

### 3.2. Sale of Non-Core Bramfield Iron Ore Project

OAR entered into a definitive and binding Tenement Sale Agreement for the sale of its wholly owned Bramfield Iron Ore Project in South Australia to Vietnamese based company, The Hoa Phat Group (via its subsidiary Dragon Resource Investment Pty Ltd) for an all-cash consideration of $500,000, which a deposit of $100,000 has been paid and is being held in an escrow account. The balance of the consideration is due to be received on the sale completion (*ASX announcement, 10 February 2022*).

### 3.3. Small Share Parcel Sale Facility Completed

OAR completed a Small Share Parcel Sale Facility, which allowed shareholders with less than a marketable parcel of shares to exit the Company's share register without incurring brokerage fees (*ASX announcement, 30 September 2021*). A total of 1,594 shareholders with an aggregate of 15,111,391 shares participated in the Facility. The shares were sold at an average price of 1.35 cents each. The Company's shareholder base reduced by 1,594 shareholders as a result of the Facility, which will reduce its administrative and corporate costs moving forward.

### 3.4. Expiry of Listed Options

546,367,293 listed options exercisable at $0.04 each on or before 31 December 2021 (OARO), and 121,261,905 listed options exercisable at $0.03 each on or before 30 November 2021 (OAROC) were not exercised and had expired.

### 3.5. Board and Management Appointment

The Company appointed Mr Justin Richard as Managing Director of the Company (*ASX announcement, 1 February 2022*). At the same time, OAR's GM of Geology, Mr Anthony Greenaway was appointed to the Board of the Company in the role of Non-Executive Technical Director, and Mr Joseph van den Elsen retired as Non-Executive Director.

Subsequently, OAR announced that with mutual consent of the Company, Mr Justin Richard had resigned from his position of Managing Director of the Company (ASX announcement, 29 April 2022). The Company's Exploration Manager, Mr Ross Cameron, has assumed responsibility for the Company's day-to-day operations, while a search for a new Managing Director with an appropriate mix of technical and corporate expertise was initiated.

## 4. COMPETENT PERSON STATEMENTS

Information in this ASX release that relates to Exploration Results and Exploration Targets is based on information completed by Mr Ross Cameron, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Cameron is an employee of Oar Resources Ltd and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the "Australian Code for Reporting of Mineral Resources and Ore Reserves". Mr Cameron consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

No new information that is considered material is included in this document. All information relating to exploration results has been previously released to the market and is appropriately referenced in this document. JORC tables are not considered necessary to accompany this document.

*OAR notes that details of neighbouring projects to the Company's projects are set out for information purposes only and is not an indication of the prospectivity of the geology of the Company's projects.*

# Directors' Report

Your directors present the following report for the financial year ended 30 June 2022.

## 1. DIRECTORS

The names and details of the Company's directors at any time during or since the end of the year are as follows:

**CHRISTOPHER GALE** (Executive Chairman)

Christopher (Chris) Gale is the Executive Chairman of Oar Resources. Mr Gale has extensive experience in senior management roles in both the public and private sectors, especially in commercial and financial roles.

He has also held various board and executive roles at a number of technology and mining companies during his career. He was the founder and is currently Executive Director of Latin Resources and has been operating in South America for over 10 years.

Chris is the past Chairman of the Council on Australian Latin American Relations (COALAR) established by the Australian Government Department of Foreign Affairs and Trade (DFAT).

He is a founding director of Allegra Capital, a boutique corporate advisory firm based in Perth and is a member of the Australian Institute of Company Directors (AICD).

Mr Gale is an Executive Director of ASX listed resources company, Latin Resources Limited (ASX:LRS) and is also a non-executive director of Vancouver based Solis Minerals Limited (ASX: SLM, TSXV: SLMN).

**DAVID VILENSKY** (Non-Executive Director)

Mr. Vilensky is a practising corporate lawyer and an experienced listed company director. He is the Managing Director of Perth law firm Bowen Buchbinder Vilensky and has more than 35 years' experience in the areas of corporate and business law and in commercial and corporate management.

Mr Vilensky practises in the areas of corporate and commercial law, corporate advisory, mergers and acquisitions, mining and resources and complex dispute resolution. Mr Vilensky acts for a number of listed and public companies and advises on directors' duties, due diligence, capital raisings, compliance with ASX Listing rules, corporate governance and corporate transactions generally.

Mr Vilensky is also the Chairman of ASX listed resources company Latin Resources Limited (ASX: LRS) and is a Non–Executive Director of ASX listed telecommunications and technology company Vonex Ltd (ASX: VN8).

**ANTHONY GREENAWAY** (Non-Executive Director) – Appointed on 1 February 2022

Mr Greenaway is a qualified geologist with over 25 years' experience in mineral exploration and development. He has held senior management roles in both public and private exploration companies, across a range of commodities including gold, iron ore, and nickel-copper-PGE's.

**JOSEPH VAN DEN ELSEN** (Non-Executive Director) – Resigned on 1 February 2022

Mr. van den Elsen has had extensive experience in South America. He is currently the Managing Director of Ookami Limited (ASX:OOK), an ASX listed exploration and development company advancing its interests in Senegal and Cameroon. Prior to joining Ookami, he held executive positions with Ronin Resources, MHM Metals and Hampshire Mining.

Previously Mr. van den Elsen was an Associate Director with UBS and held a comparable position with Goldman Sachs JB Were.

**JUSTIN RICHARD** (Managing Director) – Appointed on 1 February 2022, Resigned on 29 April 2022

Mr Richard is a mining executive with more than 15 years' experience in senior international and resource sector roles. He was a Managing Director of ASX-listed Alara Resources Ltd where he led that company through a series of successful milestones. These included multiple capital raisings, a bankable feasibility study, a maiden ore reserve, offtake agreement and securing the first copper mining licence awarded to an international joint venture in the Sultanate of Oman.

Mr Richard has held board roles with a number of other mining companies and is a Fellow of the Governance Institute as well as the Australasian Institute of Mining and Metallurgy and a member of the Australian Institute of Company Directors. He holds an MBA from the London Business School and is a qualified lawyer.

**COMPANY SECRETARY**

**Yugi Gouw**

Mr. Gouw has a Bachelor of Commerce from Curtin University, is a Certified Practising Accountant, and has a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Over the last 10 years, he has worked with various ASX listed companies as both Company Secretary and Chief Financial Officer.

## 2. DIRECTORS' INTERESTS

The relevant interest of each director in the share capital of the Company as notified by the directors to the Australian Securities Exchange in accordance with S205G (1) of the Corporations Act 2001, at the date of this report is as follows:

| Directors | No of Ordinary Shares | No. of Options over Ordinary Shares | No of Share Rights |
|---|---|---|---|
| Mr Christopher Gale | 37,946,690 | Nil | 12,600,000 |
| Mr David Vilensky | 17,273,401 | Nil | 4,500,000 |
| Mr Anthony Greenaway | 1,000,000 | Nil | 5,842,697 |

## 3. DIRECTORS' MEETINGS

The number of directors' meetings held during the financial year and the number of meetings attended by each director are as follows:

| Director | Directors' Meetings | |
|---|---|---|
| | Eligible to attend | Attended |
| Mr Christopher Gale | 8 | 8 |
| Mr David Vilensky | 8 | 7 |
| Mr Anthony Greenaway | 3 | 3 |
| Mr Justin Richard | 2 | 2 |
| Mr Joseph van den Elsen | 5 | 5 |

## 4. UNISSUED SHARES UNDER OPTION

There were 367,000,000 unissued ordinary shares of the Company under option at the date of this report.

## 5. SHARES ISSUED ON EXERCISE OF OPTIONS

No shares have been issued on the exercise of options during the financial year.

## 6. DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or declared by the Company during the financial year.

## 7. PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were mineral exploration on its existing projects in South Australia and the Alpine Project in Nevada, USA and gold processing plant development in Peru.

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

## 8. REVIEW AND RESULTS OF OPERATIONS

During the period, the Group undertook a review of the Oakdale Graphite Project with independent consultant engaged to conduct metallurgical testwork and Program for Environment Protection and Rehabilitation (PEPR) lodged with the Department of Energy and Mining of South Australia for a planned aircore drilling program.

The Group performed extensive fieldwork programs at the Crown Project, designed to deliver a thorough understanding of the geological setting of the Project area, which included geological mapping, soil geochemistry and rock chip sampling of outcrop areas, which was aimed at identifying potential drill targets for a maiden drilling program.

During the year, the Group reported exceptionally high-grade halloysite results from drilling at the Gibraltar Project, with individual grades as high as 53% halloysite were returned from one composite sample. This result combined with multiple other holes, which returned samples grading in excess of 30% halloysite confirmed the discovery of a new, high-grade halloysite project at Gibraltar.

The Group has also completed its first phase of drilling at Douglas Canyon during the year which was successful in intersecting gold and silver mineralisation.

## 9. RESULTS OF OPERATIONS

The financial result for the year ended 30 June 2022 was a loss of $3,779,857 (2021: loss of $1,938,273 ).

## 10. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

## 11. AFTER BALANCE SHEET DATE EVENTS

Refer note 18 for listing of after balance date events.

Apart from matters contained within the Note, Directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly, or may significantly affect, the operations or the state of affairs of the Consolidated entity in future financial periods.

## 12. IMPACT OF COVID-19

Previously, the licensing and management of activities on the Chimu gold processing plant have been delayed due to previous Covid-19 lockdown restrictions. Despite this, the Group has upgraded the beneficiation operation license for the Chimu Plant from 40 tonnes per day to 340 tonnes per day. The Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group from COVID-19 as at 30 June 2022.

## 13. ENVIRONMENTAL ISSUES

The Consolidated entity aims to ensure that the highest standard of environmental care is achieved. The Board maintains the responsibility to ensure that the Consolidated entity's environment policies are adhered to and to ensure that the Consolidated entity is aware of, and is in compliance with, all relevant environmental legislation. There have been no environmental breaches during the 2022 financial year.

**14. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS**

During the financial year, the Consolidated entity maintained an insurance policy which indemnifies the directors and officers of the Consolidated entity in respect of any liability incurred in connection with the performance of their duties as directors or officers of the Consolidated entity to the extent permitted by the Corporations Act 2001. The Consolidated entity's insurers have prohibited disclosure of the amount of the premium payable and the level of indemnification under the insurance contract.

The Consolidated entity has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

**15. PROCEEDINGS AGAINST THE CONSOLIDATED ENTITY**

On 25 August 2020, John Lynch, a former director of the Company ,commenced proceedings in the Queensland Magistrate Court against the Company. Mr Lynch has claimed payment of $66,821 (plus interest and legal cost) for allegedly unpaid consultancy fees and administration services provided in prior years. The Company has denied the claims and is defending the proceedings with the assistance of legal representation. While the claim is currently ongoing, the Company has accrued most of the claim amount and is of the opinion any additional exposure is minimal.

On 13 August 2021, Zaius Investments Pty Ltd, a company associated with Andrew Knowles, a former consultant to the Company, commenced proceedings against the Company in the Western Australia Magistrate Court in the aggregate sum of $32,663 (including interest and costs) for alleged unpaid consulting fees and capital raising fees. The Company denies the claims and has taken steps to defend the proceedings with the assistance of legal representation and is of the opinion any exposure is minimal.

**16. LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

The Company will continue to pursue its operating strategy to create shareholder value through the acquisition, exploration and development of mineral resources which include the Crown Project in the Julimar District, the Oakdale Graphite Project and Gibraltar Halloysite-Kaolin Project in South Australia and also the Douglas Canyon project in Nevada, USA as part of the Alpine Gold Project.

**17. NON-AUDIT SERVICES**

The Consolidated entity's auditors provided non-audit services in relation to tax and consultancy services to certain entities within the Group for which $6,236 (2021: $5,757) was paid or payable by the Consolidated entity. The directors are satisfied that the provision of the non-audit services was compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of the non-audit services provided was not such that auditor independence was compromised.

**18. AUDITOR'S INDEPENDENCE DECLARATION**

The Auditors Independence Declaration for the year ended 30 June 2022 has been received and can be found on page 59 of the financial report.

# Remuneration Report (Audited)

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

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

For the purposes of this report, the term executive includes executive directors and other senior management of the Group.

## 1. DIRECTOR AND SENIOR MANAGEMENT

### 1.1. Non-executive directors

| | |
|---|---|
| David Vilensky | Non-Executive Director |
| Anthony Greenaway | Non-Executive Technical Director *(appointed 1 February 2022)* |
| Joseph Van Den Elsen | Non-Executive Director *(resigned 1 February 2022)* |

### 1.2. Executive director

| | |
|---|---|
| Chris Gale | Executive Chairman |
| Justin Richard | Managing Director *(appointed 1 February 2022 and resigned 29 April 2022)* |

### 1.3. Other Executives

| | |
|---|---|
| Yugi Gouw | Chief Financial Officer & Company Secretary |
| Ross Cameron | Exploration Manager *(appointed 1 April 2022)* |

## 2. REMUNERATION GOVERNANCE

### 2.1. Remuneration Committee

The Board carries out the duties that would ordinarily be carried out by the Remuneration Committee under the Remuneration Committee Charter including the following processes to set the level and composition of remuneration for Directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

The Board approves the remuneration arrangements of the Executive Chairman and other executives and all awards made under incentive plans following recommendations from the Remuneration Committee.

The Board also sets the remuneration of non-executive directors, subject to the fee pool approved by shareholders.

The Board approves, having regard to the recommendations of the Executive Chairman, the level of incentives to other personnel and contractors.

The Board seeks external remuneration advice as and when required to ensure it is fully informed when making remuneration decisions. Remuneration advisors are engaged by and report directly to the Board. No consultants were used or paid by the Group during the year.

## 3. NON-EXECUTIVE DIRECTOR REMUNERATION ARRANGEMENTS

The Board seeks to set aggregate remuneration at a level that provides the Group with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Constitution and the ASX listing rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting of shareholders.

Non-executive directors are remunerated by way of fees based on remuneration of executive directors of comparable companies and scope and extent of the Company’s activities. Non-executive directors are also entitled to participate in the Non-Executive Director Deferred Rights Plan which was approved by shareholders on 30 July 2020. Non-Executive Directors do not receive retirement benefits nor do they participate in any other incentive programs.

72,000,000 share rights were issued to directors during the previous year.

No options were awarded to non-executive directors as remuneration during the year.

Non-Executive Director Deferred Rights Plan

The Non-Executive Director Deferred Rights Plan was approved by shareholders on 30 July 2020 for the purpose of retaining non-executive directors, controlling the cash cost of directors fees and aligning the interests of Non-executive directors with shareholders and providing them with the opportunity to participate in the future growth of the Group.

Under the plan the Group may offer share rights to Non–executive directors of the Company. Share rights issued under the Deferred rights plan comprise of retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service.

The Board in their absolute discretion determine the number of share rights to be offered and the criteria that may apply. Offers made under the Deferred rights plan must set out the number of share rights, the vesting conditions and the measurement period.

The retention rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving certain measurable performance measures. The performance measure for retention rights is the completion of service for the year. Vesting of the share rights is measured over a three-year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures, each share right will convert into one ordinary share in the Company. The Group is aware that the vesting of share rights is treated as income to executives and attracts tax in a similar manner to cash payments irrespective of the executive selling or retaining the resulting shares.

The maximum percentage of base remuneration that a non-executive director may receive in share rights is 100% which is pre-determined based on the advice of the remuneration consultant.

Where a non-executive director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a non-executive director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the measurement period. These unvested share rights only vest subject to meeting the relevant performance measures.

The Board will not seek any increase in the aggregate remuneration for the non-executive director pool at the AGM.

### 3.1. EXECUTIVE REMUNERATION ARRANGEMENTS

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group that is competitive by market standards and aligns their interests with those of shareholders.

Executive remuneration consists of fixed remuneration and variable remuneration comprising short term incentives and long-term incentives.

### 3.2. Fixed remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

While the fixed remuneration of the executives is not directly linked to the Group's financial performance or share price, it is reviewed annually by the Board through a process that considers individual performance, Group performance and market conditions.

### 3.3. Variable remuneration

The Company established an Incentive Rights Plan (the Plan) that was approved by shareholders on 30 July 2020 and applies to full time and permanent part time employees and contractors.

The Plan provides the Company with a range of incentives to attract, retain and align the interest of shareholders and employees and contractors.

### 3.4. Short term incentives

Short term incentives (STI) may include cash and shares and are awarded to executives based on the achievement of KPI's. Given the current stage of the Company's evolution and the market conditions for mineral exploration and development companies, $ 26,000 were paid as STI for the year ended 30 June 2022.

### 3.5. Long term incentives

Long term incentives (LTI) Plan was approved by shareholders on 30 July 2020 and are considered annually by the Remuneration Committee to align remuneration with the creation of shareholder value over the long term.

### 3.6. LTI's can include:

- cash;
- retention rights being rights that vest and may be exercised into Restricted Shares, based on completion of a period of service and comprise no more than third of the LTI value; and
- performance rights, being rights that vest and may be exercised into Restricted Shares, based on achievement of specified performance objectives and comprise no more than two thirds of the LTI value.

The retention and performance rights are issued for no consideration, however, the vesting of the benefits are conditional on achieving specific measurable performance measures that are aligned with the Group's strategic objectives.

The following performance measures were used, in equal weighting:

- Completion of service for the year; and
- Shareholder returns (Total shareholder return of 33% per annum or greater).

Vesting of the LTI is measured over a three-year interval after the commencement of the respective measurement period. At the end of the measurement period and subject to the performance measures, each share right will convert into one ordinary share in the Company. The Group is aware that the vesting of share rights is treated as income to executives and attracts tax in a similar manner to cash payments irrespective of the executive selling or retaining the resulting shares.

The maximum percentage of base remuneration that an executive may receive as a LTI is pre-determined based on the advice of the remuneration consultant. The maximum percentage of base remuneration that the Executive Chairman can receive is 60% and for other executives is 40%.

Where a director or employee ceases employment prior to their incentives vesting due to resignation or termination for cause, incentives will be forfeited. Where a director or employee ceases employment for any other reason, they may at the Board's discretion, retain a number of unvested share rights on a pro-rata basis to reflect their period of service during the LTI grant performance period. These unvested share rights only vest subject to meeting the relevant LTI performance measures.

### 3.7. Non-Executive Directors

The Group does not have contracts with Non-Executive Directors, who are elected to the Board by shareholders on rotation. The pool of directors' remuneration, including cash payments for directors' fees and share based incentive remuneration, is approved by shareholders in Annual Meeting.

In accordance with the total directors' fees approved by shareholders, the Board has agreed the directors' fees to be paid up to a maximum of $60,000 per annum for each director. No committee fees are paid.

Fees for Non-Executive Directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the Non-Executive Deferred Rights Plan.

Employment agreements and contracts

The Group has entered into contracts and agreements with executives, the details of which are provided below.

### 3.8. Executive Chairman

The Executive Chairman is currently employed under a consultancy agreement, with a fixed remuneration of $20,000 per month with an uplift in remuneration in the event of an increase in the market capitalisation of the Company or performance of duties that the Board considers to be in addition to the ordinary duties of the Executive Chairman office. There is no fixed term for the agreement with either party may terminate the agreement immediately.

### 3.9. Chief Financial Officer (CFO) and Company Secretary

The current CFO and Company Secretary is employed under employment agreement with no fixed term where either party may terminate the agreement with or without cause by giving one month and three months' notice respectively.

### 3.10. Exploration Manager

The Exploration Manager is employed under an employment agreement with no fixed term where either party may terminate the agreement with or without cause by giving one month notice.

## 4. REMUNERATION OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES FOR THE YEAR ENDED 30 JUNE 2022

| 2022 | Short-term benefits | | | Post-employment | Other long-term benefits | Share-based payments | | | Total | Performance related | Equity compensation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Salary & Fees | Bonus | Non-cash benefits | Super | Long service leave | Share rights [5] | Shares | Loan funded shares | | | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ | % | % |
| **Directors** | | | | | | | | | | | |
| C. Gale | 240,000 | - | - | - | - | 263,205 | - | - | 503,205 | 52 | 52 |
| D. Vilensky | 60,000 | - | - | - | - | 43,943 | - | - | 103,943 | 42 | 42 |
| J. van den Elsen[2] | 36,000 | - | - | - | - | (10,978) | - | - | 25,022 | - | - |
| J. Richard[3] | 80,769 | - | - | 7,500 | - | - | - | - | 88,269 | - | - |
| A. Greenaway[1] | 112,500 | - | - | 9,750 | - | 11,833 | 13,000 | - | 147,083 | 17 | 17 |
| **Other KMP** | | | | | | | | | | | |
| Y. Gouw | 130,000 | - | - | 13,000 | - | 11,833 | 13,000 | - | 167,833 | 15 | 15 |
| R. Cameron[4] | 25,000 | - | - | 2,500 | - | - | - | - | 27,500 | - | - |
| **Total** | **684,269** | **-** | **-** | **32,750** | **-** | **319,836** | **26,000** | **-** | **1,062,855** | **33** | **33** |

[1] Mr. Anthony Greenaway was previously General Manager – Geology of the Company and was appointed on 1 February 2022 as Non-Executive Technical Director.
[2] Mr. van den Elsen resigned as Non-Executive Director on 1 February 2022.
[3] Mr. Richard was appointed on 1 February 2022 as Managing Director and resigned on 29 April 2022.
[4] Mr. Cameron was appointed on 1 April 2022 as Exploration Manager.
[5] The share rights valuation is an accounting valuation/estimation calculated in accordance with Australian Accounting Standards based on historical share price when the rights were issued or approved by shareholders.

## 5. REMUNERATION OF KEY MANAGEMENT PERSONNEL AND EXECUTIVES FOR THE YEAR ENDED 30 JUNE 2021

| | Short-term benefits | | | Post-employment | Other long-term benefits | Share-based payments | | | Total | Performance related | Equity compensation |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **2021** | **Salary & Fees** | **Bonus** | **Non-cash benefits** | **Super** | **Long service leave** | **Share rights [2]** | **Shares** | **Loan funded shares** | | | |
| | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **$** | **%** | **%** |
| **Directors** | | | | | | | | | | | |
| C. Gale | 216,000 | 15,000 | - | - | - | 396,107 | - | - | 627,107 | 65 | 63 |
| D. Vilensky | 60,000 | - | - | - | - | 67,978 | - | - | 127,978 | 53 | 53 |
| J. van den Elsen | 60,000 | - | - | - | - | 67,978 | - | - | 127,978 | 53 | 53 |
| **Other KMP** | | | | | | | | | | | |
| Y. Gouw | 104,167 | - | - | 9,896 | - | - | - | - | 114,063 | - | - |
| A. Greenaway[1] | 94,455 | - | - | 8,973 | - | - | - | - | 103,428 | - | - |
| **Total** | **534,622** | **15,000** | **-** | **18,869** | **-** | **532,063** | **-** | **-** | **1,100,554** | **48** | **48** |

[1] Mr. Greenaway was appointed on 10th August 2020 as General Manager - Geology.

[2] The share rights valuation is an accounting valuation/estimation calculated in accordance with Australian Accounting Standards based on historical share price when the rights were issued or approved by shareholders.

## 6. ADDITIONAL DISCLOSURES RELATING TO REMUNERATION

### a) Share holdings of key management personnel

| 2022 | Balance at start of year | Granted as remuneration | On exercise of options/conversion of rights | Net change other | Balance at end of year |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| C. Gale | 15,607,432 | - | 16,657,142[1] | (6,500,000)[2] | 25,764,574 |
| D. Vilensky | 7,053,772 | - | 5,928,571[1] | - | 12,982,343 |
| J. van den Elsen | - | - | 5,928,571[1] | (2,928,571)[2] | 3,000,000[4] |
| J. Richard | - | - | - | 2,428,571[3] | 2,428,571[5] |
| A. Greenaway | - | 1,000,000 | - | - | 1,000,000 |
| **Other KMP** | | | | | |
| Y. Gouw | - | 1,000,000 | - | - | 1,000,000 |
| R. Cameron | - | - | - | - | - |
| | **22,661,204** | **2,000,000** | **28,514,284** | **(7,000,000)** | **46,175,488** |

[1]Share rights vested and converted into ordinary shares during the period.
[2]Shares disposed by Mr Gale and Mr van den Elsen during the period.
[3]Shares acquired on market by Mr Richard during the period.
[4]Mr van den Elsen resigned on 1 February 2022 and the shareholding details was at the date of resignation.
[5]Mr Richard resigned on 29 April 2022 and the shareholding details was at the date of resignation.

| 2021 | Balance at start of year | Granted as remuneration | On exercise of options | Net change other | Balance at end of year |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| C. Gale | 17,607,432 | - | - | (2,000,000)[6] | 15,607,432 |
| D. Vilensky | 7,053,772 | - | - | - | 7,053,772 |
| J. van den Elsen | - | - | - | - | - |
| **Other KMP** | | | | | |
| Y. Gouw | - | - | - | - | - |
| A. Greenaway | - | - | - | - | - |
| | **24,661,204** | **-** | **-** | **(2,000,000)** | **22,661,204** |

[6]Shares disposed by Mr Gale during the period.

### b) Option holding of key management personnel

The number of options held by directors and other key management personnel both directly and indirectly are set out below.

| 2022 | Balance at start of year | Granted as remuneration | Exercised | Net change other [7] | Balance at end of year | Vested exercisable | Vested not exercisable |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| C. Gale | 2,000,000 | - | - | (2,000,000) | - | - | - |
| D. Vilensky | 1,763,443 | - | - | (1,763,443) | - | - | - |
| J. van den Elsen | - | - | - | - | - | - | - |
| J. Richard | - | - | - | - | - | - | - |
| A. Greenaway | - | - | - | - | - | - | - |
| **Other KMP** | | | | | | | |
| Y. Gouw | - | - | - | - | - | - | - |
| R. Cameron | - | - | - | - | - | - | - |
| | **3,763,443** | **-** | **-** | **(3,763,443)** | **-** | **-** | **-** |

[7]The options expired during the period.

| 2021 | Balance at start of year | Granted as remuneration | Exercised | Net change other | Balance at end of year | Vested exercisable | Vested not exercisable |
|---|---|---|---|---|---|---|---|
| **Directors** | | | | | | | |
| C. Gale | 2,000,000 | - | - | - | 2,000,000 | 2,000,000 | - |
| D. Vilensky | 1,763,443 | - | - | - | 1,763,443 | 1,763,443 | - |
| J. van den Elsen | - | - | - | - | - | - | - |
| **Other KMP** | | | | | | | |
| Y. Gouw | - | - | - | - | - | - | - |
| A. Greenaway | - | - | - | - | - | - | - |
| | **3,763,443** | **-** | **-** | **-** | **3,763,443** | **3,763,443** | **-** |

## c) Share right holdings of key management personnel

| 30 Jun 2022 | Balance at start of year | Granted as remuneration | Converted to Shares | Net change other | Balance at end of year |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| C. Gale | 42,000,000 | - | (16,800,000) | - | 25,200,000 |
| D. Vilensky | 15,000,000 | - | (6,000,000) | - | 9,000,000 |
| J. van den Elsen | 15,000,000 | - | (6,000,000) | (9,000,000) | - |
| J. Richard | - | - | - | - | - |
| A. Greenaway | - | 5,842,697 | - | - | 5,842,697 |
| **Other KMP** | | | | | |
| Y. Gouw | - | 5,842,697 | - | - | 5,842,697 |
| R. Cameron | - | - | - | - | - |
| | **72,000,000** | **11,685,394** | **(28,800,000)** | **(9,000,000)** | **45,885,394** |

On 5 January 2022, 11,685,394 share rights were issued to Mr Greenaway and Mr Gouw in accordance with the Company LTI plan.

| 30 Jun 2021 | Balance at start of year | Granted as remuneration | Converted to Shares | Net change other | Balance at end of year |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| C. Gale | - | 42,000,000 | - | - | 42,000,000 |
| D. Vilensky | - | 15,000,000 | - | - | 15,000,000 |
| J. van den Elsen | - | 15,000,000 | - | - | 15,000,000 |
| **Other KMP** | | | | | |
| Y. Gouw | - | - | - | - | - |
| A. Greenaway | - | - | - | - | - |
| | **-** | **72,000,000** | **-** | **-** | **72,000,000** |

At the Annual General Meeting held on 22 December 2020, shareholders approved 15,000,000 deferred rights to Mr Vilensky and Mr van den Elsen and 13,860,000 retention rights, together with 28,140,000 performance rights to Mr Gale.

### d) Vesting profile of share rights granted to key management personnel

| | Number | Grant date | Vested in year (%) | Net change other (%) | Date at which share rights are to be vested |
|---|---|---|---|---|---|
| **Directors** | | | | | |
| C. Gale – Retention Rights | | | | | |
| Tranche 1 | 5,544,000 | 22/12/2020 | 100% | - | 01/07/2021 |
| Tranche 2 | 4,158,000 | 22/12/2020 | - | - | 01/07/2022 |
| Tranche 3 | 4,158,000 | 22/12/2020 | - | - | 01/07/2023 |
| C. Gale – Performance Rights | | | | | |
| Tranche 1 | 11,256,000 | 22/12/2020 | 100% | - | 01/07/2021 |
| Tranche 2 | 8,442,000 | 22/12/2020 | - | - | 01/07/2022 |
| Tranche 3 | 8,442,000 | 22/12/2020 | - | - | 01/07/2023 |
| D. Vilensky – Deferred Rights | | | | | |
| Tranche 1 | 6,000,000 | 22/12/2020 | 100% | - | 01/07/2021 |
| Tranche 2 | 4,500,000 | 22/12/2020 | - | - | 01/07/2022 |
| Tranche 3 | 4,500,000 | 22/12/2020 | - | - | 01/07/2023 |
| A. Greenaway – Performance Rights | | | | | |
| Tranche 1 | 1,565,843 | 05/01/2022 | - | - | 16/12/2022 |
| Tranche 2 | 1,174,382 | 05/01/2022 | - | - | 16/12/2023 |
| Tranche 3 | 1,174,382 | 05/01/2022 | - | - | 16/12/2024 |
| A. Greenaway – Retention Rights | | | | | |
| Tranche 1 | 771,236 | 05/01/2022 | - | - | 16/12/2022 |
| Tranche 2 | 578,427 | 05/01/2022 | - | - | 16/12/2023 |
| Tranche 3 | 578,427 | 05/01/2022 | - | - | 16/12/2024 |
| J. van den Elsen – Deferred Rights | | | | | |
| Tranche 1 | 6,000,000 | 22/12/2020 | 100% | - | 01/07/2021 |
| Tranche 2 | 4,500,000 | 22/12/2020 | - | (100%) | 01/07/2022 |
| Tranche 3 | 4,500,000 | 22/12/2020 | - | (100%) | 01/07/2023 |
| **Other KMP** | | | | | |
| Y. Gouw – Performance Rights | | | | | |
| Tranche 1 | 1,565,843 | 05/01/2022 | | | 16/12/2022 |
| Tranche 2 | 1,174,382 | 05/01/2022 | | | 16/12/2023 |
| Tranche 3 | 1,174,382 | 05/01/2022 | | | 16/12/2024 |
| Y. Gouw – Retention Rights | | | | | |
| Tranche 1 | 771,236 | 05/01/2022 | | | 16/12/2022 |
| Tranche 2 | 578,427 | 05/01/2022 | | | 16/12/2023 |
| Tranche 3 | 578,427 | 05/01/2022 | | | 16/12/2024 |

### e) Other transactions with key management personnel

During the year, $12,536 (2021: $41,518) was paid excluding GST to Bowen Buchbinder Vilensky Lawyers, a firm related to Mr Vilensky for legal services rendered.

A company related to Mr Gale and Mr Vilensky, Latin Resources Limited was paid $142,803 (2021: $36,187) excluding GST for administration and technical services provided by Latin Resources.

There were no other transactions with other key management personnel during the current or prior year.

**END OF REMUNERATION REPORT**

**Corporate Governance Statement**

The Board of Directors is responsible for the Corporate Governance of the Company. The Board is committed to achieving and demonstrating the highest standard of corporate governance applied in a manner that is appropriate to the Company's circumstances. The Company's Corporate Governance statement is located on the Company's website at www.oarresources.com.au.

Christopher Gale
Executive Chairman
Perth, 30 September 2022

# Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2022

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Other income | 2 | - | 13,340 |
| | | - | 13,340 |
| Administrative expenses | | (449,003) | (448,713) |
| Depreciation and amortisation | | (2,049) | (1,308) |
| Finance costs | | (6,356) | (8,077) |
| Occupancy expenses | | (38,000) | (29,485) |
| Employment costs | 3 | (431,336) | (351,595) |
| Development expenses | | (576,310) | (346,149) |
| Exploration written -off | | - | - |
| Share based payments | | (352,336) | (532,063) |
| Provision for expected credit losses | | - | - |
| Net foreign exchange gain / (loss) | | 25,447 | (83,410) |
| Exploration and Evaluation | 10 | (1,841,482) | |
| Other expenses from ordinary activities | | (108,432) | (150,813) |
| Profit / (loss) before tax | | (3,779,857) | (1,938,273) |
| Income tax benefit / (expense) | 4 | - | - |
| **Net profit / (loss) for the year** | | (3,779,857) | (1,938,273) |
| *Other comprehensive income, net of income tax* | | | |
| • Items that will not be reclassified subsequently to profit or loss | | - | - |
| • Items that may be reclassified subsequently to profit or loss | | - | - |
| ○ Foreign currency movement | | 154,769 | 13,026 |
| Other comprehensive income for the year, net of tax | | 154,769 | 13,026 |
| Total comprehensive income attributable to members of the parent entity | | (3,625,088) | (1,925,247) |
| Earnings per share | | | |
| Basic and diluted loss per share (cents per share) | 14b | 0.194 | 0.122 |

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

# Consolidated Statement of Financial Position as at 30 June 2022

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| *Current assets* | | | |
| Cash and cash equivalents | 5 | 704,192 | 2,519,259 |
| Trade and other receivables | 6 | 37,240 | 108,203 |
| Other assets | 7 | 40,897 | 50,810 |
| Total current assets | | 782,329 | 2,678,272 |
| *Non-current assets* | | | |
| Other assets | 7 | 165,057 | 168,070 |
| Rights of use assets | 8 | 142,724 | 8,011 |
| Plant and equipment | 9 | 716,711 | 565,623 |
| Exploration and evaluation costs | 10 | 3,145,759 | 3,287,462 |
| Total non-current assets | | 4,170,251 | 4,029,166 |
| Total assets | | 4,952,580 | 6,707,438 |
| *Current liabilities* | | | |
| Lease liabilities | 11 | 54,826 | 8,832 |
| Trade and other payables | 12 | 782,688 | 810,004 |
| Provisions | 13 | 218,484 | 201,413 |
| Total current liabilities | | 1,055,998 | 1,020,249 |
| *Non-current liabilities* | | | |
| Lease liabilities | 11 | 88,154 | - |
| Total non-current liabilities | | 88,154 | - |
| Total liabilities | | 1,144,152 | 1,020,249 |
| Net liabilities | | 3,808,428 | 5,687,189 |
| *Equity* | | | |
| Issued capital | 14a | 11,779,128 | 10,551,004 |
| Reserves | 15 | 1,459,356 | 786,384 |
| Accumulated losses | | (9,430,056) | (5,650,199) |
| Total equity | | 3,808,428 | 5,687,189 |

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

# Consolidated Statement of Changes in Equity as at 30 June 2022

| | Note | Issued Capital | Accumulated Losses | Foreign Exchange Translation Reserve | Share-based Payment reserve | Total |
|---|---|---|---|---|---|---|
| | | $ | $ | $ | $ | $ |
| ***Balance at 1 July 2020*** | | 5,497,019 | (3,711,926) | 72,995 | 135,300 | 1,993,388 |
| Loss for the period | | - | (1,938,273) | - | - | (1,938,273) |
| Other comprehensive income for the period | | - | - | 13,026 | - | 13,026 |
| **Total comprehensive income for the period** | | - | (1,938,273) | 13,026 | - | (1,925,247) |
| ***Transactions with owners, directly in equity*** | | | | | | |
| Options Issued | | - | - | - | 565,063 | 565,063 |
| Share application | **14a** | 5,424,467 | - | - | - | 5,424,467 |
| Transaction costs | | (370,482) | - | - | - | (370,482) |
| **Balance at 30 June 2021** | | 10,551,004 | (5,650,199) | 86,021 | 700,363 | 5,687,189 |
| | | | | | | |
| ***Balance at 1 July 2021*** | | 10,551,004 | (5,650,199) | 86,021 | 700,363 | 5,687,189 |
| Loss for the year | | - | (3,779,857) | - | - | (3,779,857) |
| Other comprehensive income for the period | | - | - | 154,769 | - | 154,769 |
| **Total comprehensive income for the period** | | - | (3,779,857) | 154,769 | - | (3,625,088) |
| ***Transactions with owners, directly in equity*** | | | | | | |
| Options Issued | | - | - | - | 518,203 | 518,203 |
| Share application | **14a** | 1,532,500 | - | - | - | 1,532,500 |
| Transaction costs | | (304,376) | - | - | - | (304,376) |
| **Balance at 30 June 2022** | | 11,779,128 | (9,430,056) | 240,790 | 1,218,566 | 3,808,428 |

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

# Consolidated Statement of Cash Flows as at 30 June 2022

| | Note | 2022<br>$ | 2021<br>$ |
|---|---|---|---|
| ***Cash flows from operating activities*** | | | |
| Interest and other income received | | - | 14,035 |
| Interest and other charges paid | | (6,523) | (11,218) |
| Payments to suppliers and employees | | (1,526,279) | (1,397,678) |
| **Net cash used in operating activities** | **5c** | (1,532,802) | (1,394,861) |
| ***Cash flows from investing activities*** | | | |
| Payments for Alpine Reclamation Bond | | - | (81,753) |
| Purchase of plant and equipment | | (75,107) | (4,806) |
| Payments for exploration and evaluation activity | | (1,570,958) | (1,519,933) |
| **Net cash (used in)/provided by investing activities** | | (1,646,065) | (1,606,492) |
| ***Cash flows from financing activities*** | | | |
| Proceeds from issue of shares and options | | 1,500,000 | 4,501,000 |
| Payments for capital raising costs | | (136,200) | (324,637) |
| **Net cash provided by financing activities** | | 1,363,800 | 4,176,363 |
| **Net increase in cash held** | | (1,815,067) | 1,175,010 |
| **Cash and cash equivalents at beginning of the year** | | 2,519,259 | 1,344,249 |
| **Cash and cash equivalents at the end of the year** | **5a** | 704,192 | 2,519,259 |

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

# Notes to the Consolidated Financial Statements for the Year Ended 30 June 2022

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

**INTRODUCTION**

The financial report covers Oar Resources Limited, the Company is a listed public company incorporated and domiciled in Australia.

The principal activities of the consolidated entity during the financial year were the exploration and development of economic mineral deposits.

The Consolidated entity is a for-profit entity.

**Authorisation of financial report**

The financial report was authorised for issue by the directors on 30 September 2022. This general purpose financial report has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations and the Corporations Act 2001. This financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

*Basis of accounting*

These financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below in note 1(v).

New, revised or amending Accounting Standards and Interpretations adopted

The Consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

**Standards and Interpretations in issue not yet adopted**

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the year ended 30 June 2022 and have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group.

### b) Going concern

The financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business. The Group made a net loss after tax for the year of $3,779,857 (2021: $1,938,273). The Group generated net cash outflows for the year of $1,815,067 (cash inflows 2021: $1,175,010) which resulted in the Group's cash and cash equivalents decreasing from $2,519,259 to $704,192 as at 30 June 2022, with working capital loss of $273,669.

The Directors have prepared a cash flow forecast which requires the Group to raise additional capital, in addition to the proceeds from the finalisation of the sale of Bramfield iron project and the receipt of an R&D rebate to meet its ongoing commitments and working capital requirements.

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date and the support from its shareholders, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group not be able to achieve the matters set out above, there is material uncertainty as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report does not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that may be necessary should the Group not be able to continue as a going concern.

**c) Principles of Consolidation**

Subsidiaries are entities controlled by the Company. The company controls an entity when the company 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. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**d) Segment reporting**

Oar Resources Limited operates in the mineral exploration and mining industry in Australia and Peru. The Consolidated entity has adopted AASB 8 Operating Segments whereby segment information is presented using a ‘management approach’, i.e. segment information is provided on the same basis as information used for internal reporting purposes by the Board of Directors. At regular intervals, the board is provided with management information at a group level for the Group’s cash position, the carrying values of exploration permits and a group cash forecast for the next twelve months of operation.

**e) Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. All revenue is stated net of the amount of goods and services tax.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

**f) Taxation**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited to Profit or Loss except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

**g) Leases**

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right of use of assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right of use assets is at cost less accumulated depreciation and impairment losses.

Rights of use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

**h) Impairment of assets**

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Profit or Loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

**i) Exploration Evaluation and Development Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

**j) Government Grants**

Government grants relating to assets such as capitalised exploration expenditure are recognised in the Consolidated Statement of Financial Position by deducting the grant in arriving at the carrying amount of the asset. Government grants relating to expenses are recognised as other income.

**k) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Consolidated Statement of Financial Position.

**l) Financial instruments - assets**

**Classification**

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

**Recognition and derecognition**

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

**Measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

*Equity instruments*

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**Impairment**

The Group assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

**m) Financial instruments - liabilities**

**Classification**

The Group classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

**Recognition and derecognition**

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Group commits to purchase the financial liability. Financial liabilities are derecognised when the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

**Measurement**

At initial recognition, the Group measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

**n) Share-based Payment**

The Group may provide benefits to consultant and employees (including directors) of the Group in the form of share-based payment transactions, whereby consultants and employees render services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these equity-settled transactions is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Monte Carlo simulation model, further details of which are given in note 15.

Post 30 June 2022, there is currently an Incentive Scheme, which provides benefits to directors and senior executives.

**o) Employee benefits**

**i. Wages and salaries and annual leave**

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

**ii. Long service leave**

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

**p) Plant and equipment**

Items of plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and

an appropriate proportion of production overheads. Where parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Items of plant and equipment that have not started to be in use, are not depreciated.

**q) Contributed equity**

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

If the Consolidated entity reacquires its own equity instruments, e.g. as the result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

**r) Earnings per share**

**i. Basic earnings per share**

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

**ii. Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**s) Goods and Services Tax (GST) and Peru General Sales Tax (IGV)**

Revenues, expenses and assets are recognised net of the amount of associated GST/IGV, unless the GST/IGV incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST/IGV receivable or payable. The net amount of GST/IGV recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Consolidated Statement of Financial Position. Cash flows are presented on a gross basis. The GST/IGV components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

**t) Foreign currency transactions and balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the end of the reporting period.

All exchange differences in the consolidated financial report are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined

Group companies and foreign operations

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period; and

retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the profit or loss in the period in which the operation is disposed.

### u) Contingent liabilities

A contingent loss is recognised as an expense and a liability if it is probable that future events will confirm that, after taking into account any related probable recovery, an asset has been impaired or a liability incurred and, a reasonable estimate of the amount of the resulting loss can be made.

### v) Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

**Exploration and evaluation costs**

Exploration and evaluation costs have been capitalised on the basis that the Consolidated entity will 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 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. 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.

**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 an external valuation using a Monte Carlo simulation model, using the assumptions detailed in Note 15b share-based payment reserve.

## NOTE 2: REVENUE AND OTHER INCOME

| | 2022 $ | 2021 $ |
|---|---|---|
| **Other Income** | | |
| Other income | - | 13,340 |
| | **-** | **13,340** |

## NOTE 3: PROFIT / (LOSS) BEFORE INCOME TAX

The following significant revenue and expense items are relevant in explaining the financial performance:

| | 2022 $ | 2021 $ |
|---|---|---|
| **a) Employment expenses:** | | |
| • Director fees | 431,769 | 351,000 |
| • Increase / (decrease) in employee benefits provisions | 4,847 | 9,088 |
| • Wages and salaries | 252,500 | 198,622 |
| • Other employment related costs | 33,532 | 19,015 |
| • Allocated to Exploration/Development expenses | (291,312) | (226,130) |
| | **431,336** | **351,595** |

## NOTE 4: INCOME TAX

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **a) Income tax expense / (benefit)** | | |
| Current tax | - | - |
| Deferred tax | - | - |

**b) Reconciliation of income tax expense to prima facie tax payable**

The prima facie tax payable / (benefit) on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

| | | |
|---|---|---|
| Prima facie tax on operating loss at 25% (2021: 26%) | (944,964) | (503,951) |
| Add / (Less) tax effect of: | | |
| • Foreign tax rate difference | (13,626) | (13,121) |
| • Non-deductible items | 106,705 | 58,758 |
| • Non-assessable income | - | (3,468) |
| • Deferred tax asset not brought to account | 851,885 | 461,782 |
| Income tax expense / (benefit) attributable to operating loss | - | - |

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| **c) The applicable weighted average effective tax rates attributable to operating profit are as follows** | 25.4% | 26.7% |

The tax rates used in the above reconciliations is the corporate tax rate of 25% (2021:26%) payable by the Australian corporate entity on taxable profits under Australian tax law.

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **d) Tax losses and deductible temporary differences** | | |
| Unused tax losses and deductible temporary differences for which no deferred tax asset has been recognised, that may be utilised to offset tax liabilities: | | |
| Tax losses | 1,648,502 | 1,073,076 |

The Group has an accumulated estimated tax losses and deductible temporary differences of $1,648,502. Utilisation of the carried forward tax losses and deductible temporary differences is subject to satisfaction of the Continuity of Ownership Test (COT) or, failing that, the Same Business Test (SBT).

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

i. the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss to be realised;

ii. the Group continues to comply with conditions for deductibility imposed by law; and

iii. no changes in tax legislation adversely affect the Group in realising the benefit from the deductions for the loss.

## NOTE 5: CASH AND CASH EQUIVALENTS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **a) Reconciliation of cash** | | |
| Cash at bank | 703,505 | 2,519,092 |
| Petty Cash | 687 | 167 |
| | **704,192** | **2,519,259** |

**b)** The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 16

### c) Cash Flow Information

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Reconciliation of cash flow from operations to (loss)/profit after income tax | | |
| Loss after income tax | (3,779,857) | (1,938,273) |
| Cash flows excluded from loss attributable to operating activities | | |
| *Non-cash flows in (loss)/profit from ordinary activities:* | | |
| • Corporate transaction accounting expense | - | - |
| *Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:* | | |
| • (Increase)/decrease in receivables and other current assets | 26,293 | (64,605) |
| • Increase/(decrease) in trade and other payables | 378,242 | 593,416 |
| • Increase/(decrease) in provisions | 1,842,520 | 14,601 |
| • (Increase)/decrease tax balances | | |
| *Cash flow from operations* | **(1,532,802)** | **(1,394,861)** |

## NOTE 6: TRADE AND OTHER RECEIVABLES

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| *Current* | | |
| GST receivable | 17,124 | 88,447 |
| Other receivables | 20,116 | 19,756 |
| | **37,240** | **108,203** |

## NOTE 7: OTHER ASSETS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| *Current* | | |
| Prepayments | 40,897 | 50,810 |
| | **40,897** | **50,810** |
| *Non-Current* | | |
| Tax credits | 143,178 | 87,676 |
| Alpine Reclamation Bond | 21,879 | 80,894 |
| | **165,057** | **168,070** |

## NOTE 8: RIGHTS OF USE ASSETS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Leased Core Storage | 8,576 | 8,011 |
| Leased Head Office | 134,148 | - |
| **Total Rights of Use Assets** | **142,724** | **8,011** |
| **Leased Core Storage** | | |
| Lease | 40,441 | 31,865 |
| Accumulated Depreciation | (31,865) | (23,854) |
| | 8,576 | 8,011 |

| | | |
|---|---|---|
| **Movement in carrying amounts:** | | |
| *Lease office building* | | |
| Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117) | 8,011 | 23,899 |
| Addition to right-of-use assets | 17,153 | - |
| Depreciation capitalised in exploration and evaluation and evaluation costs | (16,588) | (15,888) |
| Net Carrying amount | 8,576 | 8,011 |
| *The statement of Profit and Loss shows the following amounts relating to leases:* | | |
| Depreciation charged related to rights-of-use assets | 16,588 | 15,888 |
| Interest expense on lease liabilities | 1,135 | 2,124 |

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| **Leased Head Office** | | |
| Lease | 137,981 | - |
| Accumulated Depreciation | (3,833) | - |
| | 134,148 | - |
| **Movement in carrying amounts:** | | |
| *Lease office building* | | |
| Recognised on initial application of AASB 16 (previously classified as operating leases under AASB 117) | - | - |
| Addition to right-of-use assets | 137,981 | - |
| Depreciation for the period | (3,833) | - |
| Net Carrying amount | 134,148 | - |
| *The statement of Profit and Loss shows the following amounts relating to leases:* | | |
| Depreciation charged related to rights-of-use assets | 3,833 | - |
| Interest expense on lease liabilities | 167 | - |

During the year, the Company entered an office lease with a three-year term on 1 June 2022.

The Company recognised the lease as a right of use asset and a corresponding liability at the date which the leased premise is available for use by the Company. The right of use asset reflects the lease liability and is depreciated over the term of the lease. The lease liability was measured at the present value basis, discounting using borrowing rate from RBA as of 31 May 2022 of 4.18%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to Consolidated Statement of Profit or Loss and Other Comprehensive income over the lease period.

## NOTE 9: PLANT AND EQUIPMENT

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Cost at beginning of the year | 565,623 | 634,569 |
| Additions during the year | 86,447 | 4,806 |
| Foreign currency effect | 66,690 | (72,444) |
| Less depreciation | (2,049) | (1,308) |
| Cost at year end | **716,711** | **565,623** |

The Group has upgraded the beneficiation operation license for the Chimu Plant from 40 tonnes per day to 340 tonnes per day. The Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group from COVID-19 as at 30 June 2022.

## NOTE 10: EXPLORATION AND EVALUATION COSTS

| | 2022 $ | 2021 $ |
|---|---|---|
| Non-current | | |
| Costs carried forward in respect of areas of interest in: | | |
| - Exploration and evaluation phases | 4,921,716 | 3,287,462 |
| | | |
| *Movement on Exploration and Evaluation Costs* | | |
| Balance at beginning of period | 3,287,462 | 65,224 |
| Additions | 1,539,109 | 1,879,790 |
| Provision for impairment on Alpine Project[2] | (1,841,482) | - |
| Acquisition of Crown Project[1] | - | 105,000 |
| Milestone consideration for the granting of Crown Project Tenement[1] | - | 378,000 |
| Acquisition of Alpine Project[1] | - | 150,000 |
| Option fee capitalised on acquisition of Alpine Project[1] | - | 760,839 |
| Foreign currency translation movement | 160,670 | (51,391) |
| Balance at end of period | **3,145,759** | **3,287,462** |

[1] Refer to Note 26 for the project acquisition details.

[2] The Company has discontinued further exploration work at Lambarson Canyon and Tonopah North project area, with negotiation currently taking place on Douglas Canyon project area.

## NOTE 11: LEASE LIABILITY

| | 2022 $ | 2021 $ |
|---|---|---|
| ***Lease of Core Storage*** | 8,832 | 8,832 |
| ***Lease of Head Office*** | 134,148 | - |
| ***Total Lease Liability*** | **142,980** | **8,832** |
| | | |
| ***Lease of Core Storage*** | | |
| Gross lease liabilities – minimum lease payments: | | |
| Less than one year | 9,144 | 9,144 |
| Between one and five years | - | - |
| More than five years | - | - |
| | 9,144 | 9,144 |
| Future finance charges on leases | (312) | (312) |
| | 8,832 | 8,832 |
| The present value of lease liabilities classified as: | | |
| *Current* | **8,832** | **8,832** |
| *Non-Current* | **-** | **-** |
| | **8,832** | **8,832** |
| ***Lease of Head Office*** | | |
| Gross lease liabilities – minimum lease payments: | | |
| Less than one year | 48,000 | - |
| Between one and five years | 92,000 | - |
| More than five years | - | - |
| | 140,000 | - |
| Future finance charges on leases | (5,852) | - |
| | 134,148 | - |
| The present value of lease liabilities classified as: | | |
| *Current* | **45,994** | **-** |
| *Non-Current* | **88,154** | **-** |
| | **134,148** | **-** |

| | | |
|---|---|---|
| ***Total Lease Liabilities*** | | |
| ***Current*** | **54,826** | **8,832** |
| ***Non-Current*** | **88,154** | **-** |
| | **142,980** | **8,832** |

## NOTE 12: TRADE AND OTHER PAYABLES

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Current | | |
| Trade payables | 325,128 | 594,665 |
| Accruals | 301,651 | 79,826 |
| Employment related payables | 54,428 | 41,509 |
| Payable to a shareholder/ex director | 47,543 | 47,543 |
| Others | 53,938 | 46,461 |
| | 782,688 | 810,004 |

## NOTE 13: PROVISIONS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Current | | |
| Employee entitlements | 31,067 | 34,886 |
| Deferred payments | 187,417 | 166,527 |
| | 218,484 | 201,413 |

## NOTE 14: ISSUED CAPITAL

| | 2022<br>No. | 2022<br>$ | 2021<br>No. | 2021<br>$ |
|---|---|---|---|---|
| Fully paid ordinary shares | 2,154,564,724 | 11,779,128 | 1,823,550,440 | 10,551,004 |

### a) Ordinary shares

| | 2022<br>No. | 2022<br>$ | 2021<br>No. | 2021<br>$ |
|---|---|---|---|---|
| At the beginning of year | 1,823,550,440 | 10,551,004 | 1,392,300,440 | 5,497,019 |
| Crown Project Acquisition | | | 35,000,000 | 105,000 |
| Conversion of 280,000 Convertible Notes | | | 56,000,000 | 280,000 |
| Alpine acquisition and Ventnor Capital fees | | | 31,000,000 | 155,000 |
| Placement | | | 104,761,905 | 2,200,000 |
| Additional shares on convertible notes conversion | | | 488,095 | 5,467 |
| Placement | | | 177,000,000 | 2,301,000 |
| Tenement grant for Crown project | | | 27,000,000 | 378,000 |
| Conversion of Incentive and Deferred rights | 28,514,284 | - | | |
| Shares issue to employees | 2,500,000 | 32,500 | | |
| Placement | 300,000,000 | 1,500,000 | | |
| Transaction costs relating to share issues | | (304,376) | | (370,482) |
| At reporting date | 2,154,564,724 | 11,779,128 | 1,823,550,440 | 10,551,004 |

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

### b) Earnings Per Share

| | 2022 $ | 2021 $ |
|---|---|---|
| Reconciliation of earnings to profit or loss | | |
| Loss used in the calculation of basic and diluted EPS | (3,779,857) | (1,938,273) |
| Weighted average number of ordinary shares outstanding during the period used in the calculation of basic EPS | 1,944,252,748 | 1,585,316,389 |
| Loss per share | | |
| Basic and diluted loss per share (cents per share) | (0.194) | (0.122) |

The effect of options on issue is anti-dilutive on the loss per share calculation as the exercise price of the options is above the current market price.

### c) Capital Management

The Directors' objectives when managing capital are to ensure that the Group can maintain a capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the availability of liquid funds in order to meet its short-term commitments.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group is not subject to externally imposed capital requirements.

The working capital position of the Group at 30 June 2022 was as follows:

The working capital position of the Group were as follows:

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Cash and cash equivalents | 5 | 704,192 | 2,519,259 |
| Trade and other receivables | 6 | 37,240 | 108,203 |
| Other current assets | 7 | 40,897 | 50,810 |
| Lease liabilities - Current | 11 | (54,826) | (8,832) |
| Trade and other payables | 12 | (782,688) | (810,004) |
| Provisions | 13 | (218,484) | (201,413) |
| Working capital position | | (273,669) | 1,658,023 |

## NOTE 15: RESERVES

| | Note | 2022 $ | 2021 $ |
|---|---|---|---|
| Foreign exchange reserve | 15a | 240,790 | 86,021 |
| Share-based payment reserve | 15b | 1,218,566 | 700,363 |
| | | 1,459,356 | 786,384 |

### a) Foreign exchange translation reserve

The foreign exchange reserve records exchange differences arising on translation of foreign controlled subsidiary.

| | 2022 No. | 2022 $ | 2021 No. | 2021 $ |
|---|---|---|---|---|
| **b) Share-based payment reserve** | | | | |
| Balance at beginning of reporting period | 916,629,198 | 700,363 | 511,284,950 | 135,300 |
| OARO Options issued to Entitlement Offer Participants | | | 35,082,343 | - |
| OAROC Options issued to Placement Participants | | | 104,761,905 | - |
| OAROC Options issued to broker[1] | | | 16,500,000 | 33,000 |
| Performance rights issued to Director | | | 28,140,000 | 270,483 |
| Retention rights and deferred rights issued to Directors | | | 43,860,000 | 261,580 |
| Unlisted options issued to Placement participants | | | 177,000,000 | - |
| OARO Options expired on 31 December 2021 | (546,367,293) | - | | |
| OAROC Options expired on 30 November 2021 | (121,261,905) | - | | |
| OARAG Options issued to Broker[1] | 40,000,000 | 198,367 | | |
| Conversion of Incentive and Deferred tights | (28,800,000) | - | | |
| Cancellation of Deferred rights | (9,000,000) | (11,423) | | |
| Incentive and Deferred rights amortisation | - | 307,593 | | |
| Performance rights issued to employees | 7,829,214 | 13,797 | | |
| Retention rights issued to employees | 3,856,180 | 9,869 | | |
| Unlisted options issued to Placement participants | 150,000,000 | - | | |
| Balance at end of reporting period | 412,885,394 | 1,218,566 | 916,629,198 | 700,363 |

### b) (i) Valuation of Options

[1]40,000,000 OARAG Options issued to broker, were valued at $0.005 on the grant date applying the following inputs:

| | |
|---|---|
| Grant date | 25/11/2021 |
| Grant date fair value | $0.0049 |
| Grant date share price | $0.011 |
| Exercise price | $0.03 |
| Expected volatility | 145% |
| Option life | 1.6 years |
| Expiry date | 24/06/2023 |
| Risk-free interest rate | 0.56% |

### b) (ii) Valuation of Share rights

The share rights are currently divided into three tranches and will convert into ordinary share upon satisfaction of the relevant milestone.

Reconciliation of share-based payment expenses:

| Share Rights | Grant Date | Vesting Date | Share based payment |
|---|---|---|---|
| **Share Rights -2021** | | | |
| Performance Rights | | | |
| Tranche 1 | 05/01/2022 | 16/12/2022 | 7,301 |
| Tranche 2 | 05/01/2022 | 16/12/2023 | 3,726 |
| Tranche 3 | 05/01/2022 | 16/12/2024 | 2,770 |
| | | | 13,797 |
| Retention Rights | | | |
| Tranche 1 | 05/01/2022 | 16/12/2022 | 7,082 |
| Tranche 2 | 05/01/2022 | 16/12/2023 | 1,936 |
| Tranche 3 | 05/01/2022 | 16/12/2024 | 852 |
| | | | 9,869 |
| | | | 23,666 |
| **Share Rights - 2020** | | | |
| Performance Rights | | | |
| Tranche 1 | 22/12/2020 | 01/07/2021 | 1,636 |
| Tranche 2 | 22/12/2020 | 01/07/2022 | 115,003 |
| Tranche 3 | 22/12/2020 | 01/07/2023 | 65,361 |
| | | | 182,000 |
| Retention Rights | | | |
| Tranche 1 | 22/12/2020 | 01/07/2021 | 823 |
| Tranche 2 | 22/12/2020 | 01/07/2022 | 63,578 |
| Tranche 3 | 22/12/2020 | 01/07/2023 | 16,804 |
| | | | 81,205 |
| Deferred Rights | | | |
| Tranche 1 | 22/12/2020 | 01/07/2021 | 892 |
| Tranche 2 | 22/12/2020 | 01/07/2022 | 26,144 |
| Tranche 3 | 22/12/2020 | 01/07/2023 | 5,929 |
| | | | 32,965 |
| | | | 296,170 |

The fair value of performance rights granted were valued using standard valuation techniques taking into account the terms and conditions upon which the rights were granted as detailed below:

| Performance Rights - 2021 | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Grant date | 05/01/2022 | 05/01/2022 | 05/01/2022 |
| Valuation per right | $0.0046 | $0.0064 | $0.0072 |
| Grant date share price | $0.009 | $0.009 | $0.009 |
| Exercise price | Nil | Nil | Nil |
| Expected volatility | 92.10% | 113.90% | 119.10% |
| Instrument life | 0.95 years | 1.95 years | 2.95 years |
| Vesting date | 16/12/2022 | 16/12/2023 | 16/12/2024 |
| Risk-free interest rate | 0.58% | 0.58% | 1.02% |

| Retention Rights - 2021 | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Grant date | 05/01/2022 | 05/01/2022 | 05/01/2022 |
| Valuation per right | $0.0090 | $0.0067 | $0.0045 |
| Grant date share price | $0.009 | $0.009 | $0.009 |
| Exercise price | Nil | Nil | Nil |
| Expected volatility | 100% | 75% | 50% |
| Instrument life | 0.95 years | 1.95 years | 2.95 years |
| Vesting date | 16/12/2022 | 16/12/2023 | 16/12/2024 |
| Risk-free interest rate | 0.58% | 0.58% | 1.02% |

| Performance Rights - 2020 | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Grant date | 22/12/2020 | 22/12/2020 | 22/12/2020 |
| Valuation per right | $0.0186 | $0.0184 | $0.0182 |
| Grant date share price | $0.02 | $0.02 | $0.02 |
| Exercise price | $0.016 | $0.016 | $0.016 |
| Expected volatility | 145% | 135% | 125% |
| Instrument life | 0.4 years | 1.4 years | 2.4 years |
| Vesting date | 01/07/2021 | 01/07/2022 | 01/07/2023 |
| Risk-free interest rate | 0.08% | 0.10% | 0.12% |

| Retention Rights - 2020 | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Grant date | 22/12/2020 | 22/12/2020 | 22/12/2020 |
| Valuation per right | $0.0190 | $0.0190 | $0.0190 |
| Grant date share price | $0.02 | $0.02 | $0.02 |
| Exercise price | $0.016 | $0.016 | $0.016 |
| Expected volatility | 145% | 135% | 125% |
| Instrument life | 0.4 years | 1.4 years | 2.4 years |
| Vesting date | 01/07/2021 | 01/07/2022 | 01/07/2023 |
| Risk-free interest rate | 0.08% | 0.10% | 0.12% |

| Deferred Rights - 2020 | Tranche 1 | Tranche 2 | Tranche 3 |
|---|---|---|---|
| Grant date | 22/12/2020 | 22/12/2020 | 22/12/2020 |
| Valuation per right | $0.0190 | $0.0190 | $0.0190 |
| Grant date share price | $0.02 | $0.02 | $0.02 |
| Exercise price | $0.016 | $0.016 | $0.016 |
| Expected volatility | 145% | 135% | 125% |
| Instrument life | 0.4 years | 1.4 years | 2.4 years |
| Vesting date | 01/07/2021 | 01/07/2022 | 01/07/2023 |
| Risk-free interest rate | 0.08% | 0.10% | 0.12% |

## NOTE 16: FINANCIAL RISK MANAGEMENT

### a) Financial Risk Management Policies

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and procedures for measuring and managing risk, and the management of capital.

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

The Group does not speculate in the trading of derivative instruments.

Summary of the Group's Financial Assets and Liabilities is shown below:

| | Floating Interest Rate $ | Fixed Interest Rate $ | Non-interest Bearing $ | 2022 Total $ | Floating Interest Rate $ | Fixed Interest Rate $ | Non-interest Bearing $ | 2021 Total $ |
|---|---|---|---|---|---|---|---|---|
| Financial Assets | | | | | | | | |
| • Cash and cash equivalents | 704,192 | - | - | 704,192 | 2,519,259 | - | - | 2,519,259 |
| • Trade and other receivables | - | - | 37,240 | 37,240 | - | - | 108,203 | 108,203 |
| Total Financial Assets | 704,192 | - | 37,240 | 741,432 | 2,519,259 | - | 108,203 | 2,627,462 |
| Financial Liabilities | | | | | | | | |
| Financial liabilities at amortised cost | | | | | | | | |
| • Lease liabilities | - | 142,980 | - | 142,980 | - | 8,832 | - | 8,832 |
| • Trade and other payables | - | - | 782,688 | 782,688 | - | - | 810,004 | 810,004 |
| **Total Financial Liabilities** | - | 142,980 | 782,688 | 925,668 | - | 8,832 | 810,004 | 818,836 |
| **Net Financial Assets/(Liabilities)** | 704,192 | (142,980) | (745,448) | (184,236) | 2,519,259 | (8,832) | (701,801) | 1,808,626 |

**b) Specific Financial Risk Exposures and Management**

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate, foreign currency risk and equity price risk. However, the sole material risk at the present stage of the Group is liquidity risk and foreign currency risk.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board adopts practices designed to identify significant areas of business risk and to effectively manage those risks in accordance with the Group's risk profile. This includes assessing, monitoring and managing risks for the Group and setting appropriate risk limits and controls. The Group is not of a size nor is its affairs of such complexity to justify the establishment of a formal system for risk management and associated controls. Instead, the Board approves all expenditure, is intimately acquainted with all operations and discuss all relevant issues at the Board meetings. The operational and other compliance risk management have also been assessed and found to be operating efficiently and effectively.

**i.** Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Due to the current nature of the Group, being an exploration entity, the Group is not exposed to material credit risk.

**ii.** Liquidity risk

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

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 short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

- Typically, the Group ensures that it has sufficient cash to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.
- The financial liabilities of the Group include trade and other payables as disclosed in the statement of financial position. All trade and other payables are non-interest bearing and due within 30 days of the reporting date.

### c) Contractual Maturities

The following are the contractual maturities of financial liabilities of the Group:

| | Within 1 Year 2022 $ | Greater Than 1 Year 2022 $ | Total 2022 $ | Within 1 Year 2021 $ | Greater Than 1 Year 2021 $ | Total 2021 $ |
|---|---|---|---|---|---|---|
| Financial liabilities due for payment | | | | | | |
| Lease liabilities | 142,980 | - | 142,980 | 8,832 | - | 8,832 |
| Trade and other payables | 782,688 | - | 782,688 | 810,004 | - | 810,004 |
| Total contractual outflows | 925,668 | - | 925,668 | 818,836 | - | 818,836 |
| Financial assets | | | | | | |
| Cash and cash equivalents | 704,192 | - | 704,192 | 2,519,259 | - | 2,519,259 |
| Trade and other receivables | 37,240 | - | 37,240 | 108,203 | - | 108,203 |
| Total anticipated inflows | 741,432 | - | 741,432 | 2,627,462 | - | 2,627,462 |
| Net inflow/(outflow) on financial instruments | (184,236) | - | (184,236) | 1,808,626 | - | 1,808,626 |

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

i. Market risk

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

The Board meets on a regular basis and considers the Group's interest rate risk.

(1) Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Due to the low amount of debt exposed to floating interest rates, interest rate risk is not considered a high risk to the Group. Movement in interest rates on the Group's financial liabilities and assets is not material.

(2) Foreign exchange risk

The Group also has transactional currency exposures from operating costs and concession and other payments that are denominated in currencies other than the Australian dollar (AUD). The currencies in which these transactions are primarily denominated are the United States dollar (USD) and Peruvian Sol (PEN).

The Board attempts to mitigate the effect of its foreign currency exposure by acquiring USD in accordance with budgeted expenditures when the exchange rate is favourable. Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group, but is not expected to be significant to the Group.

ii. Net Fair Values

(1) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the table in Note 16a and can be compared to their carrying values as presented in the statement of financial position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Financial instruments whose carrying value is equivalent to fair value due to their nature include:

- Cash and cash equivalents;
- Trade and other receivables;
- Trade and other payables; and
- Borrowings

The methods and assumptions used in determining the fair values of financial instruments are disclosed in the accounting policy notes specific to the asset or liability.

## NOTE 17: COMMITMENTS

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Not later than one year | 240,000 | 210,000 |
| Later than one year but not later than five years | 120,000 | 300,000 |
| Later than five years | - | - |
| | 360,000 | 510,000 |

The Group has no other material leasing commitments as at 30 June 2022.

In order to maintain current rights of tenure to mining tenements in South Australia, the Group has the discretionary exploration expenditure requirements in accordance with the Amalgamated Expenditure Agreement (AEA) where the Company need to meet minimum expenditure of $210,000 over a year period.

The obligation, which is subject to renegotiation upon expiry of the current AEA, is not provided for in the financial statements and is payable in the future.

If the Group decides to relinquish certain leases and/or does not meet these obligations, exploration and evaluation assets recognised in the consolidated statement of financial position may require review to determine appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

In order to maintain current rights of tenure to mining tenements in Western Australia, the Group need to meet minimum exploration expenditure of $ 150,000 over five years.

## NOTE 18: EVENTS AFTER REPORTING DATE

Subsequent to the end of the reporting period, the Company has advised that it was in discussions with several parties in relation to the divestment of the Chimu Gold Plant in Peru for cash consideration.

The Company is currently undertaking negotiation process in relation to the Deferred Consideration Share Payment for the Alpine Project, specifically for the Douglas Canyon project area (Note 26: Project Acquisition).

## NOTE 19: CONTINGENT LIABILITIES

Aside from the following additional contingent liabilities, there has been no other change in contingent liabilities since last annual reporting date. The following liabilities are treated as contingent liabilities as it is dependent on certain milestone to occur, with no current obligation at present.

Acquisition of Crown Project:

- 27,000,000 fully paid ordinary shares in the Company contingent on the granting of the drilling program approval by the WA Mines Department.

Acquisition of Alpine Project:

- At the Company election to either issue 80,000,000 fully paid ordinary shares in OAR by 31 August 2022 (Deferred Consideration Shares) which is currently under negotiation as at the date of this report, or facilitate the transfer of the gold projects back to the Vendor if agreement cannot be reached.
- 80,000,000 fully paid ordinary shares in the Company on the announcement of the first 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.
- 175,000,000 fully paid ordinary share in the Company on the announcement on a second 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.

On 13 August 2021, Zaius Investments Pty Ltd, a company associated with Andrew Knowles, a former consultant to the Company, commenced proceedings against the Company in the Western Australia Magistrate Court in the aggregate sum of $32,663 (including interest and costs) for alleged unpaid consulting fees and capital raising fees. The Company denies the claims and has taken steps to defend the proceedings with the assistance of legal representation and is of the opinion any exposure is minimal.

## NOTE 20: SEGMENTAL REPORTING

For management's purposes, the Group is organised into two main operating segments based on geographic areas, Australia, Peru and USA during the current period.

This is different to how it was organised in previous period where the Group is organised into one main operating segment which involves the exploration and development of minerals in Australia and where the financial results from the one segment are equivalent to the financial statements of the Group as a whole.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's two operating segments are Australia, Peru and USA. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

The following is an analysis of the Group's revenues, results, assets, liabilities by reportable operating segment for the current period.

| 2022 | Australia | Peru | USA | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Revenue** | | | | |
| Other income | - | - | - | - |
| **Total revenue** | **-** | **-** | **-** | **-** |
| Depreciation & amortisation expense | (1,684) | (365) | - | (2,049) |
| Finance costs | (3,153) | (3,203) | - | (6,356) |
| Development expenses | - | (576,310) | - | (576,310) |
| Provision for expected credit losses | - | - | - | - |
| Net foreign exchange gain(loss) | - | 25,446 | - | 25,446 |
| Exploration and Evaluation | - | - | (1,841,482) | (1,841,482) |
| Other expenses | (1,379,106) | - | - | (1,379,106) |
| **Total expenses** | **(1,383,943)** | **(554,432)** | **(1,841,482)** | **(3,779,857)** |
| **Segment loss** | **(1,383,943)** | **(554,432)** | **(1,841,482)** | **(3,779,857)** |

| 2022 (continued) | Australia | Peru | USA | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Segment assets** | **3,269,449** | **878,028** | **805,103** | **4,952,580** |
| **Segment liabilities** | **(848,622)** | **(55,626)** | **(239,904)** | **(1,144,152)** |
| **Additions to non-current assets** | | | | |
| Exploration & evaluation assets | 717,866 | - | 913,038 | 1,630,904 |
| Plant & equipment | 81,641 | - | - | 81,641 |
| Tax credits | - | 55,502 | - | 55,502 |
| Crown Project | - | - | - | - |
| Alpine Reclamation Bond | - | - | 7,340 | 7,340 |
| **Total additions to non-current assets** | **799,507** | **55,502** | **920,378** | **1,775,386** |

| 2021 | Australia | Peru | USA | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Revenue** | | | | |
| Other income | 13,340 | - | - | 13,340 |
| **Total revenue** | **13,340** | **-** | **-** | **13,340** |
| Depreciation & amortisation expense | (1,111) | (197) | - | (1,308) |
| Finance costs | (6,438) | (1,639) | - | (8,077) |
| Development expenses | - | (346,149) | - | (346,149) |
| Provision for expected credit losses | - | 8,451 | - | 8,451 |
| Net foreign exchange gain(loss) | - | (83,410) | - | (83,410) |
| Other expenses | (1,521,120) | - | - | (1,521,120) |
| **Total expenses** | **(1,528,669)** | **(422,944)** | **-** | **(1,951,613)** |
| **Segment loss** | **(1,515,329)** | **(422,944)** | **-** | **(1,938,273)** |
| **Segment assets** | **4,185,938** | **668,196** | **1,853,304** | **6,707,438** |
| **Segment liabilities** | **(934,700)** | **(85,550)** | **-** | **(1,020,250)** |
| **Additions to non-current assets** | | | | |
| Exploration & evaluation assets | 2,307,431 | 2,220 | 1,011,196 | 3,320,847 |
| Plant & equipment | 4,806 | - | - | 4,806 |
| Tax credits | - | 80,394 | - | 80,394 |
| Crown Project | 558,367 | - | - | 558,367 |
| Alpine Reclamation Bond | - | - | (11,157) | (11,157) |
| **Total additions to non-current assets** | **2,870,604** | **82,614** | **1,000,039** | **3,953,257** |

Segment loss represents the loss incurred by each segment without allocation of corporate overhead costs. This is the information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

## NOTE 21: KEY MANAGEMENT PERSONNEL (KMP) COMPENSATION

The names and positions of KMP are as follows:

- Chris Gale
- David Vilensky
- Anthony Greenaway
- Joseph Van Den Elsen
- Justin Richard
- Yugi Gouw
- Ross Cameron

The key management personnel compensation included in administrative expenses, employment costs and development expenses for the current year are as follows:

| | 2022 $ | 2021 $ |
|---|---|---|
| Short-term benefits | 684,269 | 549,622 |
| | 684,269 | 549,622 |

**NOTE 22: PARENT ENTITY DISCLOSURES**

| | 2022 $ | 2021 $ |
|---|---|---|
| **a) Financial Position of Ozinca Australia Pty Ltd** | | |
| Current assets | 4,236 | 5,708 |
| Non-current assets | 638,142 | 638,142 |
| Total assets | 642,378 | 643,850 |
| Current liabilities | 40,400 | 40,400 |
| Non – Current liabilities | 789,069 | 787,267 |
| Total liabilities | 829,469 | 827,667 |
| Net assets | **(187,091)** | **(183,817)** |
| Equity | | |
| Issued capital | 712,049 | 712,049 |
| Reserve | | |
| Accumulated losses | (899,140) | (895,866) |
| Total equity | **(187,091)** | **(183,817)** |
| **b) Financial performance of Ozinca Australia Pty Ltd** | | |
| Profit / (loss) for the year | (3,275) | (6,579) |
| Other comprehensive income | - | - |
| Total comprehensive income | **(3,275)** | **(6,579)** |

**c) Guarantees entered into by Ozinca Australia Pty Ltd for the debts of its subsidiaries**

There are no guarantees entered into by Ozinca Australia Pty Limited for the debts of its subsidiaries as at 30 June 2022.

**NOTE 23: RELATED PARTY TRANSACTIONS**

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. All transactions with key management personnel have been disclosed in the Remuneration Report.

During the reporting period, the Company has issued Ryan Gale (or his nominees) 14 million options exercisable at $0.03 on or before 24 June 2023, under the same terms and conditions with other options issued, in consideration for Placement related services provided to the Company. The options were issued after receiving shareholder approval on 24 November 2021.

**Receivable from and payable to related parties**

| The following balances are outstanding at the reporting date in relation to transaction with related parties inclusive of GST | 2022 $ | 2021 $ |
|---|---|---|
| • Lascelles Holdings Pty Ltd<br>Trade and other payable to Lascelles Holdings Pty Ltd, an entity related to Mr Gale for director fees | 20,000 | - |
| • Trade and other payable to Coilens Corporation Pty Ltd, an entity related to Mr Vilensky for director fees | 5,000 | - |

| | | |
|---|---|---|
| • Trade and other payable to Greenaway Family Trust, an entity related to Mr Greenaway for director fees | 10,000 | - |
| • John Lynch<br>Trade and other payable balance to Mr Lynch for consulting fees from prior year | 11,930 | 11,930 |
| • Bourse Securities Pty Ltd<br>Payable balance to Mr Lynch for advances made in prior periods | 47,343 | 47,343 |
| • Zaius Investments Pty Ltd<br>Trade and other payable to Zaius Investments Pty Ltd, an entity related to Mr Knowles for consulting fees from prior year | 36,052 | 36,052 |

## NOTE 24: AUDITOR'S REMUNERATION

| | 2022<br>$ | 2021<br>$ |
|---|---|---|
| Audit and review of the financial reports | 28,231 | 35,500 |
| Tax and compliance services | 6,236 | 5,757 |
| | 34,467 | 41,257 |

## NOTE 25: CONTROLLED ENTITIES

### a) Parent entity

Oar Resources Limited is the parent of the Group.

| Subsidiaries | Country of Incorporation | Class of Shares | Percentage Owned 2022 | Percentage Owned 2021 |
|---|---|---|---|---|
| • Ozinca Australia Pty Ltd | Australia | Ordinary | 100% | 100% |
| • Ozinca Peru SAC | Peru | Ordinary | 100% | 100% |
| • Australian Precious Minerals Pty Ltd[1] | Australia | Ordinary | 100% | 100% |
| • Alpine Resources (USA) Pty Ltd[1] | Australia | Ordinary | 100% | 100% |
| • Alpine Metals LLC[1] | USA | Common Stock | 100% | 100% |
| • Lymex Tenements Pty Ltd | Australia | Ordinary | 100% | 100% |

[1]Refer Note 26 for the project acquisition details.

### b) Investments in subsidiaries are accounted for at cost.

## NOTE 26: PROJECT ACQUISITION

### Crown Project

On 13 August 2020, the Group completed the acquisition of 100% of Australian Precious Minerals Pty Ltd (APM), holder of the Crown PGE-Nickel-Copper Project (Crown, the Project) held within the exploration asset E70/5406, located within the Yilgarn Craton and approximately 70km northeast of Perth, Western Australia, following from the shareholder approval received at the General Meeting held on 30 July 2020.

The acquisition of APM and the Crown Project was settled through issuing the Vendors, fully paid ordinary shares as follows:

- 35,000,000 fully paid ordinary shares on receiving shareholders' approval.
- 27,000,000 fully paid ordinary shares subject to the granting of the tenement application.
- 27,000,000 fully paid ordinary shares subject to the granting of the drilling program approval by the WA Mines Department.

As at the date of this Report, 62,000,000 fully paid ordinary shares valued at $483,000 have been issued to the Vendors. The purchase is treated as part of the Exploration and Evaluation Costs with the granting of the exploration tenement E70/5406 took place on 16 June 2021 (Note 10: Exploration and Evaluation Costs and Note 19: Contingent Liabilities).

**Alpine Project**

The Group paid an option fee of $760,839 in the prior period and has exercised its option with Alpine Resources (USA) Pty Ltd ("Alpine") in August 2020, to acquire Alpine's gold projects incorporating the Lambarson Canyon, Douglas Canyon and Tonopah North Projects in Nevada, USA. The Projects are targeting Carlin and epithermal style million plus ounce gold deposits in northern and southern Nevada, USA.

The acquisition of Alpine and its Projects was settled through issuing the Vendors fully paid ordinary shares as follows:

- 30,000,000 fully paid ordinary shares.
- At the Group's election to either issue 80,000,000 fully paid ordinary shares in OAR by 31 August 2022 (Deferred Consideration Shares) which is currently under negotiation as at the date of this report, or facilitate the transfer of the gold projects back to the Vendor (Quit Claim Process) if agreement cannot be reached.
- 80,000,000 fully paid ordinary shares in the Company on the announcement of the first 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.
- 175,000,000 fully paid ordinary share in the Company on the announcement on a second 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.

As at the date of this Report, only 30,000,000 fully paid ordinary shares have been issued to the Vendors valued at $150,000 based on the market price of the ordinary shares on the date of the option exercise (Note 10: Exploration and Evaluation Costs, Note 19: Contingent Liabilities and Note 18: Events After Reporting Date).

## NOTE 27: IMPACT OF COVID-19

Previously, the licensing and management of activities on the Chimu gold processing plant have been delayed due to previous Covid-19 lockdown restrictions. Despite this, the Group has upgraded the beneficiation operation license for the Chimu Plant from 40 tonnes per day to 340 tonnes per day. The Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group from COVID-19 as at 30 June 2022.

# DIRECTORS' DECLARATION

The Directors of Oar Resources Limited declare that:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1(a) to the financial statements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 30 June 2022 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable;

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

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

Christopher Gale
Executive Chairman
Perth, 30 September 2022

# AUDITOR'S INDEPENDENCE DECLARATION

HALL CHADWICK

To the Board of Directors

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the audit of the financial statements of Oar Resources Limited for the financial period ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,

**HALL CHADWICK AUDIT (WA) PTY LTD**
**ABN 42 163 529 682**

**MICHAEL HILLGROVE** CA
Director

Dated this 30th day of September 2022
Perth, Western Australia

# INDEPENDENT AUDITOR'S REPORT



HALL CHADWICK

## INDEPENDENT AUDITOR'S REPORT
## TO THE MEMBERS OF OAR RESOURCES LIMITED

### Report on the Financial Report

#### Opinion

We have audited the accompanying financial report of OAR Resources Limited ( "the Company") and its subsidiaries (collectively "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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of OAR Resources Limited 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 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

#### Material Uncertainty Related to Going Concern

We draw attention to note 1(b) to the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Our opinion is not modified in respect of this matter.

#### Independence

We are independent of the Group in accordance with the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

# INDEPENDENT AUDITOR'S REPORT continued

HALL CHADWICK



## 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 year. 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the below matter, provide the basis for our audit opinion on the accompanying financial report.

**1. Valuation and accounting treatment of share-based payments – Note 15**

| Why Significant | How our audit addressed the key audit matter |
| --- | --- |
| As disclosed in Note 15 to the financial statements, during the year ended 30 June 2022, the Group incurred share-based payments of $518,203 of which $165,867 was recorded as capital raising costs with the remaining balance of $352,336 recognised in the statement of profit or loss and other comprehensive income.<br><br>Share-based payments are considered to be a key audit matter due to:<br>• the value of the transactions;<br>• the complexities involved in the recognition and measurement of the instruments; and<br>• the judgement and estimates involved in determining the inputs used in the valuations.<br><br>Management used the Monte Carlo simulation model and Black-Scholes option valuation model to determine the fair value of the rights and options granted respectively. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted. | Our work included, but was not limited to, the following procedures:<br>• Analysing agreements to identify the key terms and conditions of share-based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments;<br>• Evaluating management's Valuation models and assessing the assumptions and inputs used;<br>• Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; and<br>• Assessing the adequacy of the disclosures included in Note 15 to the financial statements. |

# INDEPENDENT AUDITOR'S REPORT continued

HALL CHADWICK

2. Carrying value of capitalised exploration and evaluation costs – Note 10

| Why Significant | How our audit addressed the key audit matter |
|---|---|
| We identified the capitalised exploration and evaluation costs of $3,145,759 as at 30 June 2022 to be a key audit matter due to its significance and the level of judgement required by us in evaluating management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.<br><br>In addition, the assessment of impairment of capitalised exploration and evaluation assets can be inherently difficult particularly in uncertain or depressed market conditions | Our work included, but was not limited to, the following procedures:<br><br>• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Group holds an interest in, the budgeted and future exploration programmes planned for the areas, made inquiries of management, reviewed the Group's ASX announcements and the Directors' minutes as to the Group's future plans for the areas;<br><br>• For the area of interest, we assessed the Group's rights to tenure by corroborating to government registries/correspondences and evaluating agreements in place with other parties;<br><br>• We tested the additions to capitalised expenditure for the year by evaluating sample of recorded expenditure for consistency to underlying records, the requirements of the Group's accounting policy and requirements of AASB 6;<br><br>• Evaluating the competence, capabilities and objectivity of management's experts in the evaluation of impairment triggers and considered the Director's assessment of potential indicators of impairment; and<br><br>• Assessing that disclosures relating to the capitalised exploration and evaluation assets are in accordance with Australian Accounting Standards |

# INDEPENDENT AUDITOR'S REPORT continued

HALL CHADWICK

## Other Information

Other information is financial and non-financial information in the annual report of the Group which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report. The Other Information we obtained prior to the date of this Auditor's Report was the Director's report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report. In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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. We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior the date of this Auditor's Report we have nothing to report.

## Directors' Responsibilities 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 Note 1(a), the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards. In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using a going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

Our responsibility is to express an opinion on the financial report based on our audit. Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

# INDEPENDENT AUDITOR'S REPORT continued

HALL CHADWICK

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern. We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion. We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### Opinion

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

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

# INDEPENDENT AUDITOR'S REPORT continued

HALL CHADWICK

## 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.

**HALL CHADWICK AUDIT (WA) PTY LTD**
**ABN 42 163 529 682**

**MICHAEL HILLGROVE** CA
Director

Dated this 30th day of September 2022
Perth, Western Australia

# ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Statement of security holders as at 30 September 2022
Ordinary Share Capital

2,171,037,898 shares are held by 4,082 individual holders.

| Distribution of shareholders by size of shareholdings | Share Holders |
|---|---|
| 1 - 1,000 | 29 |
| 1,001 - 5,000 | 8 |
| 5,001 - 10,000 | 5 |
| 10,001 - 100,000 | 1,748 |
| Over 100,000 | 2,292 |
| **TOTAL HOLDERS** | **4,082** |
| Holding less than a marketable parcel | **1,486** |

**Voting Rights** Each ordinary share carries one vote.

Options do not carry any rights to vote until exercised into fully paid ordinary shares.

**Twenty Largest Shareholders – Ordinary Shares**

| RANK | HOLDER NAME | Number | % |
|---|---|---|---|
| 1 | MR JAMES ADOTEI ALLOTEY | 61,650,000 | 2.84% |
| 2 | RNB SUPERFUND PTY LTD <RNB TRADING STAFF S/FUNDA/C> | 51,482,891 | 2.37% |
| 3 | METALS CORNERS HOLDING CO | 50,235,990 | 2.31% |
| 4 | MR PAUL AINSWORTH | 33,810,809 | 1.56% |
| 5 | MR MARK BROGLIO | 33,350,000 | 1.54% |
| 6 | CITICORP NOMINEES PTY LIMITED | 26,183,144 | 1.21% |
| 7 | MR CHRIS GALE & MRS STEPHANIE GALE <THE GALE SUPER FUND A/C> | 22,339,258 | 1.03% |
| 8 | TWO TOPS PTY LTD | 20,000,000 | 0.92% |
| 8 | MR POH SENG TAN | 20,000,000 | 0.92% |
| 9 | MR CHI KIT TSUI | 19,150,000 | 0.88% |
| 10 | COILENS CORPORATION PTY LTD | 17,273,401 | 0.80% |
| 11 | MR MALCOLM GREGORY MILNE | 15,700,000 | 0.72% |
| 12 | ALLEGRA CAPITAL PTY LTD | 15,607,432 | 0.72% |
| 13 | MR MARK ANTHONY BROGLIO | 15,000,000 | 0.69% |
| 13 | SUPER MSJ PTY LTD <MSJ SUPER FUND A/C> | 15,000,000 | 0.69% |
| 14 | MR TRISTAN DAVID WILLIAM LORD | 13,000,000 | 0.60% |
| 15 | MR PHILIP GORDON CONSTABLE | 12,408,270 | 0.57% |
| 16 | MR LIFU LIAN | 12,363,337 | 0.57% |
| 17 | MR BARRY GRAHAME MILNE | 12,201,480 | 0.56% |
| 18 | MR SHERMAN ALVO FRANCIS PICARDO | 12,150,000 | 0.56% |
| 19 | MR VINCENZO BRIZZI & MRS RITA LUCIA BRIZZI <BRIZZI FAMILY S/F A/C> | 12,000,000 | 0.55% |
| 19 | BULL EQUITIES PTY LTD | 12,000,000 | 0.55% |
| 20 | MR ZHIFENG ZHANG | 11,000,000 | 0.51% |
| | **Total** | **513,906,012** | **23.67%** |

**Substantial shareholders**

There are no substantial shareholders with holdings greater than 5%

**COMPANY SECRETARY**

Yugi Gouw

**REGISTERED OFFICE IN AUSTRALIA**

Unit 3, 32 Harrogate Street

West Leederville, WA 6007

Telephone: (08) 6117 4797

**SHARE REGISTRY**

Automic Registry Services

Level 5, 126 Philip Street

Sydney NSW 2000

Telephone: 1300 288 664

**STOCK EXCHANGE LISTING**

The Company is listed on the Australian Securities Exchange Limited. The Company ASX code is OAR.

**UNQUOTED EQUITY SECURITIES**

| | |
|---|---|
| Ordinary shares (collective security shares) | 10,000,000 |

## MINING TENEMENTS LISTING

### South Australia

| Project | Tenement. No. | Interest held | Status |
|---|---|---|---|
| Brimpton Lake | EL 5721 | 100% | Exploration Licence |
| Kapinnie | EL 6394 | 100% | Exploration Licence |
| Mt Hope | EL 6517 | 100% | Exploration Licence |
| Sheringa | EL 6393 | 100% | Exploration Licence |
| Gilbratar | EL 6506 | 100% | Exploration Licence |
| Gum Flat | EL 6700 | 100% | Exploration Licence |

### Western Australia

| Project | Tenement. No. | Interest held | Status |
|---|---|---|---|
| Crown | E70/5406 | 100% | Exploration Licence |

### USA - Nevada

| Project | Claim. No. | Interest held | Status |
|---|---|---|---|
| Douglas Canyon | DC 1 – DC 80 | 100% | Exploration Licence |