APPENDIX 4E
ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

1. DETAILS OF REPORTING PERIOD

Name of Entity	Delta Drone International Limited ("the Company")
ABN	17 618 678 701
Reporting Period	31 December 2022
Previous Corresponding Period	31 December 2021

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Key information	12 months ended Current Period $'000	12 months ended Previous Period $'000	Increase/ (decrease) %	Amount change $'000
Revenues from ordinary activities	5,735	4,582	25%	1,153
Profit/(Loss) from ordinary activities after tax attributable to members	(1,923)	(3,618)	47%	1695
Net profit/(loss) for the period attributable to members	(1,923)	(3,618)	47%	1695
Net tangible asset/(deficiency) per share	0.87cents	1.32cents	(0.45cents)	-

	Amount Per Security	Franked Amount Per Security
Final Dividend	Nil	Nil
Interim Dividend	Nil	Nil
Previous Corresponding Period	Nil	Nil
Record Date for Determining Entitlements	Not Applicable	

Commentary on results:

For further information, refer to the review of operations contained in the directors' report, which forms part of the attached consolidated financial statements.

3. STATEMENT OF COMPREHENSIVE INCOME

Refer to attached financial statements.

4. STATEMENT OF FINANCIAL POSITION

Refer to attached financial statements.

5. STATEMENT OF CASH FLOWS

Refer to attached financial statements.

6. STATEMENT OF RETAINED EARNINGS/CHANGES IN EQUITY

Refer to attached financial statements.

7. DIVIDENDS/DISTRIBUTIONS

No dividends declared in current or prior year.

8. DETAILS OF DIVIDEND REINVESTMENT PLANS

Not Applicable

9. NET TANGIBLE ASSETS PER SHARE

	Current Period	Previous Period
Net tangible asset backing per ordinary security	0.87 cents	1.32 cents

10. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE PERIOD

Control gained over entities

Name of entity (or group of entities)	N/A
Date control gained	N/A
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	N/A
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	N/A

Loss of control over entities

Name of entity (or group of entities)	ParaZero Technologies Ltd (Israel)
Date control lost	24 Feb 2022
Contribution of such entities to the reporting entity's profit/(loss) from ordinary activities during the period (where material)	($134k) from entity $587k gain on sale
Profit/(loss) of the controlled entity (or group of entities) whilst controlled during the whole of the previous corresponding period (where material)	($1,885)

11. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Name of associate or joint venture entity	N/A
Reporting entity's percentage holding in this entity	N/A
Contribution to net profit/(loss) (where material)	N/A
Aggregate share of profits/(losses) of the above entity(ies) (where material)	N/A

12. ANY OTHER SIGNIFICANT INFORMATION NEEDED BY AN INVESTOR TO MAKE AN INFORMED ASSESSMENT OF THE COMPANY'S FINANCIAL PERFORMANCE AND FINANCIAL POSITION

Refer to attached financial statements.

13. FOREIGN ENTITIES

Not Applicable

14. COMMENTARY ON RESULTS FOR PERIOD AND EXPLANATORY INFORMATION

Refer to attached financial statements.

15. AUDIT

This report is based on accounts which have been audited and the audit report is included in the attached consolidated financial statements.

Christopher Clark
Executive Chairman & Chief Executive Officer

24 February 2023

DELTA DRONE INTERNATIONAL

ANNUAL REPORT

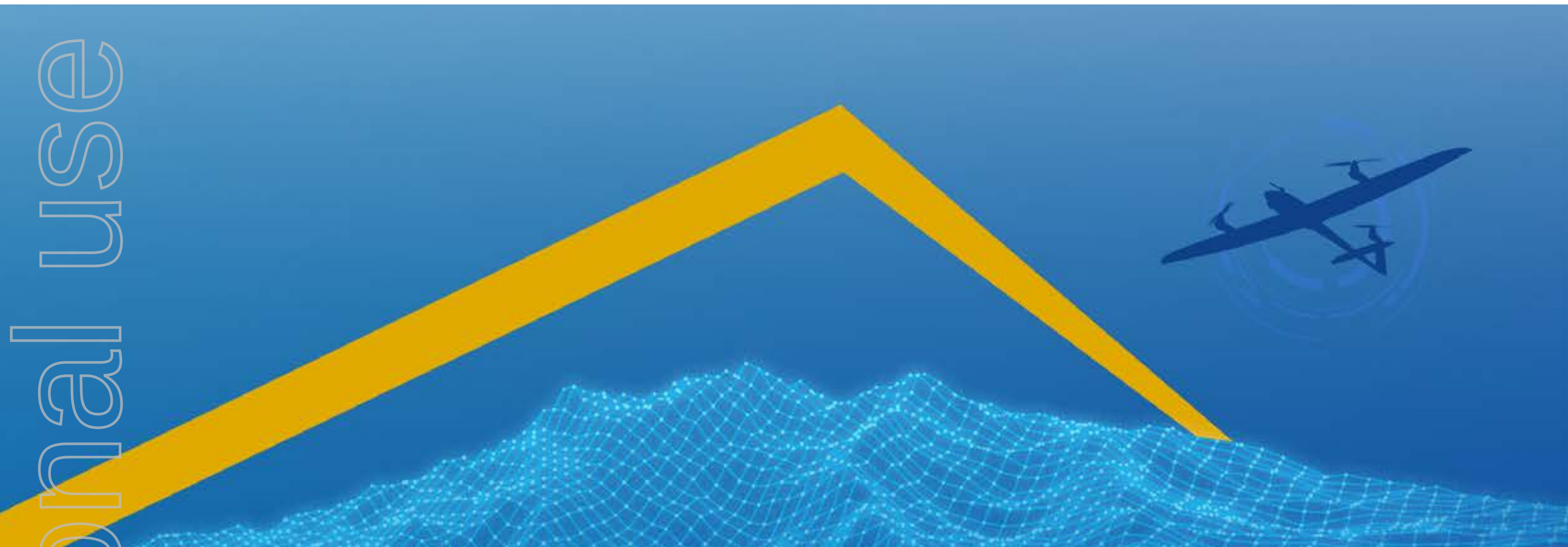
31 DECEMBER 2022

DELTA DRONE INTERNATIONAL LIMITED | ABN 17 618 678 701

DELTA DRONE INTERNATIONAL

"We enable clients to extract increased value from their assets by digitising operational sites daily and providing insights with precision and at speed"

1. **CAPTURE**
2. **DETECT AND DEFINE**
3. **CALCULATE AND QUANTIFY**
4. **REPORT**



ADDRESSABLE MARKET

A$620M

TOTAL COMMERCIAL DRONE SERVICES SPEND IN AUSTRALIA 2020

- Strong Australian mining market with high demand for tried-and-tested tech-services that lower operating costs
- Continuous adoption of Precision Farming technology & techniques which rely on high-resolution drone data
- Annual Growth Rate:

MINING	AGRICULTURE	CONSTRUCTION
$202M	$1B	$1.5B
2030	2030	2030
22% CAGR ↑	32% CAGR ↑	30% CAGR ↑
2020-2030	2020-2030	2020-2030

Reference:
Drone Industry Insights – Australia Report, November 2020
Deloitte Access Economics Report, Economic Benefit of Drones in Australia, October 2020

ASX:DLT

OUR ADVANTAGE

What makes our business model so unique

MARKET-LEADING TECHNOLOGIES

We research & deploy sophisticated sensors that are best in their class, enabling faster workflows & data capture

LONG-RANGE FLIGHT CAPABILITIES

We operate semi & fully autonomous equipment beyond visual line of site (BVLOS) to enable larger area acquisition

SCALABLE BUSINESS MODEL

We deploy specialist drone pilots & semi-autonomous drones within a short time period of receiving customer orders, allowing flexibility of capital structures

HIGH- FREQUENCY HIGH SPEED DATA

We provide higher resolution data at a higher frequency (vs. manned aircraft & satellite solutions) within 24 hours of capture

PROVEN SAFETY & QUALITY SYSTEMS

Our systems are world-class in meeting enterprise customer demand & regulator support for complex drone operations

ECONOMIES OF SCALE

We provide a more cost-effective offering through strong negotiating power with suppliers and with the support of our own internal maintenance & repair facilities

ASX: DLT

"The future is about long-range, high frequency super-fast drone data that is delivered daily on site enabling autonomous operations for our customers"

CHRISTOPHER CLARK EXECUTIVE CHAIRMAN AND CEO

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DELTA DRONE INTERNATIONAL LIMITED ANNUAL REPORT 2022

EXECUTIVE CHAIRMAN AND CEO'S LETTER

Dear Shareholder,

It is my pleasure to present Delta Drone International Limited's (DLT) Annual Report for the financial year ended 31 December 2022 (FY2022).

Transformational 2022 Marked by Significant Multi-Year Recurring Revenue Contract Wins and a Revised and Broadened Business Model

Much progress has been made this past year, across many facets of our business, and it is pleasing to report revenue from continuing operations up 25% to $5.735m. This strong result reflects a multitude of positive changes for the Group including:

- **Revised and Broadened Business Model**
  What started as a pure Mining Services business (through the data capture and digitising of mine sites) has slowly transformed into a comprehensive geospatial and drone data solutions company, complemented with increasing operational efficiency that strives towards real-time information insights, powered by our newly introduced AI and GIS applications:
  - Our **Software partnership with Strayos**, an AI-driven technology platform, complements DLT's mining services business and delivers more value (and increasing opportunities) from existing and new customers
  - The ability to achieve **Beyond Visual Line-of-Site (BVLOS)** approvals in Australia, adds to our global operational base, helping us meet the increasing specialised need of our clients, demanding faster data turnarounds and more complex drone equipment

- **Divestiture of Non-core Business Assets**
  Our sale of ParaZero (Q1 2022) at a price above its carrying value contributed $0.6m in profit in FY2022, as well as removing the ongoing strain of funding operating losses which were $1.9m in 2021. The sale has also provided $4.4m in cash to date towards our new strategy, with a final escrow release of $800k expected in Q1 calendar 2023.

- **Acquisition of Arvista Pty Ltd (Q3 calendar 2021)**
  Renamed Rocketmine WA Pty Ltd (RMWA), our 60% investment in Arvista has helped mould our growth strategy within Australia's mining industry. With 12 years of experience in drone aerial survey, DLT's ability to substantially grow this business (through its well-developed operational & commercial model) has proven our capability to make strategic acquisitions that add immediate value.

- **Established Baseline Growth Metrics as baseline indicators to measure progress:**
  - **Annual Recurring Revenue** (ARR) growth from $1.3m (end of March 2022 when we began recording this metric) to $2.4m at the end of December 2023
  - **Total Contract Value** (TCV) growth from $3.0m to $4.9m respectively

- **Diversified and Grew our Revenue Mix**
  In Australia and internationally with tier-1 and tier-2 mining clients (multi-year contracts) including 4 material ASX announced contract announcements; Anglo American, SFTP Mining, Assmang Khumani Iron Ore and Red 5 Limited; without raising any fresh capital

A big highlight for DLT has been the significant headway we have made to address pain points of our customers. Through the use of technology solutions, we deliver value add at speed through the use of technology. Importantly, we are able to do this more cost effectively and better than our clients internally. Ongoing development in process improvement positions us as a leader amongst our peers globally, providing the foundation from which we expect to significantly scale the business in calendar 2023 and years to come.

Business model and revenue mix: Our revenue mix across the four quarters of FY2022 shows that we generate roughly one third of our revenue from 'recurring multi-year contracts'. Slightly under one third comes from revenue we classify as 'likely to reoccur' and just over one third from 'one-off revenue'.

These weightings are a reflection of how our sales funnel functions. One-off revenue serves as a strong lead towards generating multi-year contracts. We have a track record of converting clients on initial short term projects into long term contracts. And our clients who generate likely to reoccur revenue keep coming back, often staying on short contracts that roll forward, for internal procurement reasons.

Pathway to Breakeven: Armed with a revised business model that is proving successful, we are able to look ahead and project continued growth. The business continues to target reaching an operating cash breakeven for Q3 calendar 2023. Early calendar 2023 has already seen the announcement of a material contract win with Vedanta. Net Cash Outflow from Operating Activities for FY2022 of $1.556m was materially lower than $2.990m in FY2021. Our journey towards breakeven started in earnest in late calendar 2021 when we appointed a new Chief Financial Officer and reviewed the cost side of the business leading to a number of initiatives including at the corporate level, reducing the size of the DLT Board. In addition, we embarked on improving our operational expenditures through optimising process flows.

Next we considered how we can scale the business through the commercial lens of our sales and marketing, and business development function, on how we best tender for contracts. These factors have helped us scale the business and set the scene for growth in a cost effective manner in calendar 2023, and our pathway to breakeven.

Team: I would like to thank our team for their hard work and contribution to the significant positive change we have achieved throughout the year. We have supplemented and tweaked key personnel positioning in the company across our established international footprint throughout the year, small in number but have proved highly impactful, which sets the scene for us to truly outperform in 2023.

Strategic acquisitions: We see that within our core addressable markets of mining and agriculture, a significant fragmentation of operators that do not exhibit the scale we have today and are perhaps hamstrung to grow, yet have attractive clients or relationships which can quickly foster revenue growth if wrapped in an attractive and capable offering. The coming together of DLT and such businesses represent attractive value accretive opportunities that DLT will assess in calendar 2023.

As we look ahead, I see huge opportunity to grow the business based on the achievements of 2022 and the readiness of the business to compete and solve pain points for our clients and prospective customers. To our clients and customers, we have become a respected brand.

We will continue to carefully monitor the business and implement new initiatives where we see strong benefit. A resourcing area we are working on is to optimise our working capital management in anticipation of winning large contracts. At the board level, we see opportunity to selectively strengthen our capability. This follows the exit of our long standing French majority owner, Delta Drone SA in early January 2023 and coming onto our register, a number of well-known Australian specialised funds. We are now a fully independent ASX listed company able to follow our own destiny.

In closing, at the time of writing this report, DLT is a $4.6m market capped company backed by a strong track record, excellent prospects, an already extensive client list of contracts. Our business is scalable and operates in a sea of opportunity across the mining and agriculture sectors, and the construction sector too has attractive addressable market characteristics, also fitting of our services.

Christopher Clark
Executive Chairman and Chief Executive Officer

ASX: DLT

HIGHLIGHTS

FY2022

REVENUE INCREASED

25%

From \$3.525m to \$5.735m

ANNUAL RECURRING REVENUE ACCOUNTED FOR

33%

of total revenue

ANNUAL RECURRING REVENUE (ARR)

Grew to

\$2.409m

TOTAL CONTRACT REVENUE (TCV)

Grew to

\$4.877m

4x

MATERIAL ASX ANNOUNCED CONTRACT WINS

SOFTWARE PARTNERSHIP WITH

Strayos

(broadening the business model)

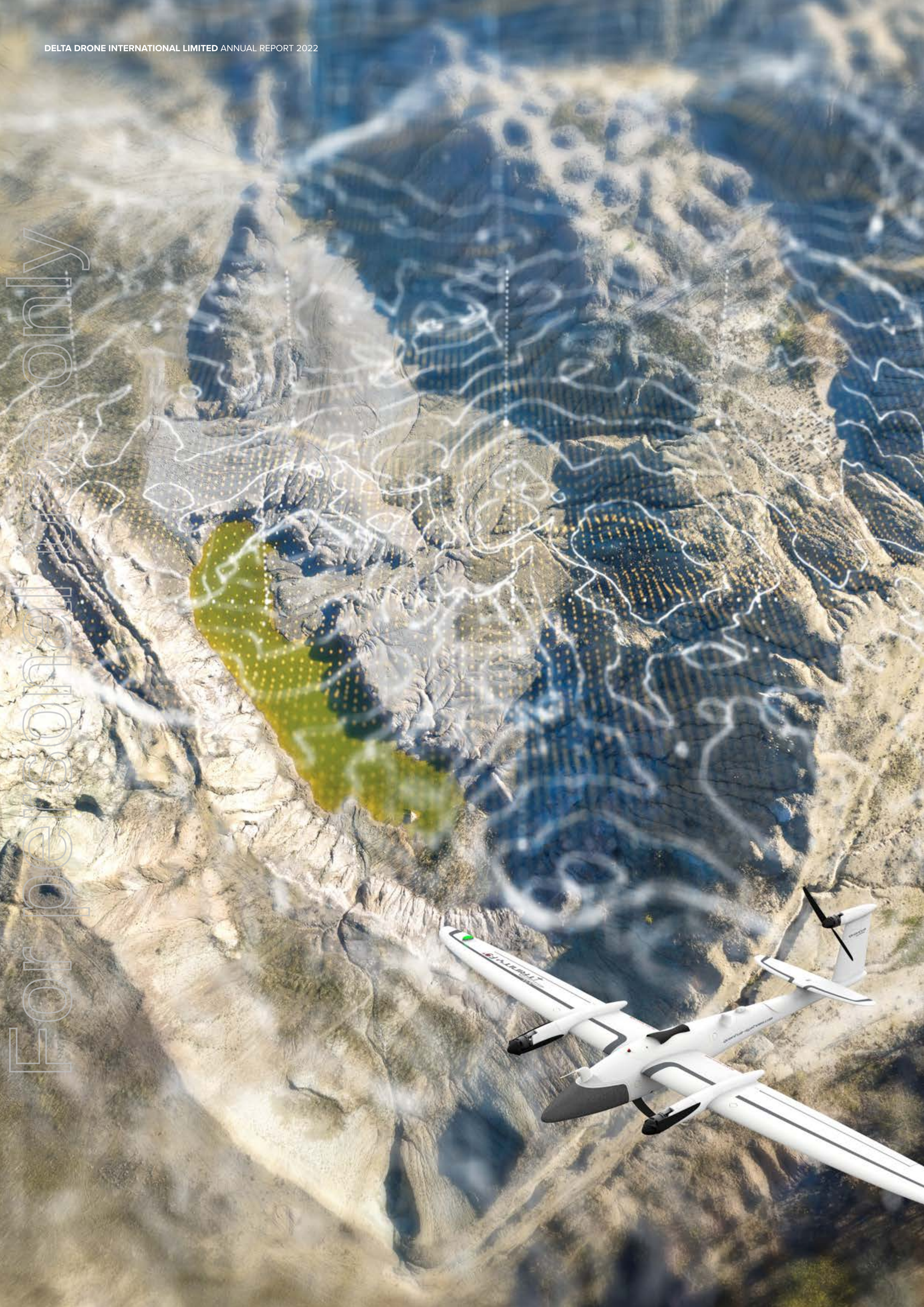
BVLOS LICENSE GRANTED

BVLOS

TO OPERATE IN WESTERN AUSTRALIA

CORPORATE DIRECTORY

Directors	Mr Christopher Clark Mr Nicolas Clerc Mr Christian Viguie Mr Paul Williamson	Executive Chairman, Chief Executive Officer Non-Executive Director Non-Executive Director Executive Director, Chief Financial Officer
Company secretary	Mr Stephen Buckley	
Registered office	75 Thomas Street Subiaco WA 6008 Email: contact@dlti.com.au	
Principal place of business	75 Thomas Street Subiaco WA 6008	
Share register	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 Email: hello@automic.com.au Web: www.automic.com.au	
Auditor	Hall Chadwick Audit (WA) Pty Ltd 283 Rokeby Road Subiaco, WA 6008	
Legal Advisers (Australia)	Eaton Hall 20/210 Queen Victoria Street North Fremantle WA 6159	
Legal Advisers (Israel)	Shibolet Tou Towers 4 Yitzhak Sadeh St Tel Aviv, Israel 6777504	
Legal Advisers (South Africa)	Rodl & Partner 1 Eastgate Lane Bedfordview South Africa 2007	
Stock exchange listing	Delta Drone International Limited shares are listed on the Australian Securities Exchange (ASX code: DLT)	
Website	Web: www.dlti.com.au	
Corporate Governance Statement	Delta Drone's Corporate Governance Statement can be viewed at: https://www.dlti.com.au/resource/corporate-governance/	



DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'DLT') consisting of Delta Drone International Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2022.

DIRECTORS

Name	Title	Appointed	Resigned
Mr Christopher Clark	Executive Chairman & CEO	3 December 2020	-
Mr Nicolas Clerc	Non-Executive Director	8 April 2021	-
Mr Christian Viguie	Non-Executive Director	8 April 2021	-
Mr Paul Williamson	Executive Director & Chief Financial Officer	22 June 2022	-
B. Gen (ret) Eden Attias	Non-Executive Director	17 October 2018	17 June 2022
Mr Stephen Gorenstein	Non-Executive Director	17 October 2018	17 June 2022
Mr Clive Donner	Non-Executive Director	14 July 2021	24 May 2022

PRINCIPAL ACTIVITIES

Delta Drone International is a multi-national drone-based data service and technology solutions provider for the mining, agricultural and engineering industries. It provides aerial surveying and mapping, security and surveillance and blast monitoring and fragment analysis through a fully-outsourced service and fast data turnaround that allows enterprise customers to focus on their operations while DLT takes care of everything in the air.

While the COVID-19 pandemic did have an impact on the business, the overall business remained resilient due to long-term annuity contracts with mining customers, considered essential to national economies.

REVIEW OF OPERATIONS

There was a loss for the Group after providing for income tax of $1,968,455 (31 December 2021: $3,590,483).

The loss for the Group from continuing operations amounted to $2,421,914 (31 December 2021: $1,705,749).

Unless otherwise stated, all figures in this report after providing for income tax are in the Company's presentation currency, the Australian Dollar ("$"). The Company introduced new operating metrics for the business which provide investors with insight into the Company's commercial model. These metrics are driven by the ongoing signing of multi-year contracts and are measured as follows:

- Annual Recurring Revenue (ARR)
- Total Contract Value (TCV)

ARR represents 12 months of revenue from legal contracts with minimum original terms of 12 months, subject to normal termination provisions per each contract. TCV is the total value of all remaining contracts (only contracts that had a minimum of 12 months original duration are included) and is net of monthly contract depletion (i.e. the revenue remaining to be collected until end of contract life)

At 31 December 2022, ARR of the Group totalled $2.409m and TCV totalled $4.877m. In addition, the Company generates revenues from relationships which are likely to re-occur as well as one-off revenue from short projects.

REVIEW OF OPERATIONS - CONTINUED

Key operational developments during the year are announced on the ASX, and have included:

- Beyond Visual Line of Sight (BLVOS) drone operating license granted by the Civil Aviation Safety Authority (CASA) in greater Kalgoorlie in Western Australia opening significant business opportunities to tender for contracts.
- A software partnership with Strayos with AI-driven technology, significantly broadening the business model and value-add to customers
- The signing of a number of new multi-year contracts, including Red-5 (via wholly owned subsidiary Greenstone Resources (WA) Pty Ltd), Anglo American (via wholly owned Rustenberg Platinum Mines Limited), Societe de Forage et de Travaux Publics Mining and Assmang's Khumani Iron Ore mine in South Africa.

Key governance developments included:

- Eden Attias (Non-executive Chairman), Stephen Gorenstein (Non-executive Director) and Clive Donner (Non-executive Director) resigned their positions as Directors of the Company.
- Christopher Clark was appointed Executive Chairman and now holds the positions of Executive Chairman and Chief Executive Officer
- Paul Williamson was appointed as an Executive Director and now holds the positions of Executive Director and Chief Financial Officer
- Changing auditor to Hall Chadwick.

From a risk management perspective, the Board continues to monitor and manage key business risks, within a risk management framework which can be summarised as:

- Zero target appetite risks, such as safety, fraud, and data and equipment protection
- Strategic risks, such as staff retention and engagement, market and product developments, regulation and financial performance
- External risks, such as overseas political risks, inflation, exchange rate and customer and supplier credit risk.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In February 2022, the Group finalised the sale of ParaZero Technologies Ltd ("ParaZero Israel").

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group continues to operate as a drone-based data service and technology service provider to the mining, agricultural and engineering industries. The recent software partnership with Strayos allows the Group to significantly broaden its business model and provide AI-driven technology which links with the drone-based data capture. Further information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Group.

INFORMATION ON DIRECTORS

MR CHRISTOPHER CLARK

Executive Chairman and Chief Executive Officer

Qualifications

Bachelor of Accounting, Master of Business Administration

Experience and expertise

Mr Clark has been involved in the mining services sector for over 10 years in South Africa, beginning with technology and communication projects for mining giant Anglo American. Mr Clark has spearheaded the development of the DDSA business across Africa, including Ghana and Namibia, and has set up new business verticals in agriculture and executive training.

Chris was appointed as CEO of the Company following the acquisition of Delta Drone South Africa in December 2020 and as Executive Chairman on 17 June 2022.

Other current directorships

None

Former directorships (last 3 years)

None

Interests in shares

None

Interests in options

2,000,000 options expiring 30 May 2026 @$0.021

Interests in rights

14,000,000 performance rights (Terms as noted in note 33 of this Annual report)

MR NICOLAS CLERC

Non-Executive Director

Qualifications

Advanced Degree in Accounting and Management

Experience and expertise

Mr Nicolas boasts 20 years of experience within accounting and audit firms. After working within several national and international firms, he became audit manager within a firm of about 60 people in the Auvergne-Rhône-Alpes region. He joined the Delta Drone group in September 2017 as Group Administrative and Finance Director.

Other current directorships

None

Former directorships (last 3 years)

None

Interests in shares

None

Interests in options

None

Interests in rights

None

INFORMATION ON DIRECTORS

MR CHRISTIAN VIGUIE
Non-Executive Director

Qualifications
Graduate of IEP Paris

Experience and expertise
Christian Viguie worked as a financial analyst before forming multiple financial reporting companies. He also served as CEO of the Unilog Group from 1998 to 2006, where he was responsible for relationships with the financial community. A member of the French Society of Financial Analysts, Christian Viguie serves as a professor at the Financial Analysis Training Center.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None

Interests in options
None

Interests in rights
None

MR PAUL WILLIAMSON
Executive Director and Chief Financial Officer

Qualifications
Bachelor of Accountancy with Upper Second-Class Honours, Graduate Diploma in Applied Corporate Governance, Member of the Governance Institute of Australia, Member of The Institute of Chartered Accountants of Scotland.

Experience and expertise
Mr Williamson has over 30 years' experience in accounting and financial management. After working for big four professional services firm KPMG, he held various financial and governance roles in the banking, finance and insurance industries internationally, including six years as Chief Financial Officer for ASX listed companies. Prior to joining Delta Drone International in December 2021, he was Chief Financial Officer for surveying and spatial data management services provider, Land Surveys Group.

Paul was appointed as an Executive Director on 22 June 2022.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None

Interests in Options
None

Interests in Rights
4,000,000 performance rights subject to shareholder approval at the next Annual General Meeting

INFORMATION ON DIRECTORS WHO RETIRED DURING THE YEAR

MR STEPHEN GORENSTEIN

Non-Executive Director

Qualifications
BSc (Hons) Geology and Geophysics, Masters in Accounting and Finance

Date Resigned
Mr Gorenstein resigned as a Director on 17 June 2022.

Other current directorships
None

Former directorships (last 3 years)
White Rock Minerals Limited (ceased 1 February 2021)

Interests in shares
400,000 Ordinary Shares at date of resignation

Interests in options
37,106 unlisted options at date of resignation, expiring 24 June 2024 exercisable at $0.1125

Interests in rights
None at the date of resignation

MR CLIVE DONNER

Non-Executive Director

Qualifications
Bachelor of Commerce

Date Resigned
Mr Donner resigned as a Director on 24 May 2022.

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
None at date of resignation

Interests in options
None at date of resignation

Interests in rights
None at date of resignation

B. GEN (RET.) EDEN ATTIAS

Executive Chairman

Qualifications
Bachelor of Arts in Computer Science, Master of Arts in Public Administration

Date Resigned
Eden resigned as Executive Chairman and as a Director on 17 June 2022

Other current directorships
None

Former directorships (last 3 years)
None

Interests in shares
559,717 Ordinary Shares at date of resignation

Interests in options
37,106 unlisted options at date of resignation, expiring 24 June 2024 exercisable at $0.1125
5,598,837 unlisted options at date of resignation, expiring 13 June 2023 exercisable at $0.0027

Interests in rights
None at date of resignation

COMPANY SECRETARY

MR STEPHEN BUCKLEY

Company secretary

Qualifications
GAICD

Experience and expertise
Mr Buckley has over 40 years' experience in financial markets and is a director of Governance Corporate Pty Ltd, a company specialising in providing company secretarial, corporate governance and corporate advisory services. In the 20 years prior to starting his own business, Mr Buckley has held executive and senior leadership roles in partnership management and business development.

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Christopher Clark	15	15
Nicolas Clerc	13	15
Christian Viguie	15	15
Paul Williamson	8	8
Eden Attias	6	6
Stephen Gorenstein	6	6
Clive Donner	5	5

Held: represents the number of meetings held during the time the Director held office.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 (Cth), as amended (Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the group, directly or indirectly, including all Directors.

INTRODUCTION

Key Management Personnel (KMP) have authority and responsibility for planning, directing and controlling the major activities of the Group. KMP comprise the directors of the Company and identified key management personnel. Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced directors and executives. The Board may seek independent advice on the appropriateness of compensation packages, given trends in comparable companies both locally and internationally and the objectives of the Group's compensation strategy.

REMUNERATION GOVERNANCE

The Board considers that the Company will not currently benefit from the establishment of a Remuneration Committee. In accordance with the Company's Board Charter, 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:

a) the Board devotes time at appropriate Board meetings to assess the level and composition of remuneration for Directors and senior executives;

b) items that are usually required to be discussed by a remuneration committee are marked as separate agenda items at Board meetings when required; and

c) the Board may seek external advice and benchmarking to inform their decisions.

During the financial year ended 31 December 2022, the Company did not receive any remuneration recommendations from any remuneration consultants.

EXECUTIVE REMUNERATION ARRANGEMENTS

The compensation structures are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages may include a mix of fixed compensation, equity-based compensation, as well as employer contributions to superannuation funds. Shares and options may only be issued subject to approval by shareholders in a general meeting.

At the date of this report the Company has two appointed executives, Christopher Clark as Executive Chairman and Chief Executive Officer and Mr Paul Williamson as Executive Director and Chief Financial Officer. The terms of their Executive Services Agreement with the Company are summarised below:

CHRISTOPHER CLARK

- A total remuneration package of $243,100 per annum including statutory superannuation, effective 1 July, 2022.
- Participation in the Company's incentive programs.
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies.
- The Agreement may be terminated by either party giving four (4) months' notice and the Agreement may be terminated immediately if Mr Clark is engaged in conduct justifying summary dismissal.
- Non-compete and non-solicitation restraints in place for up to six months following cessation of employment.

PAUL WILLIAMSON

- A total remuneration package of $200,000 per annum plus statutory superannuation, effective 1 July, 2022.
- Participation in the Company's incentive programs.
- Reimbursement of reasonable business expenses incurred in the ordinary course of the business in accordance with the Group's reimbursement policies.
- The Agreement may be terminated by either party giving three (3) months' notice and the Agreement may be terminated immediately if Mr Williamson is engaged in conduct justifying summary dismissal.
- Non-compete and non-solicitation restraints in place for up to twelve months following cessation of employment.

PERFORMANCE CONDITIONS LINKED TO REMUNERATION

The Group maintains an Employee Incentive Plan ("Plan") to provide ongoing incentives to Eligible Participants of the Company. The Plan was approved by shareholders at the Company's annual general meeting held on 24 June 2021. Eligible Participants include:

- a Director (whether executive or non-executive) of any Group company;
- a full or part time employee of any Group company;
- a casual employee or contractor of a Group Company; or
- a prospective participant, being a person to whom the Offer was made but who can only accept the Offer if arrangement has been entered into that will resulting in the person becoming an Eligible Participant.

The purpose of the Plan is to provide an incentive to the employees and directors of Delta Drone and its subsidiaries to encourage the sense of proprietorship and to stimulate their active interest in the development and financial success of the Company by providing them with opportunities to purchase shares in the Company.

The Group also formed a South African Employee Incentive Plan which was approved by Shareholders at the Company's annual general meeting held on 31 May 2022. The eligible participants include:

- a full-time or permanent part-time employee of a group company
- a director of a group company

The purpose of the plan is the same as the purpose of the group Employee Incentive Plan above, but allows the operation of the plan in South Africa.

No securities were issued to executives under the Plan during the 2022 financial year. (2021: 12,000,000 performance rights)

NON-EXECUTIVE DIRECTOR FEE ARRANGEMENTS

The Board policy is to remunerate non-executive directors at a level to comparable companies for time, commitment, and responsibilities. Non-executive directors may receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to non-executive directors.

The maximum aggregate amount of fees that can be paid to non-executive directors is presently limited to an aggregate of $300,000 per annum and any change is subject to approval by shareholders at a General Meeting. To align directors' interests with shareholder interests, directors are encouraged to hold shares in the Company.

Total fees for non-executive directors for the financial year were $111,000 (2021: $99,144) and cover main Board activities only. Non-executive directors may receive additional remuneration for other services provided to the Group. All non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

No securities were issued to non-executives under the Plan during the 2022 financial year (2021: 1,000,000 performance rights).

DETAILS OF REMUNERATION

The Key Management Personnel of Delta Drone includes year ended 31 December 2022.

Details of the remuneration of key management personnel of the Group are set out in the following tables.

2022

	Short-term benefits			Postemploy-ment benefits	Long-term benefits	Share-based payments(i)	Short-term benefitis	
$	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Termination	Total
Executive Directors:								
Christopher Clark	199,769	-	-	20,527	-	54,086	-	274,382
Paul Williamson(vii)	200,000	-	-	20,500	-	-	-	220,500
Eden Attias(vi)	77,085	-	-	-	-	-	100,000	177,085
Non-Executive Directors:	-	-	-	-	-	-	-	
Nicholas Clerc(iv)	-	-	-	-	-	-	-	-
Christian Viguie(v)	-	-	-	-	-	-	-	-
Stephen Gorenstein(ii)	30,000	-	-	-	-	-	20,000	50,000
Clive Donner(iii)	20,000	-	-	-	-	-	-	20,000
Dan Araz(viii)	41,000	-	-	-	-	-	-	41,000
	567,854	-	-	41,027	-	54,086	120,000	782,967

i. Share-based payment expense is recorded pro-rata over the vesting period. Refer to Additional disclosures relating to equity instruments for further information on share-based payments granted to directors and key management during the year.
ii. Resigned as non-executive director effective 17 June 2022.
iii. Resigned as non-executive director effective 24 May 2022.
iv. No remuneration was paid during the year.
v. No remuneration was paid during the year.
vi. Resigned as executive director effective 17 June 2022.
vii. Appointed as executive director effective 22 June 2022.
viii. Remuneration was paid for services performed for FY20 and FY21. Resigned as non-executive director effective 21 June 2021.

2021

	Short-term benefits			Postemployment benefits	Long-term benefits	Sharebased payments(i)	
$	Cash salary and fees	Cash bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
Executive Directors:							
Christopher Clark(vii)	165,991	-	16,821	14,638	-	24,828	222,278
Eden Attias	200,446	-	-	-	-	24,828	225,274
Non-Executive Directors:							
Nicholas Clerc(iii)	-	-	-	-	-	-	-
Christian Viguie(iv)	-	-	-	-	-	-	-
Stephen Gorenstein	40,000	-	-	-	-	4,138	44,138
Clive Donner(ii)	18,639	-	-	-	-	-	18,639
Dan Araz(v)	19,000	-	-	-	-	-	19,000
Chris Singleton(vi)	21,505	-	-	-	-	-	21,505
	465,581	-	16,821	14,638	-	53,794	550,834

i. Share-based payment expense is recorded pro-rata over the vesting period. Refer to Additional disclosures relating to equity instruments for f further information on share-based payments granted to directors and key management during the year.
ii. Appointed as non-executive director effective 14 July 2021.
iii. Appointed as non-executive director effective 8 April 2021. No remuneration was paid during the year.
iv. Appointed as non-executive director effective 8 April 2021. No remuneration was paid during the year.
v. Resigned as non-executive director effective 21 June 2021.
vi. Resigned as non-executive director effective 14 July 2021.
vii. The remuneration for 31 December 2020 represents remuneration paid to Christopher Clark for the financial year 2020 whilst a director of Delta Drone South Africa (Pty) Ltd. Short term non-cash benefits includes medical and life insurances and other statutory employment benefits.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
Stephen Gorenstein	100%	91%	-	-	-	9%
Clive Donner	100%	100%	-	-	-	-
Nicholas Clerc	-	100%	-	-	-	-
Christian Viguie	-	100%	-	-	-	-
Dan Arazi	-	100%	-	-	-	-
Chris Singleton	-	100%	-	-	-	-
Executive Directors:						
Eden Attias	100%	89%	-	-	-	11%
Christopher Clark	80%	89%	-	-	20%	11%
Paul Williamson	100%	-	-	-	-	-

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 31 December 2022.

Options

There were 2,000,000 options issued to Christopher Clark as part of compensation in the year ended 31 December 2022. As at 31 December 2022, 1,000,000 options had vested and an expense of $6,900 based on a fair value of $0.0069 per option vested has been recognised, representing the number of options vested from 3 June 2022 (grant date) to 31 December 2022. The total value of the remaining 1,000,000 options will be expensed as each tranche vests over the next six quarters ending on 1 July 2024.

Performance rights

During the year 6,000,000 performance rights held by Eden Attias and 1,000,000 performance rights held by Stephen Gorenstein were forfeited due to their resignation.

There were 8,000,000 performance rights over ordinary shares issued to Chistopher Clark as part of his compensation during the year ended 31 December 2022. Shareholders of the Company approved the issue of the Performance Rights at the Annual General Meeting of the Company held on 31 May 2022. As at 31 December 2022, an expense of $28,065 based on a fair value of $0.014 per right has been recognised as share-based payment in the statement of profit or loss and other comprehensive income which represents the pro-rated value from 3 June 2022 (grant date) to 31 December 2022. The total value remaining will be expensed over management's expected vesting period for each milestone.

No performance rights have vested in the year ended 31 December 2022.

The terms and milestones for the Performance Rights are listed below and in note 33 of this annual report.

Name	No. of Performance Rights	Milestones	% vested	% unvested
Christopher Clark	666,667	DDG 2021 Milestone 1	-	100.00%
Christopher Clark	666,667	DDG 2021 Milestone 2	-	100.00%
Christopher Clark	666,666	DDG 2021 Milestone 3	-	100.00%
Christopher Clark	1,333,334	2021 New Milestone 1	-	100.00%
Christopher Clark	1,333,333	2021 New Milestone 2	-	100.00%
Christopher Clark	1,333,333	2021 New Milestone 3	-	100.00%
Christopher Clark	2,666,667	2022 New Milestone 1	-	100.00%
Christopher Clark	2,666,667	2022 New Milestone 2	-	100.00%
Christopher Clark	2,666,666	2022 New Milestone 3	-	100.00%
	14,000,000			

2022 NEW MILESTONES

Milestone	Description
2022 New Milestone 1	The Group achieving total consolidated EBIT of not less than A$nil (i.e. break-even) in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2022 New Milestone 2	The Group achieving total consolidated revenue of not less than A$15,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2022 New Milestone 3	The Group achieving total consolidated EBIT of more than A$2,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.

DDG 2021 MILESTONES

Milestone	Description
DDG Milestone 1	DDSA achieving consolidated revenue (for the avoidance of doubt, only DDSA and excluding the Group) for any full financial year (being 1 Jan to 31 Dec) during the three-year term of the Performance Rights of not less than US$3,200,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).
DDG Milestone 2	If DDSA enters into at least two binding contracts with Australian-based mining companies (being companies that conduct mining, exploration or extraction services) for the provision of drone survey or mapping solutions services to those mining companies in Australia ("Services") and DDSA receives not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert) of verified revenue in aggregate from such executed contracts received within the three-year term of the Performance Rights for its Services.
DDG Milestone 3	If during the three-year term of the Performance Rights, the Company announces to the ASX that DDSA has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel, South Africa, Ghana and Namibia and achieved a revenue in that new geographic location of not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).

Note: DDSA means Delta Drone South Africa and its current subsidiaries, Drone Safety and Legal, Rocketmine South Africa and Rocketmine Ghana.

2021 NEW MILESTONES

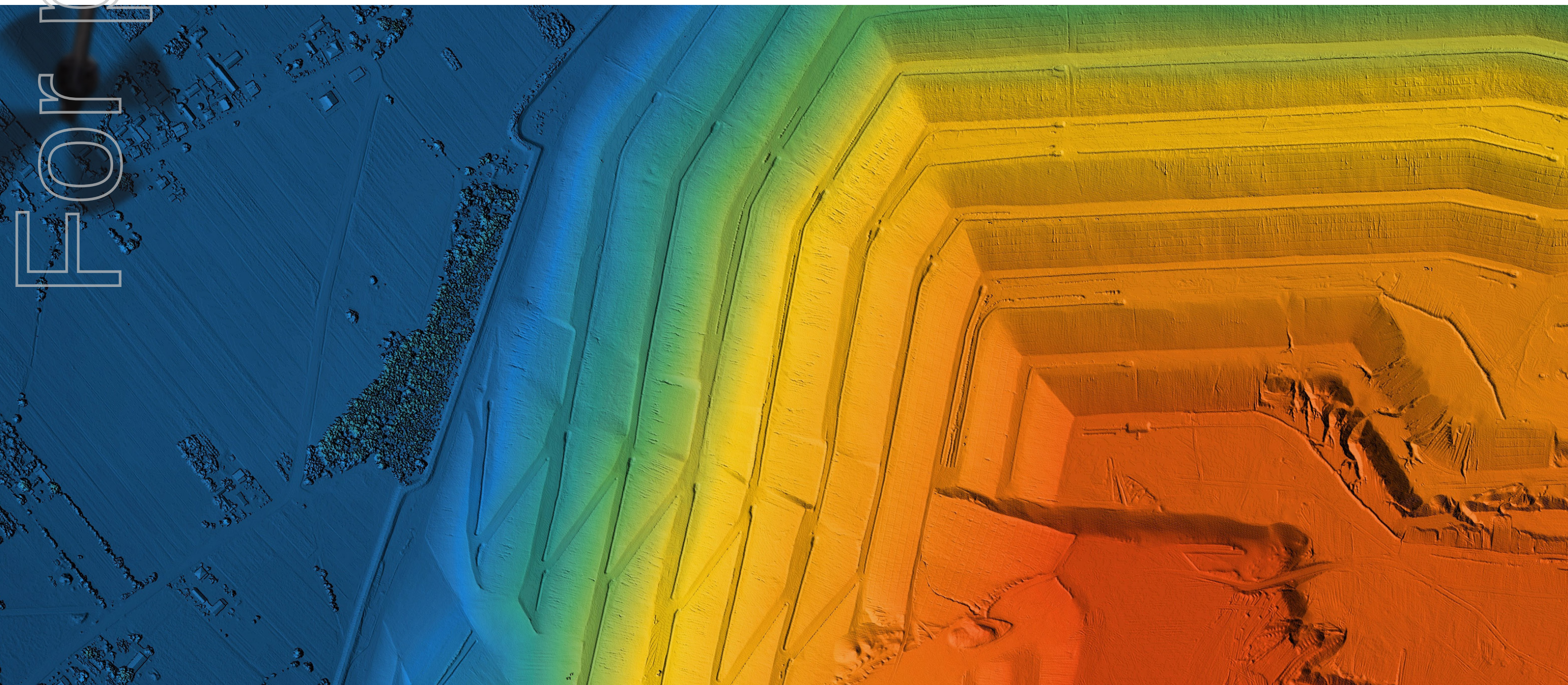
Milestone	Description
2021 New Milestone 1	The Group achieving consolidated revenue of not less than A$10,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2021 New Milestone 2	The Group achieving total consolidated EBITDA of not less than A$1,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2021 New Milestone 3	The Company achieving a total return on equity of not less than 10% in a single financial year (being 1 Jan to 31 Dec), where return on equity is equal to net profit as a percentage of total equity based on audited accounts having been prepared by an external auditor or other suitable expert.

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ resignations/ other	Balance at the end of the year
Ordinary shares					
Eden Attias	559,717	-	-	(559,717)	-
Christopher Clark	-	-	-	-	-
Stephen Gorenstein	400,000	-	-	(400,000)	-
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Paul Williamson	-	-	-	-	-
	959,717	-	-	(959,717)	-



Prior year shareholding

The number of shares in the Company held during the prior financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ resignations/ other	Balance at the end of the year
Ordinary shares					
Eden Attias	559,717	-	-	-	559,717
Christopher Clark	-	-	-	-	-
Stephen Gorenstein	400,000	-	-	-	400,000
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Dan Arazi	359,800	-	-	(359,800)	-
Chris Singleton	200,000	-	-	(200,000)	-
	1,519,517	-	-	(559,800)	959,717

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Eden Attias	5,635,943	-	-	(5,635,943)	-
Christopher Clark	-	2,000,000	-	-	2,000,000
Stephen Gorenstein	37,106	-	-	(37,106)	-
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
	5,673,049	2,000,000	-	(5,673,049)	2,000,000

Prior year option holding

The number of options over ordinary shares in the Company held during the prior financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
Eden Attias	5,635,943	-	-	-	5,635,943
Christopher Clark	-	-	-	-	-
Stephen Gorenstein	37,106	-	-	-	37,106
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Dan Arazi	25,956	-	-	(25 956)	-
Chris Singleton	18,553	-	-	(18,553)	-
	5,717,558	-	-	(44,509)	5,673,049

Performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Eden Attias	6,000,000	-	-	(6,000,000)	-
Christopher Clark	6,000,000	8,000,000	-	-	14,000,000
Stephen Gorenstein	1,000,000	-	-	(1,000,000)	-
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Dan Arazi	-	-	-	-	-
	13,000,000	8,000,000	-	(7,000,000)	14,000,000

Prior year performance rights holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of 2021	Granted	Vested	Expired/ forfeited/ other	Balance at the end of 2021
Performance rights over ordinary shares					
Eden Attias	-	6,000,000	-		6,000,000
Christopher Clark	-	6,000,000	-	-	6,000,000
Stephen Gorenstein	-	1,000,000	-	-	1,000,000
Clive Donner	-	-	-	-	-
Nicolas Clerc	-	-	-	-	-
Christian Viguie	-	-	-	-	-
Dan Arazi	-	-	-	-	-
Chris Singleton	-	1,000,000	-	(1,000,000)	-
	-	14,000,000	-	(1,000,000)	13,000,000

Loans to key management personnel and their related parties

There were no loans to/from key management personnel and their related parties as at 31 December 2022 (2021: nil)

Other transactions with key management personnel and their related parties

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions. During the period $74,344 (including statutory superannuation) was paid to a related party of Christopher Clark in relation to employment services and $4,851 (including GST) to a related party of Paul Williamson for office building maintenance. The Group had no other transactions with members of the Group's key management personnel and/or their related parties during the year.

Voting of shareholders at last year's annual general meeting

The Company received less than 75% "Yes" votes cast on its Remuneration Report for the 2021 financial year, which constitutes a 'first strike' under section 250U of the Corporations Act. The Company did not receive any specific feedback at the Annual General Meeting regarding its remuneration policies.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

Unissued ordinary shares of Delta Drone International Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
13 June 2018	13 June 2023	$0.0027	7,590,418
17 April 2019	17 April 2024	$0.1125	955,480
24 June 2019	24 June 2024	$0.1125	953,544
5 November 2019	5 November 2024	$0.09	948,053
3 June 2022	30 May 2026	$0.0210	2,000,000
			12,447,495

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

2,000,000 share options were issued to Christopher Clark, on 3 June 2022, as approved by Shareholders of the Company at the Annual General Meeting of the Company held on 31 May 2022.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Delta Drone International Limited issued on the exercise of options during the year ended 31 December 2022 and up to the date of this report.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of Delta Drone International Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Number under rights
24 June 2021	24 June 2024	6,000,000
3 June 2022	3 June 2026	8,000,000
		14,000,000

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF PERFORMANCE RIGHTS

There were no ordinary shares of Delta Drone International Limited issued on the exercise of performance rights during the year ended 31 December 2022 and up to the date of this report.

INDEMNITY AND INSURANCE OF OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

NON-AUDIT SERVICES

The Company may decide to employ the Auditor Hall Chadwick Audit (WA) Pty Ltd on assignments additional to their statutory audit duties.

Details of the amounts paid or payable to the Auditor for audit and non-audit services provided during the year are set out below.

The Board has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the Auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the Auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the Auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

	Consolidated	
	2022	2021
(i) Audit and other assurance services	**$**	**$**
Audit or review of the financial statements - Hall Chadwick (Audit) WA	46,000	-
Audit or review of the financial statements - BDO Australia	-	71,000
Total remuneration for audit and other assurance services - Australia	46,000	71,000
(ii) Audit services - network firms		
Audit or review of the financial statements - BDO Network firms	-	54,831
Total remuneration for network firms	-	54,831

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

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

On behalf of the Directors

Christopher Clark
Executive Chairman and Chief Executive Officer

24 February 2023

To the Board of Directors,

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

As audit partner of Delta Drone International Ltd for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

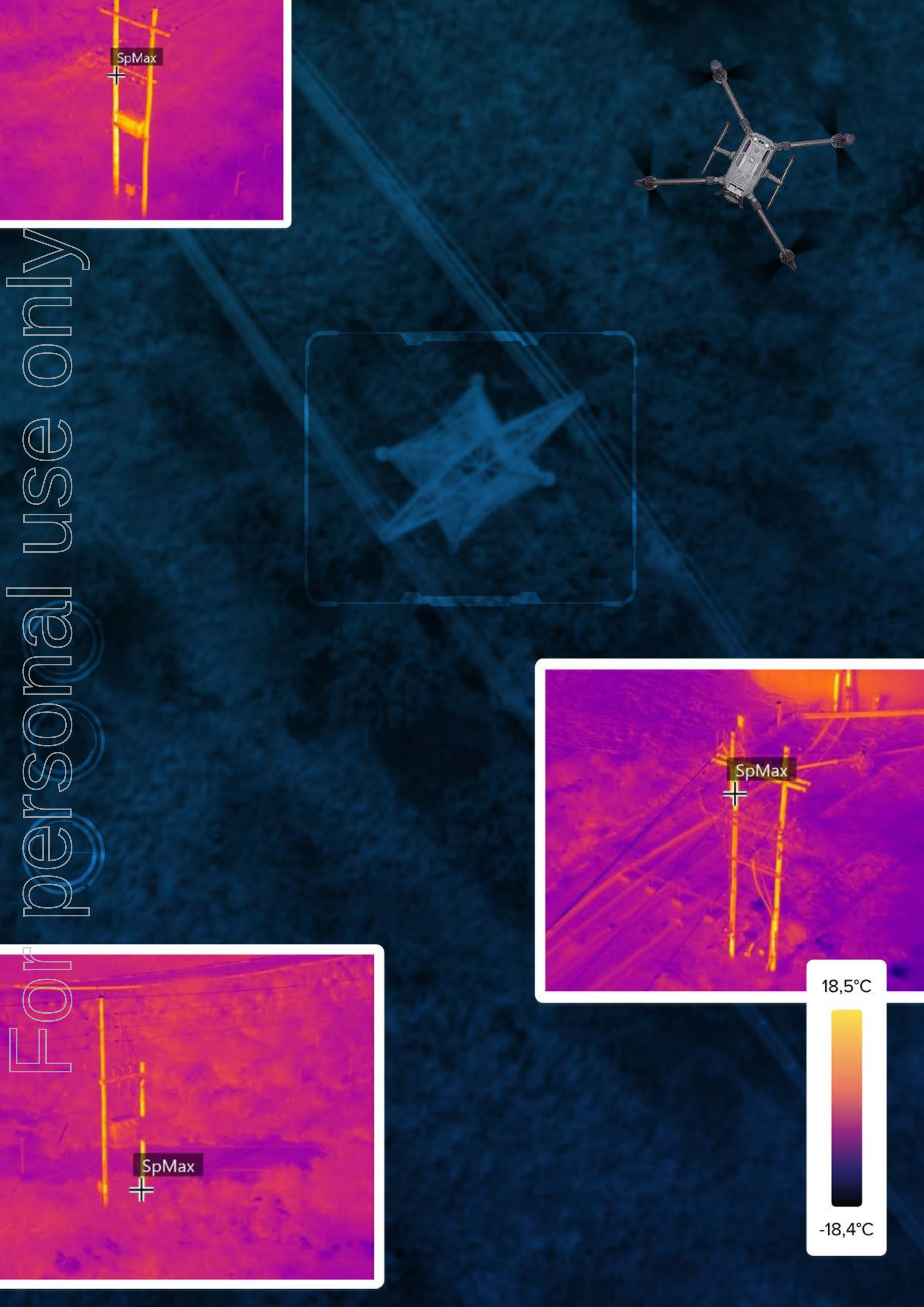
- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Hall Chadwick

HALL CHADWICK AUDIT (WA) PTY LTD

NIKKI SHEN CA
Director

Dated this 24th day of February 2023
Perth, Western Australia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FINANCIAL STATEMENTS

CONTENTS

GENERAL INFORMATION

The financial statements cover Delta Drone International Limited as a Group consisting of Delta Drone International Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Delta Drone International Limited's functional and presentation currency.

Delta Drone International Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

75 Thomas Street, Subiaco WA 6008

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 24 February 2023. The Directors have the power to amend and reissue the financial statements.

ASX: DLT

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

		Consolidated	
	Note	2022 ($)	2021 ($)
Revenue	4	5,734,798	4,581,962
Cost of sales		(2,932,115)	(2,153,244)
Gross profit		2,802,683	2,428,718
Other income		18,960	39,811
Gains from disposals of assets		41,688	11,123
Expenses			
Operating expense	5	(4,866,212)	(4,114,053)
Depreciation expense		(335,206)	(86,995)
Amortisation of intangible assets		(5,270)	(33,273)
Operating loss		(2,343,357)	(1,754,669)
Finance income		18,042	11,654
Finance expense		(9,736)	(867)
Loss before income tax benefit from continuing operations		(2,335,051)	(1,743,882)
Income tax expense / (benefit)	6	(86,863)	38,133
Loss after income tax from continuing operations		(2,421,914)	(1,705,749)
Profit / (loss) after income tax from discontinued operations	7	453,459	(1,884,734)
Loss after income tax for the year		(1,968,455)	(3,590,483)
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(585,775)	(94,728)
Other comprehensive loss for the year, net of tax		(585,775)	(94,728)
Total comprehensive loss for the year		(2,554,230)	(3,685,211)
Loss for the year is attributable to:			
Non-controlling interest		(45,000)	27,324
Owners of Delta Drone International Limited		(1,923,455)	(3,617,807)
		(1,968,455)	(3,590,483)
Total comprehensive loss for the year is attributable to:			
Continuing operations		(50,323)	(4,705)
Discontinued operations		-	-
Non-controlling interest		(50,323)	(4,705)
Continuing operations		(2,522,697)	(1,795,771)
Discontinued operations		18,790	(1,884,735)
Owners of Delta Drone International Limited		(2,503,907)	(3,680,506)
		(2,554,230)	(3,685,211)

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022 (CONTINUED)

		Cents	Cents
Loss per share for loss from continuing operations			
Basic loss per share	32	(0.46)	(0.34)
Diluted loss per share	32	(0.46)	(0.34)
Earnings per share for profit/(loss) from discontinued operations			
Basic earnings/(loss) per share	32	0.09	(0.37)
Diluted earnings per share	32	0.09	(0.37)
Loss per share for loss for year			
Basic loss per share	32	(0.37)	(0.72)
Diluted loss per share	32	(0.37)	(0.72)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

		Consolidated	
	Note	2022 ($)	2021 ($)
Assets			
Current assets			
Cash and cash equivalents	8	2,253,877	954,916
Trade and other receivables	9	2,314,480	1,415,957
Deposits		52,915	40,178
		4,621,272	2,411,051
Assets of disposal groups classified as held for sale		-	6,540,901
Total current assets		4,621,272	8,951,952
Non-current assets			
Property, plant and equipment	10	1,041,895	741,252
Right-of-use assets	11	102,480	121,621
Intangibles	12	-	5,313
Deferred tax	13	10,828	97,542
Goodwill	14	1,194,670	1,403,438
Total non-current assets		2,349,873	2,369,166
Total assets		6,971,145	11,321,118
Liabilities			
Current liabilities			
Trade and other payables	15	924,575	470,718
Contract liabilities	16	12,257	114,850
Borrowings	17	32,591	368,895
Lease liabilities	18	118,449	97,638
Deferred consideration		-	271,483
		1,087,872	1,323,584
Liabilities directly associated with assets classified as held for sale		-	1,682,604
Total current liabilities		1,087,872	3,006,188
Non-current liabilities			
Borrowings	19	120,000	40,000
Lease liabilities	20	109,743	121,256
Total non-current liabilities		229,743	161,256
Total liabilities		1,317,615	3,167,444
Net assets		5,653,530	8,153,674
Equity			
Issued capital	21	13,207,118	13,207,118
Reserves	22	(1,113,720)	(587,354)
Accumulated losses		(6,504,734)	(4,581,279)
Equity attributable to the owners of Delta Drone International Limited		5,588,664	8,038,485
Non-controlling interest		64,866	115,189
Total equity		5,653,530	8,153,674

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 DECEMBER 2022

Consolidated	Issued capital ($)	Foreign Currency Translation Reserve ($)	Reserves ($)	Share based payment reserve ($)	Accumulated losses ($)	Non-controlling interest ($)	Total equity ($)
Balance at 1 January 2021	12,904,061	419,845	(968,570)		(963,472)	75,021	11,466,885
(Loss)/profit after income tax expense for the year	-	-	-		(3,617,807)	27,324	(3,590,483)
Other comprehensive income for the year, net of tax	-	(92,422)	-		-	(2,306)	(94,728)
Total comprehensive (loss)/ income for the year	-	(92,422)	-		(3,617,807)	25,018	(3,685,211)
Acquisition of Arvista	288,000					15,150	303,150
Issue of shares	20,939	-	-		-	-	20,939
Issue of performance rights	-	-	-	53,793	-	-	53,793
Share issue costs	(5,882)	-	-		-	-	(5,882)
Balance at 31 December 2021	13,207,118	327,423	(968,570)	53,793	(4,581,279)	115,189	8,153,674

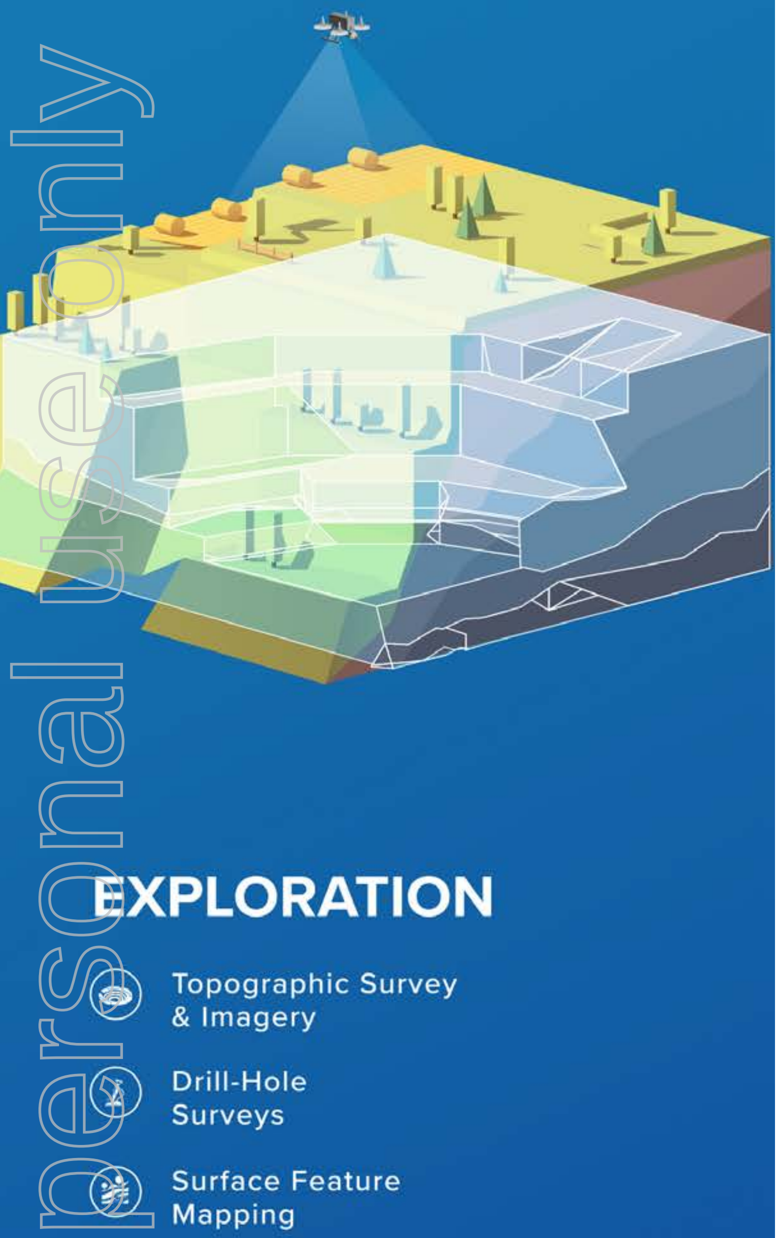
Consolidated	Issued capital ($)	Foreign Currency Translation Reserve ($)	Reserves ($)	Share based payment reserve ($)	Accumulated losses ($)	Non-controlling interest ($)	Total equity ($)
Balance at 1 January 2022	13,207,118	327,423	(968,570)	53,793	(4,581,279)	115,189	8,153,674
(Loss)/profit after income tax expense for the year	-	-	-	-	(1,923,455)	(45,000)	(1,968,455)
Other comprehensive income for the year, net of tax	-	(580,452)	-	-	-	(5,323)	(585,775)
Total comprehensive (loss)/ income for the year	-	(580,452)	-	-	(1,923,455)	(50,323)	(2,554,230)
Issue of performance rights	-	-	-	54,086	-	-	54,086
Balance at 31 December 2022	13,207,118	(253,029)	(968,570)	107,879	(6,504,734)	64,866	5,653,530

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2022

		Consolidated	
	Note	2022 ($)	2021 ($)
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		6,197,717	4,507,022
Payments to suppliers (inclusive of GST)		(7,783,489)	(6,216,466)
		(1,585,772)	(1,709,444)
Interest received		18,391	11,654
Interest paid		(1,001)	-
Net cash (used in) discontinued operations		7,819	(1,163,968)
Income taxes refunded		13,428	-
Net cash used in operating activities	31	(1,547,135)	(2,861,758)
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		(274,000)	(231,213)
Payments for property, plant and equipment	10	(795,210)	(813,792)
Proceeds from disposal of business		4,210,573	-
Proceeds from disposal of investments		20,000	-
Proceeds from disposal of property, plant and equipment		83,282	18,364
Payments for deposits (equipment and rental)		8,069	(515)
Net cash used by discontinued operations		(546)	(6,466)
Net cash from/(used in) investing activities		3,252,168	(1,033,622)
Cash flows from financing activities			
Repayment of borrowings		(435,462)	(512,111)
Repayment of lease liabilities		-	(49,062)
Proceeds from loans		80,000	454,821
Net cash used by discontinued operations		-	(36,963)
Net cash used in financing activities		(355,462)	(143,315)
Net increase/(decrease) in cash and cash equivalents		1,349,571	(4,038,695)
Cash and cash equivalents at the beginning of the financial year		954,916	4,991,134
Effects of exchange rate changes on cash and cash equivalents		(50,610)	2,477
Cash and cash equivalents at the end of the financial year	8	2,253,877	954,916

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

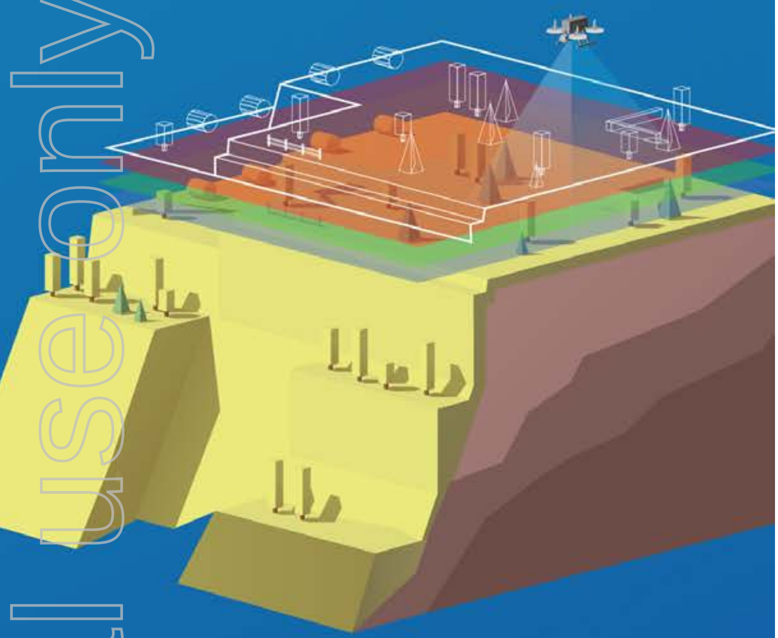
The following Accounting Standards and Interpretations are most relevant to the Group:

Amendments to AASB 3 Reference to the Conceptual Framework

The Group has adopted the amendments to AASB 3 Business Combinations for the first time in the current year. The amendments update AASB 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to AASB 3 a requirement that, for obligations within the scope of AASB 37 Provisions, Contingent Liabilities and Contingent Assets, an acquirer applies AASB 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Amendments to AASB 16 Property, Plant and Equipment - Proceeds before Intended Use

The Group has adopted the amendments to AASB 16 Property, Plant and Equipment for the first time in the current year. The amendments prohibit deducting from the cost of an item of property, plant and equipment any



SURVEY & PLANNING

Mine Design Layout

Stockpile Volumetrics

3-D Face Profiles

proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with AASB 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. AASB 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

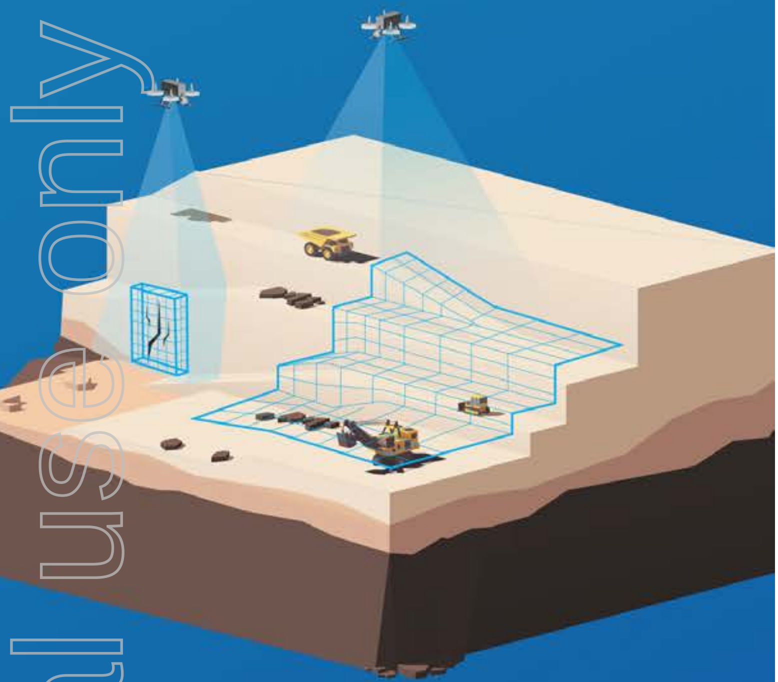
Amendments to AASB 37 Onerous Contracts - Cost of Fulfilling a Contract

The Group has adopted the amendments to AASB 37 for the first time in the current year. The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

GOING CONCERN

During the period, the Group generated a loss after tax from continuing operations of $2,421,914 (2021: $1,705,749), is reporting a net working capital of $3,533,400 (2021 : $5,945,764), has incurred net cash outflows from operations of $1,547,135 (2021: $2,861,758). As at 31 December 2022, the Group had $2,253,877 in cash (2021 : $954,916) and consolidated net assets of $5,653,530 (2021: $8,153,674).

The Group has prepared the financial statements for the financial period ended 31 December 2022 on a going concern basis, which assumes continuity of current business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.



GEOTECHNICAL

AI Crack Detection

Conformance Monitoring

Pit Wall Monitoring & Mapping

BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group'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 in note 2.

PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 28.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Delta Drone International Limited ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. Delta Drone International Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group 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 Group. 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group 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 Group 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.

OPERATING SEGMENTS

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

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is Delta Drone International Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

REVENUE RECOGNITION

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxing authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

CURRENT AND NON-CURRENT CLASSIFICATION

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

NON-CURRENT ASSETS OR DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

TRADE AND OTHER RECEIVABLES

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

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Computer	3 years
Furniture and equipment	3-17 years
Leasehold improvements	the shorter of the lease term and the useful life
Buildings	2-3 years
Plant and equipment	1-10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

TRADE AND OTHER PAYABLES

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

DRILL & BLAST

- Fragmentation & Heave Analysis
- Burden Planning & Reporting
- Vibration Modelling

RIGHT-OF-USE ASSETS

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

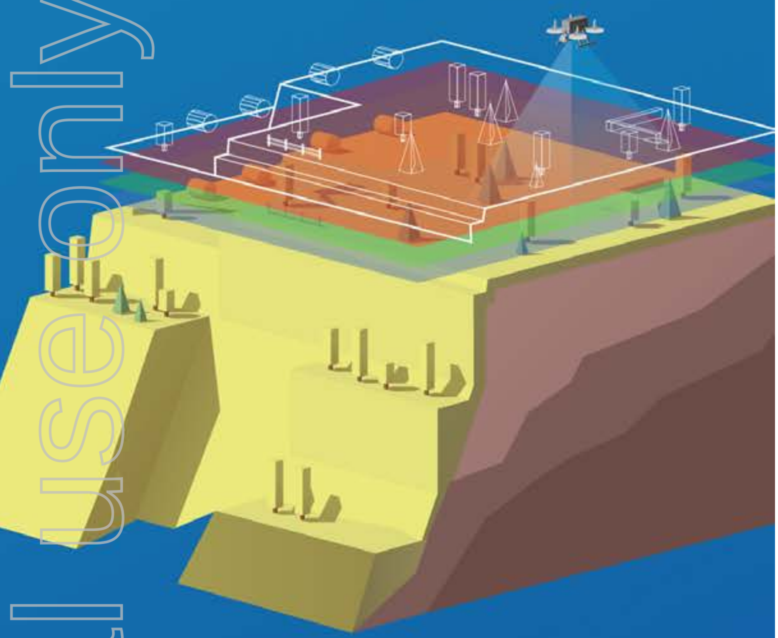
Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated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

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

INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.



SURVEY & PLANNING

- Mine Design Layout
- Stockpile Volumetrics
- 3-D Face Profiles

CONTRACT LIABILITIES

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

BORROWINGS

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

LEASE LIABILITIES

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

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

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

PROVISIONS

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

EMPLOYEE BENEFITS

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

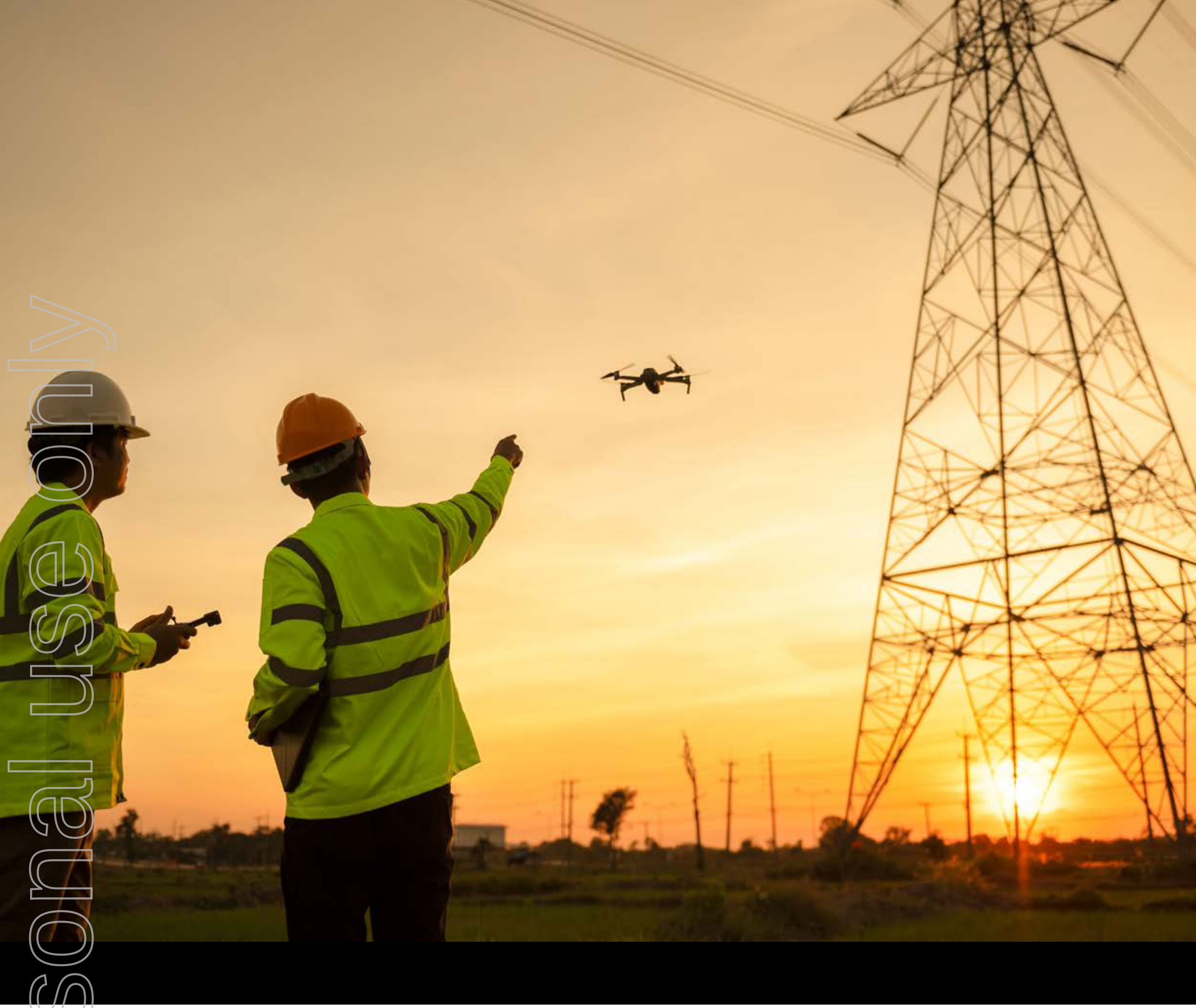
All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.



FAIR VALUE MEASUREMENT

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

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

ISSUED CAPITAL

Ordinary shares are classified as equity.

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

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

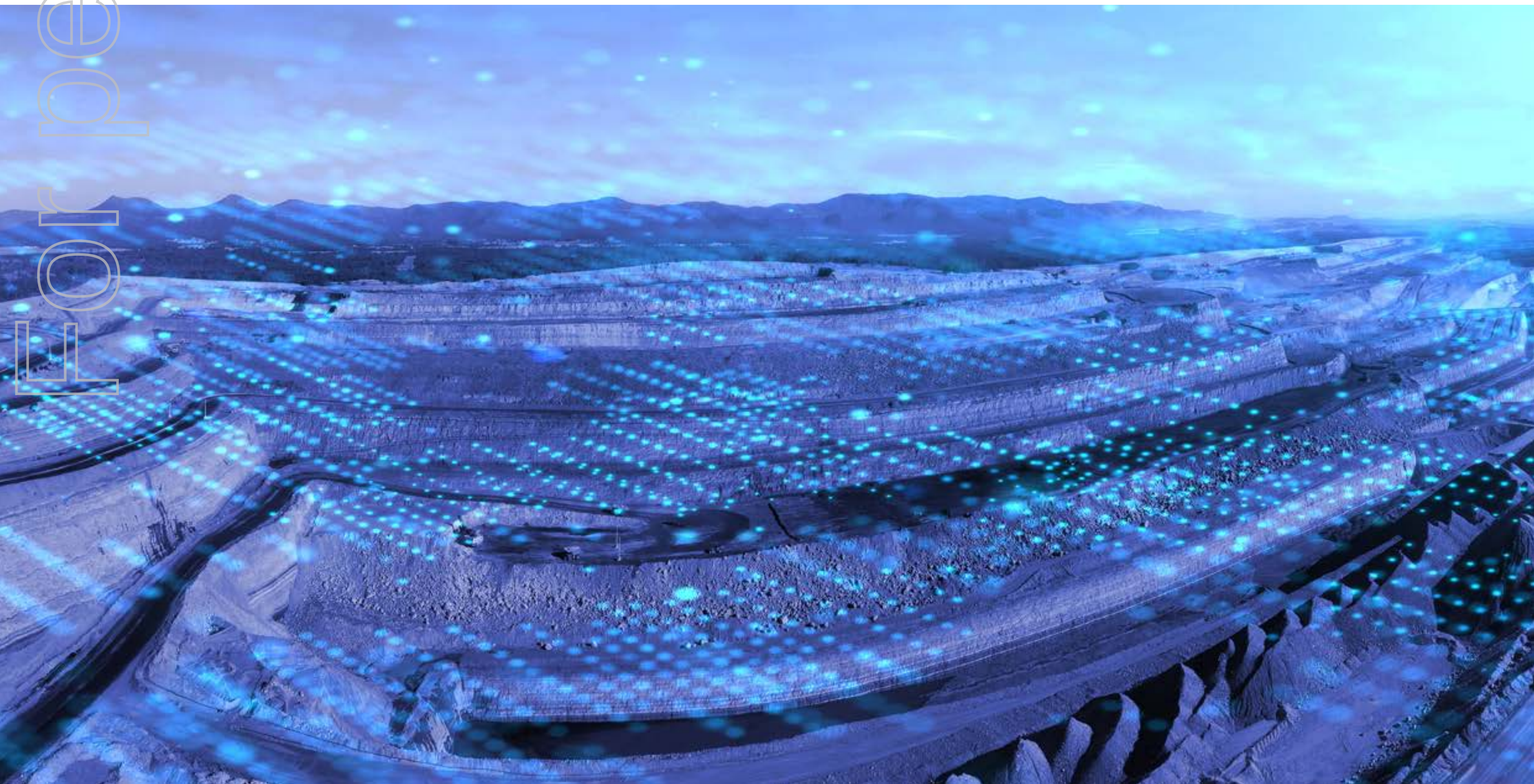
On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.



EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Delta Drone International Limited, 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 financial year.

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

GOODS AND SERVICES TAX('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

The Group issued performance rights during the year ended 31 December 2022 based on the conditions set out in note 33. The Group follows the guidelines of AASB 2 'Share Based Payments' and takes into account non-market vesting conditions and estimates the probability and expected timing of achieving the vesting conditions. For full terms of the securities issued see note 33 .

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

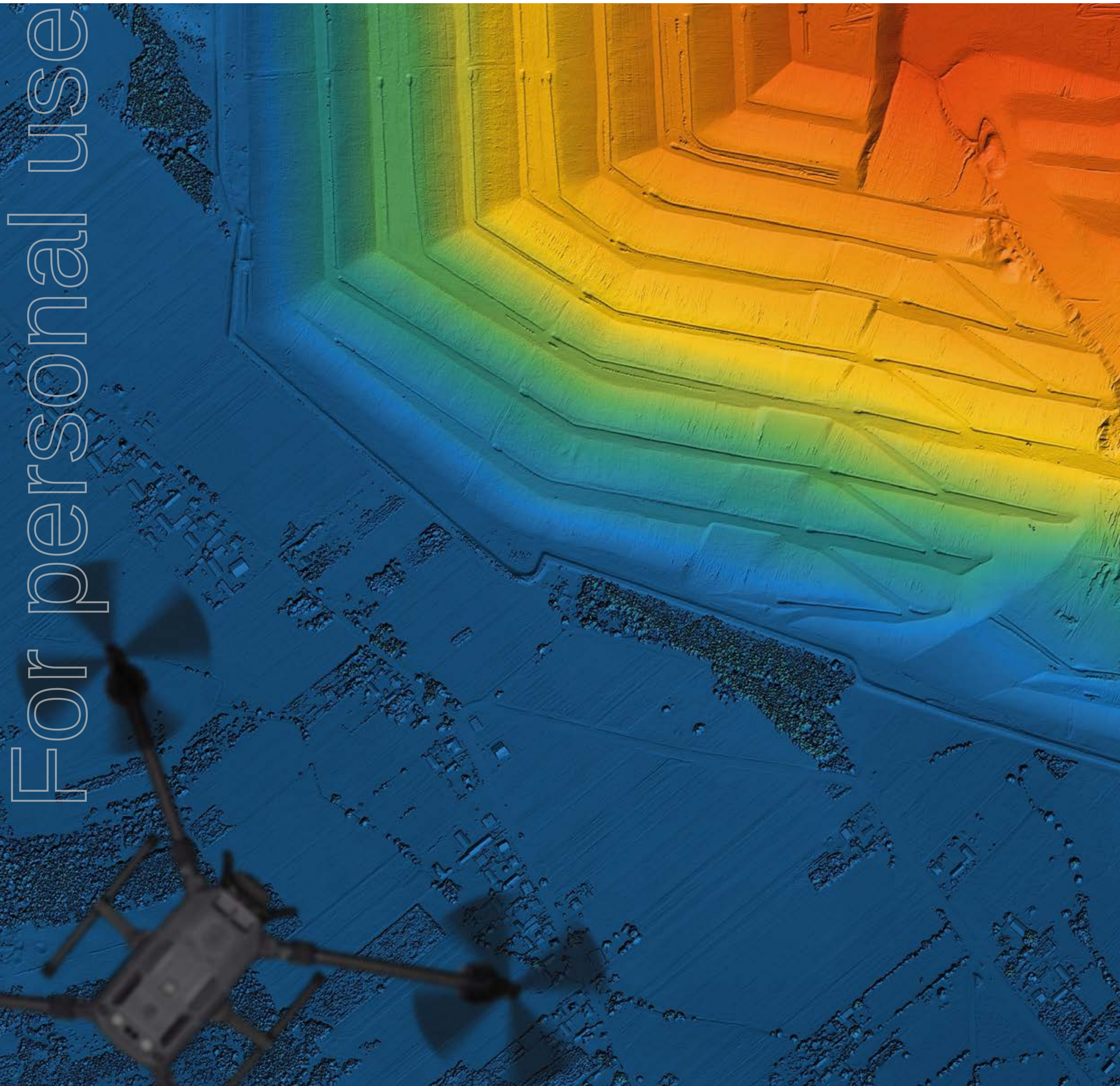
Tax impact on discontinued operation

The Group has consulted a tax consultant in regards to the gain or loss arising from the discontinued operation. With that understanding, the Group has determined that there is a nil taxation impact from the discontinued operation.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

During 2021, the Company acquired 60% of the ordinary shares of Arvista Pty Ltd and accounted for the acquisition as a business combination as disclosed in . The Shareholders Agreement provides for a call option where the Company has the right to purchase the remaining 40% interest in Arvista Pty Ltd at 1.5 times the 12-month trading revenue. The call option is not on fixed for fixed terms and is therefore accounted for as a derivative at fair value through profit or loss. As the exercise price is based on fair value of the business, the value of the option has been determined by the directors to be nil.



NOTE 3. OPERATING SEGMENTS

Identification of reportable operating segments

The Group is organised into 3 continuing and 1 discontinued operating segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments. The segments are aligned with the geographical locations of the Group's main business, namely Australia, South Africa and Israel. The following table analyses sales revenue and EBITDA based on geographical location

Operating segment information

Consolidated - 2022	Australia ($)	South Africa ($)	Israel* ($)	Corporate ($)	Total ($)
Revenue					
Revenue from Continuing Operations	1,852,662	3,882,136	-	-	5,734,798
Revenue from Discontinued Operations	-	-	42,373		42,373
Total Operations Income	1,852,662	3,882,136	42,373	-	5,777,171
Other Income	8,425	52,223	-	-	60,648
Total revenue	1,861,087	3,934,359	42,373	-	5,837,819
EBITDA	(543,111)	539,478	-	(1,482,678)	(1,486,311)
Depreciation and amortisation	(203,737)	(597,585)	-	(55,724)	(857,046)
Finance income and expense	(7,744)	15,327	-	723	8,306
Discontinued operations	-	-	453,459	-	453,459
Profit/(loss) before income tax benefit	(754,592)	(42,780)	453,459	(1,537,679)	(1,881,592)
Income tax expense					(86,863)
Loss after income tax benefit					(1,968,455)
Segment assets	1,584,634	2,570,200	-	2,816,311	6,971,145
Segment liabilities	547,441	466,307	-	303,867	1,317,615

Consolidated - 2021	Australia ($)	South Africa ($)	Israel* ($)	Corporate ($)	Total ($)
Revenue					
Revenue from Continuing Operations	553,836	4,028,126	-	-	4,581,962
Revenue from Discontinued Operations	-	-	966,354		966,354
Total sales revenue	553,836	4,028,126	966,354		5,548,316
Other revenue	-	50,934	-	-	50,934
Total revenue	553,836	4,079,060	966,354	-	5,599,250

Consolidated - 2021 - Continued	Australia ($)	South Africa ($)	Israel* ($)	Corporate ($)	Total ($)
EBITDA	(314,960)	302,001	-	(1,421,478)	(1,434,437)
Depreciation and amortisation	(16,891)	(303,341)	-	-	(320,232)
Interest revenue	-	10,731	-	164	10,895
Finance costs	(108)	-	-	-	(108)
Discontinued operations	-	-	(1,884,734)	-	(1,884,734)
Profit/(loss) before income tax benefit	(331,959)	9,391	(1,884,734)	(1,421,314)	(3,628,616)
Income tax benefit					38,133
Loss after income tax benefit					(3,590,483)
Segment assets	1,416,991	2,800,380	6,540,901	562,846	11,321,118
Segment liabilities	378,568	397,612	1,682,604	708,660	3,167,444

** Results relating to Israel are a Discontinued Operation.*

NOTE 4. REVENUE

	Consolidated	
	2022 ($)	**2021 ($)**
Rendering of services	5,734,798	4,581,962

	Consolidated	
	2022 ($)	**2021 ($)**
Timing of revenue recognition		
At a point in time	2,533,316	1,651,622
Over time	3,201,482	2,930,340
	5,734,798	4,581,962

NOTE 5. OPERATING EXPENSE

	Consolidated	
	2022 ($)	**2021 ($)**
Employee benefits expense	2,428,415	1,474,711
General and administrative expenses	1,506,729	1,398,698
Corporate costs	931,068	1,240,644
	4,866,212	4,114,053

NOTE 6. INCOME TAX EXPENSE/(BENEFIT)

	Consolidated	
	2022 ($)	**2021 ($)**
Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate		
(Loss)/profit before income tax benefit/(expense) from continuing operations	(2,335,051)	(1,743,882)
Loss before income tax expense from discontinued operations	453,459	(1,884,734)
	(1,881,592)	(3,628,616)
Tax at the statutory tax rate of 26%	(489,214)	(943,440)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Permanent difference relating to loss on disposal of discontinued operations	-	490,031
Permanent difference relating to non-deductible expenses	-	31,270
	(489,214)	(422,139)
Movement in temporary differences	(31,036)	(31,593)
Tax effect of current year losses for which no deferred tax asset has been recognised	607,113	418,323
Effect of different tax rate of group entities operating in different jurisdictions	-	(2,724)
Income tax expense/(benefit)	86,863	(38,133)

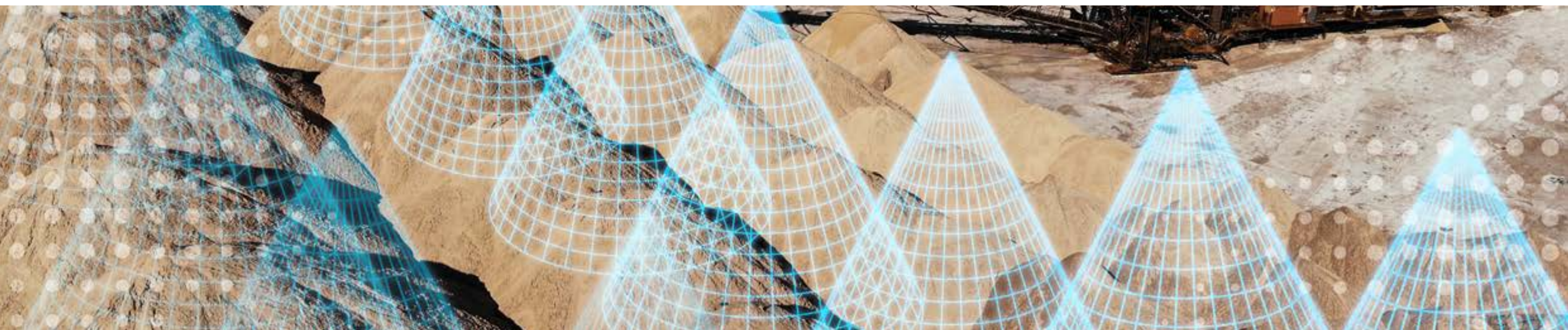
	Consolidated	
	2022($)	**2021 ($)**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	6,653,594	1,906,403
Potential tax benefit @ 26%	1,729,935	495,665

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Unused tax losses for which no deferred tax asset has been recognised will be subject to the Company satisfying the requirements imposed by regulatory taxation authorities. The benefits of deferred tax assets will only be recognised if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
- The conditions for deductibility imposed by tax legislation continue to be complied with; and
- No changes in tax legislation adversely affect the Company in realising the benefit.

The statutory rates of tax applicable to the Group are 28% in South Africa and 25% in Ghana and Australia. The weighted average tax rate used above of 26% provides the most meaningful information for a summary reconciliation whilst the Group is in a tax loss position.



NOTE 7. DISCONTINUED OPERATIONS

Financial performance information	**Consolidated**	
	2022 ($)	**2021 ($)**
Revenue	42,373	966,354
Expenses	(176,265)	(2,851,088)
Loss before income tax expense	(133,892)	(1,884,734)
Loss after income tax expense	(133,892)	(1,884,734)
Gain on disposal before income tax Income tax expense	587,351	-
Gain on disposal after income tax expense	587,351	-
(Loss)/profit after income tax expense from discontinued operations	453,459	(1,884,734)

Cash flow information	**Consolidated**	
	2022 ($)	**2021 ($)**
Net cash used in operating activities	7,819	(1,163,968)
Net cash used in investing activities	(546)	(6,466)
Net cash used in financing activities	-	(36,963)
Net decrease in cash and cash equivalents from discontinued operations	7,273	(1,207,397)

Details of the disposal	**Consolidated**	
	2022 ($)	**2021 ($)**
Cash consideration to 31 December 2022	4,432,390	-
Remaining funds held in escrow	810,238	-
Disposal costs under sale agreement	197,540	-
Net working capital adjustment	377,242	-
Historic tax claims agreed under sale agreement	89,762	-
Israeli Withholding tax paid	92,828	-
Contractual amount	6,000,000	-
Disposal costs under sale agreement	(197,540)	-
Net working capital adjustment	(377,242)	-
Historic tax claims agreed under sale agreement	(89,761)	-
Israeli Withholding tax paid	(92,828)	-
Total accounting sale consideration	5,242,629	-
Carrying amount of net liabilities disposed	281,940	-
Derecognition of foreign currency reserve	434,669	-
Derecognition of goodwill and intangible assets	(5,156,344)	-
Disposal costs	(215,543)	-
Gain on disposal before income tax	587,351	-
Gain on disposal after income tax	587,351	-

Carrying amounts of assets and liabilities disposed	**Consolidated**	
	2022 ($)	**2021 ($)**
Cash and cash equivalents	68,001	-
Trade and other receivables	184,879	-
Inventories	463,307	-
Property, plant and equipment	83,780	-
Total assets	799,967	-
Trade and other payables	1,081,907	-
Total liabilities	1,081,907	-
Net liabilities	(281,940)	-

In February 2022, the Group finalised the sale of Parazero Israel. In line with AASB 5 Non-current Assets Held for Sale and Discontinued Operations the assets and liabilities of the entity has been disclosed separately in this note and was recognised as assets of disposal groups classified as held for sale and liabilities directly associated with assets classified as held for sale in 2021. The performance of Parazero Israel has been included as a single line item in the Consolidated statement of profit or loss and other comprehensive income.

NOTE 8. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated	
	2022 ($)	**2021 ($)**
Cash and cash equivalents	2,253,877	954,916

Refer to note 23 for further information on the risk exposure analysis of cash and cash equivalents.

NOTE 9. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2022 ($)	**2021 ($)**
Trade receivables	1,175,359	1,067,644
Expected Credit loss allowance	(16,466)	(6,095)
Goods and services tax	45,791	92,143
Prepayments	176,217	259,885
Other receivables	123,340	2,380
Parazero sale escrow net of provisions for witholding tax and claims	810,239	-
	2,314,480	1,415,957

Refer to note 23 for further information on the risk exposure analysis of trade and other receivables. There are no receivables that are past due where expected credit loss has not been assessed. Prepayments mainly relate to payments made for insurances paid in advance.

NOTE 10. NON-CURRENT ASSETS
PROPERTY, PLANT AND EQUIPMENT

	Consolidated	
	2022 ($)	**2021 ($)**
Cost	3,174,444	2,095,970
Accumulated depreciation	(2,132,549)	(1,354,718)
Net carrying amount	1,041,895	741,252

31 December 2021	**Opening balance ($)**	**Additions ($)**	**Disposals ($)**	**Foreign exchange movements ($)**	**Depreciation ($)**	**Closing balance ($)**
Survey equipment	18,961	-	-	349	(19,310)	-
Furniture and fixtures	28,571	2,936	-	(743)	(7,327)	23,437
Motor vehicles	20,281	137,770	-	(1,186)	(14,679)	142,186
Office equipment	12,533	28,620	-	(250)	(8,635)	32,268
IT equipment	44,779	47,278	-	861	(43,206)	49,712
Leasehold improvements	16,285	-	-	(278)	(5,835)	10,172
Drone accessories	55,404	219,829	(3,044)	(1,527)	(129,241)	141,421
Drones	183,832	291,614	(1,427)	(8,926)	(170,165)	294,928
Drone batteries	-	69,686	(1,488)	(1,122)	(47,081)	19,995
Other fixed assets	287	7,318	(189)	6	(4,962)	2,460
Capital works in progress	17,019	8,741	-	(1,087)	-	24,673
	397,952	813,792	(6,148)	(13,903)	(450,441)	741,252

31 December 2022	**Opening balance ($)**	**Additions ($)**	**Disposals ($)**	**Foreign exchange movements ($)**	**Depreciation ($)**	**Closing balance ($)**
Furniture and fixtures	23,437	4,360	-	(48)	(9,136)	18,613
Motor vehicles	142,186	62,463	(30,717)	(4,122)	(47,733)	122,077
Office equipment	32,268	73,482	-	(859)	(22,341)	82,550
IT equipment	49,712	81,047	(4,494)	(7,046)	(39,209)	80,010
Leasehold improvements	10,172	36,387	-	241	(15,260)	31,540
Drone accessories	141,421	246,176	(3,064)	(11,888)	(229,690)	142,955
Drones	294,928	252,971	-	11,390	(190,162)	369,127
Drone batteries	19,995	102,926	(4,104)	(17,878)	(78,397)	22,542
Other fixed assets	2,460	1,426	-	30	(1,872)	2,044
Capital works in progress	24,673	28,115	-	262	-	53,050
Capital works in progress	-	211,294	-	-	(93,907)	117,387
	741,252	1,100,647	(42,379)	(29,918)	(727,707)	1,041,895

NOTE 11. NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS

	Consolidated	
	2022 ($)	**2021 ($)**
Land and buildings - right-of-use	485,864	397,700
Less: Accumulated depreciation	(383,384)	(276,079)
	102,480	121,621

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	**Land and builings ($)**	**Total ($)**
Balance at 1 January 2021	177,304	177,304
Additions	20,694	20,694
Exchange differences	16,215	16,215
Transfers in/(out)	(92,592)	(92,592)
Balance at 31 December 2021	121,621	121,621
Additions	189,645	189,645
Exchange differences	(84,717)	(84,717)
Depreciation expense	(124,069)	(124,069)
Balance at 31 December 2022	102,480	102,480

Right-of-use assets relate to rental properties used in Australian and South Africa.

NOTE 12. NON-CURRENT ASSETS - INTANGIBLES

Consolidated	**2022($)**	**2021 ($)**
Brand Names - at cost	30,210	30,235
Less: Accumulated amortisation	(30,210)	(29,228)
	-	1,007
Client contracts - at cost	194,674	194,837
Less: Accumulated amortisation	(194,674)	(194,837)
	-	-
Licenses to operate - at cost	120,841	120,942
Less: Accumulated amortisation	(120,841)	(116,910)
	-	4,032
Domain, manuals and processes - at cost	94,515	94,594
Less: Accumulated amortisation	(94,515)	(94,320)
	-	274
	-	5,313

NOTE 12. NON-CURRENT ASSETS - INTANGIBLES (CONTINUED)

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Brand names ($)	Licenses to operate ($)	Domain, manuals and pro-cessed ($)	USA licenses ($)	Technology ($)	Customer relatio-ships($)	Closing balance ($)
Balance at 1 January 2021	7,231	28,924	1,963	1,563,630	731,488	2,369,494	4,702,730
Classified as held for sale	-	-	-	(1,367,639)	(639,801)	(2,132,024)	(4,139,464)
Exchange differences	90	355	24	-	-	-	469
Amortisation expense	(6,313)	(25,248)	(1,713)	(195,991)	(91,687)	(237,470)	(558,422)
Balance at 31 December 2021	1,008	4,031	274	-	-	-	5,313
Exchange differences	(5)	(19)	(2)	-	-	-	(26)
Amortisation expense	(1,003)	4,012	272		-	-	5,287
Balance at 31 December 2022	-	-	-	-	-	-	-

NOTE 13. NON-CURRENT ASSETS - DEFERRED TAX

	Consolidated 2022 ($)	2021 ($)
Deferred tax asset	10,828	97,542

NOTE 14. NON-CURRENT ASSETS - GOODWILL

	Consolidated 2022 ($)	2021 ($)
Goodwill	1,194,670	1,403,438

Goodwill relates to the acquisition of Rocketmine (Pty) Ltd (South Africa), and Arvista Pty Ltd (Australia).

The recoverable amount of all cash-generating units is based on the higher of its value-in-use or fair value less costs to sell which require use of assumptions. For the purpose of impairment testing, goodwill is allocated to two (2) cash-generating units (CGU), being Delta Drone South Africa and Australia. In assessing goodwill impairment for the year ended 31 December 2022, all CGUs used a discounted cash flow model in accordance with the value-in-use (VIU) method, which reflect the present value of the future cash flows expenditure to be derived from each CGUs. The allocation of the fair value to goodwill arising on acquisition of Arvista Pty Ltd has been made on a provisional basis. Under AASB 3 – Business Combinations management has up to 12 months to finalise the carrying value of assets and liabilities acquired on completion of an acquisition. The significant inputs and key assumptions used by management within the discounted cash flow model for the Delta Drone South Africa CGU and Arvista Pty Ltd CGU are:

NOTE 14. NON-CURRENT ASSETS - GOODWILL (CONTINUED)

Delta Drone South Africa (Pty) Ltd

- Discount rate (pre-tax): risk in the industry and country in which it operates – 16.0%.
- Revenue growth: relevant to the market conditions and business plan – 2023: 24.0%; subsequent years 8.0%.
- Budgeted gross profit rate: based on past performance and management's expectations for the future – 54.7%.
- Long term growth rate: typically consistent with the long-term growth rate of the economic environment or country in which it operates.

Rocketmine WA Pty Ltd (formerly Arvista Pty Ltd)

- Discount rate (pre-tax): risk in the industry and country in which it operates – 16.0%.
- Revenue growth: relevant to the market conditions and business plan – 24.2%
- Budgeted gross profit rate: based on past performance and management's expectations for the future – 42.4%.
- Long term growth rate: typically consistent with the long-term growth rate of the economic environment or country in which it operates.

NOTE 15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2022 ($)	**2021 ($)**
Trade payables	446,831	431,388
Goods and services tax	66,536	39,330
Other payables	411,208	-
	924,575	470,718

Refer to note 23 for further information on financial instruments.

NOTE 16. CURRENT LIABILITIES - CONTRACT LIABILITIES

	Consolidated	
	2022 ($)	**2021 ($)**
Contract liabilities	12,257	114,850

Reconciliations

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:

	Consolidated	
	2022 ($)	**2021 ($)**
Opening balance	114,850	-
Payments received in advance	12,257	114,850
Transfer to revenue - included in the opening balance	(114,850)	-
Closing balance	12,257	114,850

NOTE 17. CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	2022 ($)	**2021 ($)**
Insurance premium funding	10,268	-
Bank overdrafts and credit cards	22,323	18,895
Short-term loan from Delta Drone SA France	-	350,000
	32,591	368,895

Refer to note 23 for further information on financial instruments.

NOTE 18. CURRENT LIABILITIES - LEASE LIABILITIES

	Consolidated	
	2022 ($)	**2021 ($)**
Lease liability - Right of use	89,051	97,638
Lease liability - Motor vehicle	29,398	-
	118,449	97,638

Refer to note 23 for further information on financial instruments.

NOTE 19. NON-CURRENT LIABILITIES - BORROWINGS

	Consolidated	
	2022 ($)	**2021 ($)**
Borrowings	120,000	40,000

Refer to note 23 for further information on financial instruments.

As at 31 December 2022, the Group held a loan payable balance of $120,000 (31 December 2021: $40,000) which was owed to Entech Pty Ltd, a related party which holds a shareholding in Rocketmine WA Pty Ltd, a controlled entity of the Company. The loan bears no interest.

NOTE 20. NON-CURRENT LIABILITIES - LEASE LIABILITIES

	Consolidated	
	2021 ($)	**2020 ($)**
Lease liability - Right of use asset	40,136	56,003
Lease liability - Motor vehicle	69,607	65,253
	109,743	121,256

Refer to note 23 for further information on financial instruments.

NOTE 21. EQUITY - ISSUED CAPITAL

	Consolidated			
	2022 Shares	2021 Shares	2022 ($)	2021 ($)
Ordinary shares - fully paid	511,604,932	511,604,932	13,207,118	13,207,118

Movements in ordinary share capital

Details	Date	Shares	Issue price	($)
Balance	1 January 2021	500,800,731		12,904,061
Issue of shares on exercise of options	10 February 2021	579,201	$0.0027	1,564
Issue of shares to third party	10 March 2021	625,000	$0.0310	19,375
Issue of shares for acquisition of Arvista Pty Ltd	1 September 2021	9,600,000	$0.0300	288,000
Share issue costs	1 September 2021	-	-	(5,882)
Balance	31 December 2021	511,604,932		13,207,118
Balance	31 December 2022	511,604,932		13,207,118

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Capital risk management

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

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

NOTE 22. EQUITY - RESERVES

	Consolidated	
	2022 ($)	2021 ($)
Predecessor accounting reserves	(968,570)	(968,570)
Foreign currency reserve	(253,029)	327,423
Share-based payments reserve	107,879	53,793
	(1,113,720)	(587,354)

NOTE 22. EQUITY - RESERVES

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees and Directors as part of their remuneration, and other parties as part of their compensation for services.

Predecessor accounting reserve

The predecessor accounting reserve comprises the excess of purchase price over the fair value of net assets when the common controlled entity, Drone Safety and Legal (Pty) Ltd was acquired by Delta Drone SA France.

NOTE 23. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk.

Given the nature of the business, the Group monitors capital on the basis of current business operations and cash flow requirements. There were no changes in the Group's approach to capital management during the year.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

	Consolidated	
	2022 ($)	**2021 ($)**
Financial assets		
Cash and cash equivalents	2,253,877	954,916
Trade and other receivables	2,138,263	1,156,072
Financial assets held at amortised cost (Deposits)	52,915	34,869
	4,445,055	2,145,857
Financial liabilities		
Trade and other payables	924,575	470,718
Borrowings	152,591	408,895
Finance liability - motor vehicles	99,005	65,253
Deferred consideration	-	271,483
	1,176,171	1,216,349

The fair value of the above financial instruments approximates their carrying values.

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

Market risk

Foreign currency risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Australian Dollar (functional currency of the Parent company) and the South African Rand (the functional currency of the South African subsidiaries).

Interest rate risk

The Group's main interest rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to interest rate risk

Price risk

The Group is not exposed to any significant price risk

Consolidated - 2022	Basis points change	Basis points increase profit before tax	Effect on equity	Basis points change	Basis points decrease Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	22,301	22,301	(100)	(22,301)	(22,301)

Consolidated - 2021	Basis points change	Basis points increase profit before tax	Effect on equity	Basis points change	Basis points decrease Effect on profit before tax	Effect on equity
Cash and cash equivalents	100	9,549	9,549	(100)	(9,549)	(9,549)

Credit risk

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Allowance for expected credit losses

The Group has recognised a loss of $10,371 (31 December 2021: $6,095) in profit or loss in respect of the expected credit losses for the year ended 31 December 2022.

NOTE 23. FINANCIAL INSTRUMENTS (CONTINUED)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
Consolidated	2022 %	2021 %	2022 $	2021 $	2022 $	2021 $
Not overdue	-	-	983,995	1,059,484	-	-
0 to 3 months overdue	8.61%	74.69%	191,364	8,160	16,476	6,095
			1,175,359	1,067,644	16,476	6,095

Liquidity risk

Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2022	Weighted average interest rate (%)	1 year or less ($)	Between 1 and 2 years ($)	Between 2 and 5 years ($)	Over 5 years ($)	Remaining contractual maturities ($)
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	924,575	-	-	-	924,575
Borrowings – non-current	-	-	-	-	120,000	120,000
Interest-bearing - variable						
Borrowings - current	16.66	32,591	-	-	-	32,591
Interest-bearing - fixed rate						
Lease liability – motor vehicles	3.15	29,398	31,196	38,411	-	99,005
Total non-derivatives	-	986,564	31,196	38,411	120,000	1,176,171

Consolidated - 2021	Weighted average interest rate (%)	1 year or less ($)	Between 1 and 2 years ($)	Between 2 and 5 years ($)	Over 5 years ($)	Remaining contractual maturities ($)
Non-derivatives						
Non-interest bearing						
Trade and other payables	-	470,718	-	-	-	470,718
Deferred consideration	-	271,483	-	-	-	271,483
Borrowings – non-current	-	-	-	-	40,000	40,000
Interest-bearing - variable						
Borrowings - current	3.12	368,895	-	-	-	368,895
Interest-bearing - fixed rate	-	-	-	-	-	-
Lease liability – motor vehicles	3.15	*	21,115	44,138	-	65,253
Total non-derivatives	-	1,111,096	21,115	44,138	40,000	1,216,349

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above. *Included within Borrowings - current

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value

NOTE 24. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were Directors of Delta Drone International Limited during the financial year:

Christopher Clark	Executive Chairman, Chief Executive Officer
Nicolas Clerc	Non-Executive Director
Christian Viguie	Non-Executive Director
Paul Williamson	Executive Director (Appointed 22 June 2022), Chief Financial Officer
Eden Attias	Executive Chairman and Director resigned 17 June 2022
Stephen Gorenstein	Non-Executive Director resigned 17 June 2022
Clive Donner	Non-Executive Director resigned 24 May 2022

Compensation

The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below

	Consolidated	
	2022 ($)	**2021 ($)**
Short-term employee benefits	687,854	482,402
Post-employment benefits	41,027	14,638
Share-based payments	54,086	53,794
	782,967	550,834

NOTE 25. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Hall Chadwick Audit (WA) Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2022 ($)	**2021 ($)**
Audit services -		
Hall Chadwick (Audit) WA	46,000	-
BDO Australia	-	71,000
Audit or review of the financial statements	46,000	71,000
Audit services - network firms		
Audit or review of the financial statements	-	54,831

NOTE 26. CONTINGENT LIABILITIES & COMMITMENTS

The Group had no contingent liabilities or commitment as at 31 December 2022 (2021: Nil)

NOTE 27. RELATED PARTY TRANSACTIONS

Parent entity

Delta Drone International Limited is the parent entity.

Key management personnel

Disclosures relating to key management personnel are set out in note 24 and the remuneration report included in the Directors' report.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

Subsidiaries

Interests in subsidiaries are set out in note 29.

Transactions with related parties

Transactions with related parties are entered into on terms equivalent to those that prevail in arm's length transactions. During the period $74,344 (including statutory superannuation) was paid to a related party of Christopher Clark in relation to employment services and $4,851 (including GST) to a related party of Paul Williamson for office building maintenance. The Group had no other transactions with members of the Group's key management personnel and/or their related parties during the year.

	Consolidated	
	2022 ($)	**2021 ($)**
Borrowings:		
Loan from Delta Drone SA (France)	-	350,000
Loan from Entech Pty Ltd	120,000	40,000

As at 31 December 2022, the Group held a loan payable balance of $120,000 (31 December 2021: $40,000) which was owed to Entech Pty Ltd, a related party which holds a shareholding in Rocketmine WA Pty Ltd, a controlled entity of the Company. The loan bears no interest.

NOTE 28. PARENT ENTITY INFORMATION

	Parent 2022 ($)	**Parent 2021 ($)**
Loss after income tax	(11,098,862)	(1,474,951)
Assets		
Current assets	2,679,046	581,956
Non-current assets	4,453,023	15,769,834
Total assets	7,132,069	16,351,790
Liabilities		
Current liabilities	303,867	1,521,187
Total liabilities	303,867	1,521,187
Net Assets	6,828,202	17,872,977
Shareholders' Equity		
Issued capital	19,418,100	19,418,100
Reserves	2,280,707	2,226,621
Accumulated losses	(14,870,605)	(3,771,743)
	6,828,202	17,872,978

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2022 and 31 December 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment as at 31 December 2022 and 31 December 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 31 December 2022 and 31 December 2021.

NOTE 29. INTERESTS IN SUBSIDIARIES

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

Name	Principal place of business / Country of incorporation	Ownership interest 2022 ($)	Ownership interest 2021 ($)
Delta Drone South Africa (Pty) Ltd	South Africa	100.00%	100.00%
Drone Safety and Legal (Pty) Ltd	South Africa	100.00%	100.00%
Rocketmine (Pty) Ltd	South Africa	74.00%	74.00%
Rocketmine Limited	Ghana	90.00%	90.00%
Rocketmine Australia Pty Ltd	Australia	100.00%	100.00%
Rocketmine WA Pty Ltd (Formerly Arvista Pty Ltd)	Australia	60.00%	60.00%

NOTE 30. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTE 31. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH USED IN OPERATING ACTIVITIES

	Consolidated	
	2022 ($)	2021 ($)
Loss after income tax benefit/(expense) for the year	(1,968,455)	(3,590,483)
Adjustments for:		
Depreciation and amortisation	857,046	1,064,076
Share-based payments	57,062	53,793
Foreign exchange differences	21,875	16,061
Other income non-cash	(18,960)	(39,811)
Gain on disposal of subsidiary	(587,351)	-
Non-controlling interest	26,330	(27,324)
Gain on sale of assets	(41,688)	(11,123)
Finance costs	14	7,487
Expected credit loss allowance	10,371	6,095
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(326,039)	(318,694)
Decrease in work in progress	-	6,185
Increase in income tax refund due	(15,318)	(135,576)
Decrease/(increase) in deferred tax assets	86,714	(59,781)
Increase in trade and other payables	453,857	52,487
Increase/(decrease) in contract liabilities	(102,593)	114,850
Net cash from/(used in) operating activities	(1,547,135)	(2,861,758)

NOTE 32. EARNINGS PER SHARE

	Consolidated	
	2022 ($)	2021 ($)
Loss per share for loss from continuing operations		
Loss after income tax	(2,421,914)	(1,705,749)
Non-controlling interest	45,000	(27,324)
Loss after income tax from continuing operations attributed to owners of Delta Drone International Limited	(2,376,914)	(1,733,073)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	511,604,932	505,033,787
Weighted average number of ordinary shares used in calculating diluted earnings per share	511,604,932	505,033,787
	Cents	Cents
Basic loss per share	(0.46)	(0.34)
Diluted loss per share	(0.46)	(0.34)

	Consolidated	
	2022 ($)	2021 ($)
Earnings per share for profit/(loss) from discontinued operations		
(Loss)/profit after income tax	453,459	(1,884,734)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	511,604,932	505,033,787
Weighted average number of ordinary shares used in calculating diluted earnings per share	511,604,932	505,033,787
	Cents	Cents
Basic earnings/(loss) per share	0.09	(0.37)
Diluted earnings per share	0.09	(0.37)
	Cents	Cents
Basic loss per share	(0.37)	(0.72)
Diluted loss per share	(0.37)	(0.72)

NOTE 33. SHARE-BASED PAYMENTS

During the period, the Group provided performance rights and share options to Christopher Clark as a part of his remuneration package and as a performance incentiv – the Board considers that these are appropriate forms of incentive as they align remuneration with the long-term success of the Group, shareholder interests and current market practice.

Vesting of performance rights is conditional on the satisfaction of various milestones within a 4-year timeframe. The performance rights were issued at nil cost and will be converted into the equivalent number of shares when exercised. Vesting of the Share options occurs based on employment conditions between 1 July 2022 and 1 July 2024.

There were 8,000,000 performance rights granted over ordinary shares, and 2,000,000 share options issued to Christopher Clark, on 3 June 2022, as approved by Shareholders of the Company at the Annual General Meeting of the Company held on 31 May 2022.

During the period, the 6,000,000 performance rights held by Eden Attias and the 1,000,000 performance rights held by Stephen Gorenstein were forfeited due to their resignations.

NOTE 33. SHARE-BASED PAYMENTS (CONTINUED)

2022

Grant date	Expiry date	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
24/06/2021	24/06/2024	13,000,000	-	-	(7,000,000)	6,000,000
03/06/2022	03/06/2025	8,000,000	-	-	-	8,000,000
		21,000,000	-	-	(7,000,000)	14,000,000

During the period to 31 December 2022, an expense of $54,086 (2021: $53,793) has been recognised as set out below;

Share based payments recognised to 31 December 2021	53,793
Recognition of pro-rata expense for Performance rights granted 24 June 2021 (i)	48,087
Recognition of pro-rata expense for Performance rights granted 3 June 2022 (ii)	28,065
Recognition options granted 4 June 2022, vested 1 July 2022 (iii)	6,900
De-recognition of pro-rata expense to 31 Dec 2021 for 7,000,000 forfeited performance rights	(28,966)
Share based payment expense recognised in 31 December 2022	54,086
Share based payments recognised to 31 December 2022	107,879

i. The performance rights granted on 24 June 2021 are recognised pro-rata at a fair value of 2.4 cents per performance right over 36 months.
ii. The performance rights granted on 3 June 2022 are recognised at a fair value of 1.4 cents per performance right over periods to 31 December 2023, 31 December 2024 and 31 December 2025 for each milestone respectively.
iii. The options granted on 3 June 2022 are recognised as each options vests. By 31 December 2022, 1,000,000 options had vested and an expense of $6,900 based on a fair value of 0.69 cents per option vested has been recognised. The value of the remaining 1,000,000 options will be expensed as each tranche vests over the next 2 years.

The details of allottees and the Milestones are described in the tables below

Name	No. of Performance Rights	Milestones
Christopher Clark	2,000,000	DDG 2021 Milestones
Christopher Clark	4,000,000	2021 New Milestones
Christopher Clark	8,000,000	2022 New Milestones

NOTE 33. SHARE-BASED PAYMENTS (CONTINUED)

DDG 2021 MILESTONES

Milestone	Description
DDG Milestone 1	DDSA achieving consolidated revenue (for the avoidance of doubt, only DDSA and excluding the Group) for any full financial year (being 1 Jan to 31 Dec) during the three-year term of the Performance Rights of not less than US$3,200,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).
DDG Milestone 2	If DDSA enters into at least two binding contracts with Australian-based mining companies (being companies that conduct mining, exploration or extraction services) for the provision of drone survey or mapping solutions services to those mining companies in Australia ("Services") and DDSA receives not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert) of verified revenue in aggregate from such executed contracts received within the three-year term of the Performance Rights for its Services.
DDG Milestone 3	If during the three-year term of the Performance Rights, the Company announces to the ASX that DDSA has expanded the services of its business offering (being the provision of drone survey and mapping solutions) into a new geographic location outside of Australia, Israel, South Africa, Ghana and Namibia and achieved a revenue in that new geographic location of not less than US$1,000,000 (based on audited accounts having been prepared by an external auditor or other suitable expert).

Note: DDSA means Delta Drone South Africa and its current subsidiaries, Drone Safety and Legal, Rocketmine South Africa and Rocketmine Ghana.

2021 NEW MILESTONES

Milestone	Description
2021 New Milestone 1	The Group achieving consolidated revenue of not less than A$10,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2021 New Milestone 2	The Group achieving total consolidated EBITDA of not less than A$1,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2021 New Milestone 3	The Company achieving a total return on equity of not less than 10% in a single financial year (being 1 Jan to 31 Dec), where return on equity is equal to net profit as a percentage of total equity based on audited accounts having been prepared by an external auditor or other suitable expert.

2022 NEW MILESTONES

Milestone	Description
2022 New Milestone 1	The Group achieving total consolidated EBIT of not less than A$nil (i.e. break-even) in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2022 New Milestone 2	The Group achieving total consolidated revenue of not less than A$15,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.
2022 New Milestone 3	The Group achieving total consolidated EBIT of more than A$2,000,000 in a single financial year (being 1 Jan to 31 Dec) based on audited accounts having been prepared by an external auditor or other suitable expert.

DIRECTORS' DECLARATION

In the Directors' opinion:

- the attached financial statements and notes 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 comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company 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)(a) of the Corporations Act 2001.

On behalf of the Directors

Christopher Clark
Executive Chairman and Chief Executive Officer

24 February 2023

HALL CHADWICK

INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF DELTA DRONE INTERNATIONAL LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Delta Drone International Limited ("the Company") and its controlled entity (collectively "the Group"), which comprises the consolidated statement of financial position as at 31 December 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 Delta Drone International 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 31 December 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.

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.

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. Revenue and related risk of fraud – Note 4

<table>
<tr><th>WHY SIGNIFICANT</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td>The recognition of revenue was considered a key audit matter due to the significance and materiality of the matter to users understanding of the financial report; as well as judgement surrounding the determination of performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.</td><td>Our procedures included, among others:
Evaluating the revenue recognition policies for all material sources of revenue and from our detailed testing performed, ensured that revenue was being recognised appropriately, in line with Australian Accounting Standards and policies disclosed within the financial statements;
Assessing the controls within the revenue process as well as performing cut-off sample testing; and
Substantively testing a sample of revenue transactions throughout the financial year</td></tr>
</table>

2. Impairment of Goodwill – Note 14

<table>
<tr><th>WHY SIGNIFICANT</th><th>HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER</th></tr>
<tr><td>As at year end, the Group has goodwill totaling $1.19m. The recoverable amount was determined using two separate value in use calculations, each for the cash generating unit of South Africa and Australia, which involved a significant level of judgement in respect of factors such as:
Estimated future revenue and costs;
Growth rates
Discount rates; and
Terminal values
We considered this to be a key audit matter due to the significant judgement involved in estimating the recoverable amount of goodwill and the potential material impact on the financial report.</td><td>Our procedures included, but were not limited to:
Considering the appropriateness of the value in use method applied to perform the annual test of goodwill for impairment against the requirement of the accounting standards;
Challenging the assumptions and forecast cash flows used in the value in use model, including growth rate, inflation, revenue contracts and discount rates by comparators and analysing industry trends. This also included the following procedures:
Comparing the forecast cash flow obtained in the value in use model to approved budgets
Checking the forecast to actual results
Performing sensitivity analysis in regards to key assumptions within a reasonably possible range.
Assessing the appropriateness of the related disclosures in Note 14.</td></tr>
</table>

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, 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.

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 31 December 2022.

In our opinion, the Remuneration Report of Delta Drone International Limited for the year ended 31 December 2022, complies with section 300A of the Corporations Act 2001.

Responsibilities

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

Hall Chadwick

HALL CHADWICK AUDIT (WA) PTY LTD

NIKKI SHEN CA
Director

Dated this 24th day of February 2023
Perth, Western Australia

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 3 February 2023.
As at 3 February 2023 there were 721 holders of fully paid ordinary shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest holders of Ordinary Fully Paid Shares are:

Holder Name	Holding	%
ACM AEPF Pty Ltd <Altor Emerging Pipe A/C>	70,000,000	13.68%
J P Morgan Nominees Australia Pty Limited	30,000,000	5.86%
Altor Capital Management Pty Ltd <Altor Alpha Fund A/C>	28,300,000	5.53%
The Trust Company (Australia) Limited <MOF A/C>	27,148,840	5.31%
010 Yazamut Ltd	23,959,727	4.68%
Kestrel Capital Pty Limited	20,000,000	3.91%
Vivien Enterprises Pte Ltd	20,000,000	3.91%
Mr Stuart Leslie Turner	20,000,000	3.91%
Pither Investments Pty Ltd <Pither Investments A/C>	19,449,999	3.80%
Meah Plus Maarchot Betichot Le'Rachfanim LP	18,112,983	3.54%
Hayborough Investment Partners Pty Ltd	15,020,436	2.94%
The Capozzi Family Super Pty Ltd <The Capozzi Family Sf A/C>	14,000,034	2.74%
Nintieth Y Pty Ltd <I K Caldwell & Co Staff A/C>	14,000,000	2.74%
MGL Corp Pty Ltd	13,791,396	2.70%
Mr Perry Julian Rosenzweig	9,500,000	1.86%
Mr Phillip Allen Hains	8,841,416	1.73%
Cukierman & Co Investment House Ltd	6,000,000	1.17%
Adfect Aps	5,107,395	1.00%
Bnp Paribas Noms Pty Ltd <Drp>	4,988,362	0.98%
Mr Perry Julian Rosenzweig	4,000,000	0.78%
Totals	**372,220,588**	**72.77%**

SUBSTANTIAL HOLDERS

The names of the substantial shareholders disclosed to the Company as substantial shareholders are:

Name	No of Shares Held	% of Issued Capital
Altor Capital Pty Ltd	98,300,000	19.21%
Pither Investments Pty Ltd & Nintieth Y Pty Ltd	32,449,999	6.34%
Capital H Management Pty Ltd	30,000,000	5.86%
Merchant Funds Management Pty Ltd as manager of the Merchant Opportunities Fund and the Merchant Leaders Fund	27,275,691	5.44%

DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
1 - 1,000	12	3,150	-
1,001 - 5,000	14	52,184	0.01%
5,001 - 10,000	69	661,688	0.13%
10,001 - 100,000	392	19,220,140	3.76%
100,001 and over	234	491,667,770	96.10%
Total	**721**	**511,604,932**	**100.00%**

Unmarketable Parcels – 400 Holders with a total of 12,024,667 shares, based on the last trading price of $0.007 on 3 February 2022.

VOTING RIGHTS

The voting rights attached to ordinary shares are set out below:

Subject to any rights or restrictions for the time being attached to any shares or class of shares of the Company, each member of the Company is entitled to receive notice of, attend and vote at a general meeting. Resolutions of members will be decided by a show of hands unless a poll is demanded. On a show of hands each eligible voter present has one vote. However, where a person present at a general meeting represents personally or by proxy, attorney or representation more than one member, on a show of hands the person is entitled to one vote only despite the number of members the person represents.

On a poll each eligible member has one vote for each fully paid share held.

There are no voting rights attached to any of the options and performance options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

RESTRICTED SECURITIES SUBJECT TO ASX ESCROW:

There are no securities which are subject to ASX escrow.

SECURITIES SUBJECT TO VOLUNTARY ESCROW

The following securities are subject to voluntary escrow:

Class	Expiry date	Number of shares
Ordinary Fully Paid Shares	1 September 2023	9,600,000

ON MARKET BUY BACK

There is currently no on-market buyback program.

ASX LISTING RULE 4.10.19

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing of the Company's securities to quotation in a way consistent with its business objectives.

UNQUOTED SECURITIES

The following unquoted securities are on issue:

7,590,418 Options Expiring 13 June 2023 @ $0.0027 – 3 Holders

Holders with more than 20%

Holder Name	Holding	% IC
EATC International Ltd	5,598,837	73.76%

20,000,000 Class A Performance Shares – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Delta Drone SA	20,000,000	100.00%

The milestones applicable to the Performance Shares are detailed in note 33 of this Annual Report.

15,000,000 Class B Performance Shares– 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Delta Drone SA	15,000,000	100.00%

The milestones applicable to the Performance Shares are detailed in note 33 of this Annual Report.

10,000,000 Class C Performance Shares – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Delta Drone SA	10,000,000	100.00%

The milestones applicable to the Performance Shares are detailed in note 33 of this Annual Report.

955,480 Options Expiring 17 April 2024 @ $0.1125 – 14 Holders

Holders with more than 20%

Holder Name	Holding	% IC
The Trust Company (Australia) Limited <MOF A/C>	618,430	64.72%

953,544 Options Expiring 24 June 2024 @ $0.1125 – 5 Holders

Holders with more than 20%

Holder Name	Holding	% IC
Meah Plus Maarchot Betichot Le'rachfanim LP	823,673	86.38%

948,053 Options Expiring 5 November 2024 @ $0.09 – 5 Holders

Holders with more than 20%

Holder Name	Holding	% IC
010 Yazamut Ltd	270,872	28.57%
Adfect Aps	225,727	23.81%
Ronald Zelazo	225,727	23.81%
The Trust Company (Australia) Limited <MOF A/C>	222,745	23.50%

2,000,000 Options Expiring 30 May 2026 @ $0.021 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Mr Christopher Swiegers Clark	2,000,000	100.00%

2,666,666 Performance Rights 2022 Milestone 1 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Mr Christopher Swiegers Clark	2,666,666	100.00%

The milestones applicable to the Performance Rights are detailed in note 33 of this Annual Report.

2,666,667 Performance Rights 2022 Milestone 2 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Mr Christopher Swiegers Clark	2,666,667	100.00%

The milestones applicable to the Performance Rights are detailed in note 33 of this Annual Report.

2,666,667 Performance Rights 2022 Milestone 3 – 1 Holder

Holders with more than 20%

Holder Name	Holding	% IC
Mr Christopher Swiegers Clark	2,666,667	100.00%

The milestones applicable to the Performance Rights are detailed in note 33 of this Annual Report.

The following unquoted securities are on issue and were issued under the employee incentive plan.

666,667 Performance Rights - 1 Holder	1,333,334 Performance Rights - 1 Holder
666,667 Performance Rights - 1 Holder	1,333,333 Performance Rights - 1 Holder
666,666 Performance Rights - 1 Holder	1,333,333 Performance Rights - 1 Holder

The milestones applicable to the Performance Rights are detailed in note 33 of this Annual Report.

DELTA DRONE INTERNATIONAL

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