Abyssinian Metals Limited

(Formerly Abyssinian Metals Pty Ltd)

ACN 126 240 604

Financial Statements

For the Year Ended 30 June 2022

Abyssinian Metals Limited

(Formerly Abyssinian Metals Pty Ltd)

ACN 126 240 604

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Corporate Information

30 June 2022

Directors

Names	Position	Appointed
Neil Fredrick Warburton	Executive Chairman	
Stephen William Miller	Managing Director	13 July 2021 (existing director appointed Managing Director)
Christopher Bruce Tinney	Executive Technical Director	

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Joint Company Secretaries

Stephen William Miller; and
John Traicos (Appointed 8 July 2021).

Registered Office

Suite 14, 162 Colin Street West Perth WA 6005
Email: info@abyssinianmetals.com
Website: www.abyssinianmetals.com

Share Registry

Computershare Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: +618 6188 0800

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Your Directors' present their report on Consolidated Abyssinian Metals Limited (Consolidated Group) and where relevant, Abyssinian Metals Limited (Abyssinian, or the Company) for the financial year ended 30 June 2022.

On 10 September 2021, the Company restructured, adopting a new constitution and converted from a private to a public company. It consequently changed from being Abyssinian Metals Pty Ltd to Abyssinian Metals Limited. This change was reported in the Director's Report for the year ended 30 June 2021 as a post balance date event.

1. Principal Activities

The Company is in the business of actively pursuing investment opportunities in battery mineral resources. No other significant change in the nature of its' activities occurred during the year.

2. Review of Operations

a. The results which are disclosed in the attached financial statements, being a loss, reflective mainly of administrative and overhead costs relating to actively pursuing investment opportunities in battery mineral resources. The Company and Consolidated Group has also progressively invested funds into the incorporated joint venture company, Kenticha Mining PLC (Kenticha) which it holds a 51% beneficial interest. The following points summarise the key activities undertaken during the financial year;

b. On 1 July 2021, The Company effected the incorporation of an incorporated joint venture Company, Kenticha Mining PLC, registered in Ethiopia for the purposes of carrying on the business of the exploration and development of the Kenticha Lithium-Tantalum deposit located within the Adola Belt, in Oromia State, Southern Ethiopia. The Company has a 51% interest in Kenticha Mining PLC.

c. On 1 July 2021, Kenticha Mining PLC was the recipient of the transfer of the mineral exploration license MOM\EL**01778**\2021 from the Ethiopian Ministry of Mines and Petroleum (01778) which authorises exploration for Lithium, Tantalum, Niobium and other related rare earth minerals,

d. On 1 July 2021, Kenticha Mining PLC was the recipient of the transfer of the mineral mining license MOM\LSML**2049**\2021 from the Ethiopian Ministry of Mines and Petroleum (2049) which authorises mining of Lithium, Tantalum, Niobium and other related rare earth minerals

e. Exploration licence 01778 covers an area of 5.5 km^2. At the date of acquiring the licence, an in situ lithium resource of 47.4 million tonnes at 0.73% lithium oxide (Li_2O) had been identified from past exploration activities. During the course of the year, accruing from technical work undertaken by the Company, the Mineral Resource has increased substantially, resulting in a maiden JORC Compliant Mineral Resource Estimate being published on 20 July 2022. The Mineral Resource now stands at 87.7 million tonnes at 0.78% lithium oxide (Li_2O) (Inferred). Additionally, CSA global has defined an Exploration Target Estimate at Kenticha of 39 to 51 Mt at a grade of between 0.6% and 0.9% Li_2O across three areas within the Kenticha project. Exploration targets have been defined for the Kenticha north and south strike extensions, and the central resources area. The Exploration Target is supported by historical drilling, trenching, and exploration results. The Exploration Target Estimate is in addition to the Mineral Resource Estimate stated above.

f. Mining license **2049** covers an area of 0.56 km2 and contains a lithium, tantalum and niobium mineralised tailings dam with 5.4 Mt of tailings, and a rock dump which contains visible spodumene, to be treated during Stage 1 production ramp-up.

g. The company is targeting a steady state production of up to 600,000 tpa of spodumene SC 5.5% annually and 410 tonnes per annum of 30% tantalum pentoxide concentrate over the Kenticha Project's estimated 18+ year life of mine. Stage 1 of this annual targeted production has seen the construction of a Dense Media Separation (DMS) Processing Plant built in Johannesburg and will be transported to the Kenticha site to commence the reprocessing of the historical tailings material.

h. A detailed work plan has been compiled for the staged development of a large-scale mining operation and to successfully extract both the tantalum and lithium ore and processed into associated concentrates. This plan includes the beneficiation of product as far up the value curve as is technically and economically feasible, with a view to generating maximum value for the Company's shareholders.

i. On 8 September 2021 the Company entered a memorandum of understanding (MOU) with Sudanese company Ariab Mining Company (AMC) to undertake due diligence on the Hassai VMS Copper Project (Block 11) ("Hassai Project") for an exclusive period of 90 days. Under this MOU, the Company, through its subsidiaries, had the option to enter into an incorporated joint venture agreement delivering a 49% economic and ownership interest in the Hassai Project.

j. During the 90-day period, the Company completed its formal legal, technical and other due diligence required to exercise the Hassai Project option, including the completion of the long form agreement (the incorporated joint venture – shareholders agreement).

k. In December 2021 the Board voted to exercise the Hassai Project option and is currently finalizing the execution of legally binding documents. The Company will be the Manager of the incorporated joint venture.

3. Financial Position

The loss of the Consolidated Group for the year amounted to $3,717,049 (2021: loss of $807,161).

The Consolidated Group had net assets at 30 June 2022 of $19,798,690 (2021: net liabilities $928,653) including a cash balance of $3,529,117 (2021: $544).

During the year, the Company undertook the following equity transactions; consolidation of issued shares, issue of new shares and issue of options, summarised as follows:

a. On 12 July 2021, the 249,999,999 shares issued in 2021 were consolidated to 40,000,000 shares.

b. On 12 July 2021, the Company issued 13,500,000 options (post share consolidation) for nil consideration at an exercise price of $0.75 each in exchange for shareholders agreeing to the company share consolidation,

c. In the previous financial year, on 14 June 2021, the Company entered into a Lead Advisor mandate with Argonaut in respect of pre- IPO and IPO capital raising on standard Lead Manager terms with an initial Seed Raise of $7,000,000 (pre-costs) completed as follows:

    a. On 30 August 2021, $1,235,000 was raised by the issue of 6,175,000 shares issued at $0.20 each; and

    b. On 23 September 2021, $5,765,000 was raised by the issue of 28,825,000 shares at $0.20 each.

d. On 14 April 2022, the Company undertook a capital raising activity (Series A Financing) with $15,984,076 (pre-costs) raised by the issue of 21,312,102 shares at $0.75 each.

e. In April 2022, the Company also executed pre-payment agreements with international offtake parties which provided for USD$60m in funding within six months of first production of spodumene from Kenticha.

4. Dividends paid or declared

No dividends were paid or declared since the start of the financial year.

5. Director information

Neil Fredrick Warburton	**Executive Chairman**
Experience	Neil has over 40 years of mining experience, ranging from underground mining through senior mining engineer to executive directorships managing large mining and contracting companies. From 2000 to 2012 he held senior positions with mining contractor Barminco Limited, one of Australia's largest underground mining contractors, culminating in his appointment to chief executive officer in 2007. Neil successfully guided and grew Barminco both within Australia and West Africa, with revenues more than doubling during his tenure as chief executive officer. Neil is a graduate of the Western Australian School of Mines with an Associate Degree in Mining Engineering. He is also a Fellow of the Australian Institute of Company Directors, a Member of the Australian Institute of Mining and Metallurgy and Chair of the Australian Mining and Prospectors Hall of Fame Foundation. Neil currently also serves as Non-Executive Chairman of ASX-listed Belararox Limited and recently retired as director of Flinders Mines Limited.
Interest in Shares and Options[1]	Ordinary shares – 11,177,000; Options – 6,936,000
Stephen William Miller	**Managing Director**
Experience	Stephen, a Chartered Account by profession, has over 35 years corporate finance experience in the natural resources industry in Australia and across Africa. He has overseen and executed several significant asset transactions in various African countries including Tanzania, Mauritania, Cameroon, and South Africa. Stephen has previously held senior executive positions with natural resource companies listed on the ASX, TSX and JSE. In addition to leading numerous resource asset transactions, Stephen has executed a number of corporate reorganisation and restructures, substantial debt and equity financings for project start-ups and developments; and corporate takeovers and acquisitions. Stephen holds a Bachelor of Business Degree (Accounting), and is a member of the Chartered Accountants, Australia and New Zealand, and is a Fellow of the Australian Institute of Company Directors.
Interest in Shares and Options[1]	Ordinary shares – 21,036,500; Options – 13,282,000
Christopher Bruce Tinney	**Executive Technical Director**

Experience	Bruce is an experienced geologist and project manager with over 25 years broad investment and asset management experience working in private equity and capital markets in the natural resources industry. Between 2010 and 2015 he was the Head of Mining Investments for Global PS Mining Investments Company Limited, a Dubai-based mining investment company, with an African exploration and development focus, where he managed an annual budget of USD 40 million and built an African mining portfolio by identifying, acquiring, and adding value to mineral investment opportunities. During this time, and as part of his role, Bruce managed a substantial Ethiopian gold exploration business and has been involved in Ethiopian mining ventures for the last 10 years. He holds a Bachelor of Science in Geology and Chemistry and a Bachelor of Science with honours in Geology from the University of Natal (South Africa), a Master of Science in Mineral Exploration from the Rhodes University (South Africa) and a Graduate Diploma in Engineering (Mineral Economics) from the University of the Witwatersrand (South Africa).
Interest in Shares and Options[1]	Ordinary shares – 21,911,500; Options – 13,282,000

[1]Denotes the number of securities which the directors hold directly, indirectly or beneficially at the date of this report.

Meetings of Directors

During the financial year the board held meetings, with attendance as follows:

	Number eligible to attend	Number attended
Neil Fredrick Warburton	6	6
Stephen William Miller	6	6
Christopher Bruce Tinney	6	6

Joint Company Secretaries

John Traicos	**Company Secretary**
Experience	Has more than 30 years' experience in legal and corporate affairs in Australia and Southern Africa. He has acted as legal and commercial manager and company secretary to several Australian resource companies and has been involved in resource projects and acquisitions in Australia, Africa and Indonesia.

Stephen William Miller	**Joint Company Secretary**
Experience	Refer to director experience.

6. Significant Changes in State of Affairs

There were no significant changes in the company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

7. After Balance Date Events

In the period since 30 June 2022:

a. During the second half of the 2022 financial year, the Company has had restricted access to the Kenticha site to continue with its programmed activities. During this period there have been a number of occasions where access to site was unfortunately prevented due to, inter-alia, severe social unrest in the Guji zone area (in and around the mine site area). Notwithstanding our request of the ministry of mines to provide safe access (as required under the license conditions), access has still not been able to be achieved in a fashion considered safe enough to carry on our activities and for the security of our personnel. The continued restriction of access to site has led to the issuance of a force majeure notice on 19 July 2022. As at the date of this report, the force majeure notice remains on foot. The Company and its corporate joint venture partners are however, looking to reengage and recommence activities at the Kenticha site as soon as possible.

b. On 12 August 2022, the Company issued 20,000,000 share options and 5,000,000 Performance Rights to consultants involved in commercial and technical aspects of the Kenticha project. These equity instruments are subject to vesting conditions and drive alignment in activities focused on generating shareholder value

c. On 17 October 2022, the Company formally entered into a joint venture agreement with Ariab Mining Company (AMC), the owner of the Hassai Project in Sudan. The long form joint venture and Shareholder Agreements are now finalized and awaiting final execution by all parties. This agreement will involve the Company owning a 49% interest in an incorporated joint venture entity and will also be the project manager. The Hassai Resource includes 118.1 million tonnes at a 1.81% copper equivalent containing 4.25m oz of gold and 1.545m tonnes of copper.

d. On 17 October 2022, the Company issued 15,000,000 shares for nil consideration and granted 5,000,000 Options with an exercise price of $0.75 for each share following the exercising of its option to acquire the Hassai Project in Sudan in satisfaction of 'milestone 1' pursuant to the conditions of the members resolution dated 8th March 2021.

e. On 28 October 2022, the Company issued a Term Sheet to eligible investors for the purposes of raising up to AUD$12.0m in equity funds based on a value of AUD$1.50 per share and an amount of up to USD$25.0m as a convertible note with a maturity date of 24 months from the execution of the Formal Agreement at an interest rate of 5%. The closing date for the equity raising is 25 November 2022 (unless otherwise extended by the Company). All monies raised will remain in a trust account until the second year of exploration license **1778** has been granted.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years.

8. Future Developments, Prospects & Business Strategies

During the course of the financial year, the Company completed fund raisings as noted above.

The purpose of these financings has been to fund the Company's interest in the Kenticha Lithium Project where it holds a 51% (and managing interest). During the course of the year, the various technical workstreams undertaken by the company has resulted in the generation of a maiden JORC compliant Mineral Resource Statement of 87.7 mt @ 0.78% Li2O. Additionally, the technical workstreams undertaken has enabled the Competent Person (CSA Global) to generate an exploration target estimate of an additional 39-51mt at 0.6% - 0.9% Li2O respectively. Additionally the Company has determined that the grade of the lithium resource has historically been under reported and predicated on the first tranche of re-assaying of historical results, the Company is anticipating a recalibrated grade of in-excess of 1% Li2O. This re-assaying is, at the date of this report, a work in progress and an updated resource statement reflecting the new grade is expected to be published early in calendar year 2023.

Accruing from the work on the geological model, for the hard rock resource, the examination of the historical tailings resource and the low-grade rock dump stockpiles, the Company has initiated the Early Revenue Model which will see a modular DMS plant being installed to treat the identified resources, prior to the completion of a further feasibility study for a bespoke processing plant to treat the long-term resource at Kenticha.

At the date of this report, the modular DMS plant is currently under construction in Johannesburg. It is anticipated that the plant will be available for transportation and installation at the Kenticha site by June of 2023. After a period of finishing works and commissioning, the DMS plant is anticipated to commence commercial production in Q4 of calendar year 2023 at an annualised production rate generating 180,000 tonnes of SC 5.5% spodumene product. The total cost, including commissioning is forecast to be circa USD$80 million and is funded via the following:

- The proceeds of the equity raisings; and
- The pre-payment facility of USD$60m from the Company's international offtakers

In addition to the Early Revenue Model described above, the Company is presently evaluating a Direct Shipping Ore option (DSO) which would entail treating the current spodumene rich material (which sits adjacent to the historical tailings resource), undertaking some minor treatment and shipping the forecast + 1% rich material to our offtaking partner of choice. This opportunity is presently a very attractive option, given the prevailing high spodumene prices and demand for the product. At the date of this report, the Company is about to undertake the specific technical work to confirm the product grade and specifications to its customers. Subject to finalisation of commercial terms, the Company seeks to commence implementation of this strategy in Q1 of 2023. This DSO option can be undertaken contemporaneously with the Early Revenue Model referred to above. The objective of implementing both options is to take advantage of the prevailing high spodumene prices and generate significant revenue and value to the Company whilst it completes the formal feasibility study for the bespoke operation.

Based on the studies and the work undertaken to date, the bespoke project development of hard rock resource is designed to generate up to 600,000 tpa of spodumene product (SC 5.5%). Presently, the timing for completion and commissioning of this bespoke plant is forecast to be at the end of calendar year 2025. Accordingly, the implementation of both the Early Revenue Model and the DSO option provides the Company with the unique proposition of producing revenues in the near term ahead of the long-term development of the project.

As referred to above, the Company, as managers of the joint venture, has entered into a pre-payment arrangement with two international off take partners, whereby they will provide the US$60 million to substantially fund the Early Revenue Model – DMS plant. In return the Company has entered into a 3-year offtake arrangement with these parties to sell up to 180,000 tpa of spodumene product (SC 5.5%).

9. Environmental Issues

The Consolidated Group's operations are subject to the laws and regulations pertaining to mining exploration operations in Ethiopia. As at the date of this Report the Company has not been notified of any breach of any such laws or regulations in relation to environmental matters.

10. Remuneration Report

This report details the nature and amount of remuneration for each Director and other Key Management Personnel (**KMP**).

Remuneration Policy

The remuneration policy of Company has been designed to align KMP objectives with shareholder and business objectives. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Company and the Consolidated Group, as well as to create alignment between directors, executives and shareholders.

In the year under review, the Company's policy has continued to be to minimise director fee costs and remuneration paid to directors for undertaking executive responsibilities in the interests of all shareholders. When the Company's IPO plans are successfully executed, the policy will change to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities.

The maximum aggregate annual amount of fees that can be paid to Non-executive Directors will be subject to approval by shareholders and will not be linked to the performance of the Company. Non-executive Directors may also be awarded equity-based performance remuneration. As the Company restructured from a private company to a public company on 10 September 2021, and does not have nor had any Non-executive Directors, there is no current cap on the aggregate annual amount of fees that can be paid to Non-executive Directors.

The Company's remuneration policy provides for long-term incentives through participation in the Company's Incentive Awards Plan which allows the Company to issue a range of securities including shares, options or performance rights (**Awards**). The Company's Securities Trading Policy adopted prohibits holders of such Awards from entering into hedge arrangements on any unvested Awards. Further details on Options to be issued under the Plan are set out in Note 18 in the financial statements. The Company currently does not have any other performance-based incentive component built into Director remuneration packages but is establishing a program for the issue of Performance Rights to attract and retain key executives.

The Company may engage remuneration consultants from time to time to provide independent external advice. During the financial year it did not engage any independent remuneration consultant to establish a Company's Incentive Awards Plan. The Board of Directors is responsible for determining and reviewing the Company's remuneration policy, remuneration levels and performance of both executive and non-executive Directors.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase alignment between shareholders, directors and executives. The remuneration of each Director and KMP of the Company during the year was as follows:

Securities Received that are not Performance–related

KMP are not entitled to receive securities that are not performance-based as part of their remuneration package, although it is open to any KMP to salary sacrifice.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

There were no cash bonuses, performance-related bonuses paid by the Company during the year (2021: Nil).

KMP Shareholdings and Option Holdings

a. Number of shares held by Key Management Personnel

The following table summarises shares held by Key Management Personnel as at 30 June 2022, showing pre and post consolidation holdings.

2022	Balance at the Beginning of Year (pre consolidation)	Share Consolidation	Granted as Remuneration during the Year	Options Exercised	Shares Transferred	Balance at End of Year
Neil Fredrick Warburton	50,000,000	8,000,000	-	-	-	8,000,000
Stephen William Miller	100,000,000	16,000,000	-	-	(625,000)	15,375,000
Christopher Bruce Tinney	100,000,000	16,000,000	-	-	-	16,000,000
Paul Arnold Gold	-	-	-	-	-	-
	250,000,000	40,000,000	-	-	(625,000)	39,375,000

2021	Balance at the Beginning of Year	Granted as Remuneration during the Year	Options Exercised	Acquired	Balance at End of Year
Neil Fredrick Warburton	-	-	-	50,000,000	50,000,000
Stephen William Miller	1	-	-	99,999,999	100,000,000
Christopher Bruce Tinney	-	-	-	100,000,000	100,000,000
	1	-	-	249,999,999	250,000,000

b. Number of Options Held by Key Management Personnel

Options granted by the Company as compensation to key management personnel during the year are detailed in the table below. No options were granted to key management personnel in the prior year.

No options have been exercised in the current or prior years that were granted as compensation.

2022	Balance at the Beginning of Year	Granted as Remuneration during the Year	Options Exercised	Purchased / (Sold)	Balance at End of Year
Neil Fredrick Warburton	-	6,936,000	-	-	6,936,000
Stephen William Miller	-	13,282,000	-	-	13,282,000
Christopher Bruce Tinney	-	13,282,000	-	-	13,282,000
Paul Arnold Gold	-	-	-	-	-
	-	33,500,000	-	-	33,500,000

Employment Details of Key Management Personnel

Following are employment details of persons who were KMP of the Company during the financial period.

Key Management Personnel	Position held at 30 June 2022	Contract Details	Proportion of Remuneration: Related to performance	Proportion of Remuneration: Not related to performance	Total
			Incentives	Fixed	
Neil Fredrick Warburton	Executive Chairman	Initially a 36-month contract, extendable as mutually agreed, terminable upon 90 notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%
Stephen William Miller	Managing Director	Initially a 36-month contract, extendable as mutually agreed, terminable upon 90 notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%
Christopher Bruce Tinney	Executive Technical Director	Initially a 36-month contract, extendable as mutually agreed, terminable upon 90 notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%
Paul Arnold Gold	Chief Financial Officer	Permanent employee. Contract may be terminated by either party with eight weeks notice.	0%	100%	100%

The employment terms and conditions of all KMP are formalised in director service agreements, or contracts of employment.

Remuneration entitlements of Executive Directors are dependent on achievement of certain capital raise milestones;

1. Mr Neil Fredrick Warburton, Executive Chairman, was entitled to remuneration of $150,000 per annum and upon completion of a Pre-IPO capital raise, it increased to $350,000 per annum on 1 May 2022; and

2. Mr Stephen William Miller, Managing Director, was entitled to remuneration of $150,000 per annum and upon completion of a Pre-IPO capital raise, it increased to $450,000 per annum 1 May 2022; and

3. Mr Christopher Bruce Tinney, Executive Technical Director, was entitled to remuneration of $150,000 per annum and upon completion of a Pre-IPO capital raise, it increased to $400,000 per annum 1 April 2022.

Non-executive directors' engagements are subject to the Corporations Act 2001, the Company's constitution, and terms of their contract. Subject to the Corporations Act 2001, termination payments are at the discretion of the Board. The Company has not appointed any Non-executive Directors at the date of this report.

The Chief Financial Officer, Mr Paul Arnold Gold, commenced employment on 29 April 2022 and is entitled to a salary package of $250,000 inclusive of superannuation.

Other transactions with Key Management Personnel

Refer to Notes 16 and 19 for details of other transactions between KMP's and the Company.

11. Indemnifying Officers

Insurance premiums paid for directors and officers

No indemnities have been given or insurance premiums paid, during the year, for any person who is or has been an officer of the company.

Since year end:

a. the company paid a premium in respect of insurance cover for the directors and officers. The Company has not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expense insurance contracts, as such disclosure is prohibited under the terms of the insurance contract.

b. The Company has in place Deeds with each of the Directors and Company Secretaries whereby The Company has agreed to provide certain indemnities to each Director and Company Secretary to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain Directors' and Officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

No indemnification has been given, or insurance premiums paid, for any person who is or has been an auditor of the Company.

12. Options

At the date of this report, there were 53,500,000 unissued ordinary shares of the Company under option (June 2021: NIL).

No options have been exercised during the year.

13. Proceedings on Behalf of Company

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

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

14. Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

(a) all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

(b) the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

15. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001, for the year ended 30 June 2022 has been received and can be found on page 15 of the Financial Report.

16. Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest dollar, unless otherwise stated.

Signed in accordance with a resolution of the Board of Directors:

Stephen William Miller

Managing Director

Dated this 23rd day of November 2022

To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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

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

Yours faithfully,

Hall Chadwick

HALL CHADWICK
Chartered Accountants

CHRIS NICOLOFF CA
Director

Dated at Perth this 23rd day of November 2022

Abyssinian Metals Limited

(Formerly Abyssinian Metals Pty Ltd)

ACN 126 240 604

Directors' Declaration

30 June 2022

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

1. the financial statements and notes, as set out on pages 16 to 42, are in accordance with the

   Corporations Act 2001 and:

   a. comply with Australian Accounting Standards applicable to the Company, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company;

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

3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer.

N. F. Warburton

Neil Fredrick Warburton

Executive Chairman

Dated this 23rd day of November 2022

Abyssinian Metals Limited

(Formerly Abyssinian Metals Pty Ltd)
ACN 126 240 604

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year end 30 June 2022

	Note	2022 $	2021 $
Total Revenue	2	**-**	-
Consulting Fees		**(1,460,050)**	(291,421)
Corporate and Administrative costs		**(877,507)**	(111,780)
Directors Fees	19	**(604,166)**	(300,000)
Depreciation		**(17,943)**	-
Legal Expenses		**(171,065)**	(11,263)
Audit Fees		**(20,000)**	(12,000)
Unrealised Foreign Exchange Gain (Loss)		**88,120**	(4,913)
Interest		**(5,981)**	
Debt forgiven		**-**	3,591
Travel		**(648,457)**	(79,375)
Loss before income taxes		**(3,717,049)**	(807,161)
Income tax expense	3	**-**	-
Loss for the year		**(3,717,049)**	(807,161)
Other comprehensive income, net of tax		**-**	-
Total comprehensive loss for the year		**(3,717,049)**	(807,161)
Attributable to:			
Equity holders of the parent		**(3,063,102)**	(807,161)
Non-controlling interests		**(653,947)**	-
		(3,717,049)	**(807,161)**
Loss Per Share			
Basic loss per share ($'s)	20	**(0.0005)**	(0.0005)
Diluted loss per share ($'s)	20	**(0.0002)**	(0.0005)

The accompanying notes form part of these financial statements.

Abyssinian Metals Limited

(Formerly Abyssinian Metals Pty Ltd)
ACN 126 240 604

Consolidated Statement of Financial Position

As at 30 June 2022

	Note	2022 $	2021 $
ASSETS			
Current assets			
Cash and cash equivalents	4	3,529,117	544
Trade and other receivables	5	10,609,908	39,869
Total current assets		**14,139,025**	**40,413**
Non-current assets			
Mineral exploration and tenements	6	6,849,284	125,000
Property, Plant & Equipment	7	120,499	-
Right-of-use	9	534,333	-
Other assets		20,464	774
Total non-current assets		**7,524,580**	**125,774**
TOTAL ASSETS		**21,663,605**	**166,187**
LIABILITIES			
Current liabilities			
Trade and other payables	10	1,509,265	780,019
Borrowings	11	15,279	314,821
Total current liabilities		**1,524,544**	**1,094,840**
Non-current liabilities			
Lease Liability	11	340,371	-
Total non-current liabilities		**340,371**	
TOTAL LIABILITIES		**1,864,915**	**1,094,840**
NET ASSETS (LIABILITIES)		**19,798,690**	**(928,653)**
EQUITY			
Issued Capital	12	21,658,894	2,500
Reserves	13	128,345	-
Accumulated losses		(4,648,202)	(931,153)
Equity attributable to equity holders of the parent		17,139,037	-
Non-controlling interests		2,659,653	-
TOTAL EQUITY		**19,798,690**	**(928,653)**

The accompanying notes form part of these financial statements.

Abyssinian Metals Limited

(Formerly Abyssinian Metals Pty Ltd)

ACN 126 240 604

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2022

	Note	Issued Capital	Retained Earnings/ (Accumulated losses)	Share based payment Reserve	Foreign Currency Translation Reserve	Non controlling interest	Total
Balance at 30 June 2020			**(123,992)**	**-**		**-**	**(123,992)**
Loss for the year			(807,161)	-		-	(807,161)
Total comprehensive loss for the year			(807,161)	-		-	(807,161)
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Shares	12	2,500	-	-		-	2,500
Share issue costs			-	-		-	-
Total transactions with owners and transfers		2,500	(931,153)	-	-	-	(928,653)
Balance at 30 June 2021		**2,500**	**(931,153)**	**-**	**-**	**-**	**(928,653)**
Loss for the year		-	(3,063,102)	-		(653,947)	(3,717,049)
Total comprehensive loss for the year		-	(3,063,102)	-		(653,947)	(3,717,049)
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Shares (gross)	12	22,989,075	-	-	-	-	22,989,075
Share issue costs	12	(1,332,681)	-	-	-	-	(1,332,681)
Transfer to Reserve	13		-	2,157	126,188	-	128,345
Non controlling interest		-	-	-	-	2,659,653	2,659,653
Total transactions with owners and transfers		**21,656,394**	**(3,063,102)**	**2,157**	**126,188**	**2,005,706**	**20,727,343**
Balance at 30 June 2022		**21,658,894**	**(3,994,255)**	**2,157**	**126,188**	**2,005,706**	**19,798,690**

The accompanying notes form part of these financial statements.

Abyssinian Metals Limited
(Formerly Abyssinian Metals Pty Ltd)

ACN 126 240 604
Consolidated Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Cash from operating activities:			
Profit before tax		(3,717,049)	(807,161)
Adjustments to reconcile profit to net cash flows			
Depreciation		17,943	-
Net foreign exchange differences		(112,105)	-
		(3,811,211)	(807,161)
Increase in Payables		559,800	493,791
(Increase) / Decrease in Other Current Assets		(10,264,157)	311,414
Net cash used in operating activities	**15**	**(13,511,211)**	**(1,956)**
Cash flows from financing activities:			
Increase in Share capital		21,658,550	-
Lease Liability		346,470	-
Borrowings		(68,819)	2,500
Net cash provided by financing activities		**21,936,200**	**2,500**
Cash flows from investing activities:			
Property, Plant & Equipment		(4,312,807)	-
Right of Use assets		(549,599)	
Net cash used in financing activities		**(4,862,406)**	**-**
Net increase in cash held		3,557,583	544
Cash at beginning of financial year		544	-
Effects of currency translation on cash and cash equivalents		(29,012)	
Cash at end of financial year	**4**	**3,529,117**	**544**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

a) General information

These Consolidated financial statements and notes are for Abyssinian Metals Limited (**Company**) and its subsidiaries (**Consolidated Group**). The financial statements were issued by the Company's directors at the date of signing the directors' declaration.

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and Interpretations of the Australian Accounting Standards Board, and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit Company for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Abyssinian Metals Limited is an unlisted public company, incorporated and domiciled in Australia. Except for the cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial statements were authorised for issue by the directors as at the date of the directors' declaration.

b) Basis of preparation

The financial statements have been prepared in accordance with the recognition and measurement requirements of all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial report, except for the cashflow information; has been prepared on an accruals basis and is based on historical costs, unless otherwise stated in the notes. The financial report has been prepared on a going concern basis that contemplates the continuity of normal operating activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 30 June 2022, the Company incurred a net loss of $3,717,049 (2021: $807,161) and the Company's balance sheet shows total assets of $21,663,605 total liabilities of $1,864,915 and a net assets balance of $19,798,690. Historically the Company has been dependent on the financial support of shareholders and continues to explore funding options to continue its project development activities.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency.

d) Basis of consolidation

The financial statements incorporate the assets and liabilities of Abyssinian Metals Limited as at 30 June 2022 including its subsidiaries at that date. The Company did not have any subsidiaries in the comparative year.

Subsidiaries are all those entities over which the Company has control. The Company controls a Company when the Company is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power to direct the activities of the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

e) Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised where the Company has right of tenure, to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Costs of site restoration are provided for where the Company has a legal or constructive obligation.

f) Income taxes

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

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority, using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised. The availability and benefit of unused tax losses is also dependent on the Company deriving future assessable income of a nature and amount sufficient to enable the losses to be realised, and on the Company's compliance with the conditions of deductibility imposed by the relevant legislation.

Income taxes (Continued)

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

g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial assets

Financial assets are subsequently measured at

- amortised cost.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Financial liabilities

Financial instruments are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

h) Impairment

The Company recognises a loss allowance for expected credit losses, using the simplified approach under AASB 9, which requires the recognition of lifetime expected credit loss at all times.

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

i) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset in the consolidated group may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, to the asset’s carrying amount. Any excess of the asset’s carrying amount over its recoverable amount is recognised immediately in profit or loss.

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

j) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits available.

k) Equity-settled compensation

Share based payments take the form of ordinary shares, or options. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share- based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. Share based payments in the form of ordinary shares are credited to Issued Capital. Options issued are credited to Options Reserve.

The fair value of options is determined using a Black Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Ordinary shares are also issued in settlement of employee liabilities.

l) Revenue and Other Income

Interest revenue is recognised using the effective interest method.

Other Income is recognised when the Company obtains control over the funds, which is at the time of receipt.

All revenue is stated net of the amount of GST.

m) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

n) Issued Capital

Ordinary shares are classified as equity. Transaction costs (net of tax where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

o) Earnings per share

Basic earnings per share

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

p) 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

q) 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 basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Plant and equipment 3-10 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 Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

r) 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.

s) 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.

t) Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

u) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Amounts are initially recognised at fair value, and subsequently measured at amortised cost.

v) 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 Company'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.

w) Employee benefits

Short-term employee benefits

Provision is made for the Company’s obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company’s obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company’s obligations for employees’ annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees’ long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company’s obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are

presented as current provisions.

x) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows

included in receipts from customers or payments to suppliers.

y) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

z) Critical accounting estimates and judgments

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

Key estimates/judgments used in the financial statements are:

- Exploration and evaluation asset - exploration and evaluation expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest. The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.

- Consolidation and creation of Goodwill asset – this process requires an assessment of control and results in an asset created on the consolidation of the subsidiary which is subject to valuation assessment.

- Estimation of useful lives of assets - The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

- Share Based Payments – the assumptions supporting the calculations for share based payments involves judgements regarding future activities and future share price volatility.

aa) Fair Value of Assets and Liabilities

The Company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis after initial recognition, depending on the requirements of the applicable Accounting Standard. Currently there are no assets or liabilities measured at fair value after initial recognition.

bb) New Accounting Standards

There have been no new accounting standards applied for the first time in the preparation of the financial statements for the year ended 30 June 2021. New accounting standards issued as at 30 June 2021 that are not yet applicable are not expected to have a material effect on the amounts reported in the financial statements.

2 Revenue

	2022	2021
	$	$
Revenue		
- Interest	-	-
Total Revenue	-	-

3 Income Tax Expense

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

Prima facie tax benefit on loss before income tax at 30% (2021: 30%)		
- Consolidated	**(3,714,892)**	(807,161)
	(1,114,468)	(242,148)
Adjust for:		
- Tax effect of permanent differences	-	-
- Tax effect of temporary differences and tax losses not recognised	1,114,468	242,148
Income tax attributable to Consolidated Group	**-**	**-**

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur.

Temporary differences	**-**	**-**
Tax losses	**1,114,468**	242,148
Net unbooked deferred tax asset	**1,114,468**	242,148

The Consolidated Group has estimated tax losses carried forward of approximately $2,450,461 (2021: $931,153) which have not been recognised as a deferred tax asset. The benefit of these losses will only be obtained if the Consolidated Group derives future assessable income sufficient to enable the deductions from the tax losses to be realised and if the Consolidated Group continues to comply with conditions for deductibility imposed by the relevant tax legislation.

4 Cash and Cash Equivalents

	2022 $	2021 $
Cash on hand	**-**	-
Cash at bank	**3,529,117**	544
	3,529,117	544

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank	**3,529,117**	544

5 Trade and Other Receivables

	2022 $	2021 $
CURRENT		
Receivable – related party	**9,733,217**	-
Sundry receivables - GST	**217,170**	39,869
Prepayment	**648,969**	-
Other	**10,552**	-
	10,609,908	39,869

Receivable – related party comprises an amount held on trust by a director related company – refer note 16.

Prepayments include; drilling services, some consulting services and software licensing.

Credit Risk — Trade and Other Receivables

In the current year most of the receivables related to a single debtor (GST receivable from the Australian Taxation Office). The amount owing by the director related company is held in a bank account on trust for the Company. Otherwise, the Company has no significant concentration of credit risk with respect to counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Company. All trade and other receivables are within normal credit terms and are therefore not considered past due or impaired.

6 Mineral exploration and tenements

	2022 $	2021 $
NON-CURRENT		
Expenditure capitalised - at cost	**6,849,284**	125,000

Tenement expenditure capitalised represents the acquisition costs of the Company’s tenement holdings, written down (where applicable) to reflect the Company's best estimate of recoverable value.

Recoverability of the carrying amount of tenement, exploration and evaluation assets is dependent on the successful development of tenements, or alternately through their sale.

Commitments and contingencies in respect of exploration tenements is set out in notes 14 and 21.

7 Property, plant and equipment

	2022 $	2021 $
NON-CURRENT		
Plant and equipment – at cost	**123,176**	**-**
Less: accumulated depreciation	**(2,677)**	
	120,499	**-**

8 Investment in Controlled Entities

During the year and following the incorporation of Kenticha Mining Plc, funds were invested to meet the stated corporate investment objectives. The Kenticha Mining Plc entity, beneficially owned 51% by the Company, has a balance date of 7 July. The Directors have accepted the different balance date for consolidation purposes on the basis that transactions between the period 1 July 2022 and 7 July 2022 were not material and in future reporting periods this approach will allow consistent reporting of full year results.

Funds were also expended on pre project activities in relation to the Hassai project in Sudan. As the activities were undertaken prior to the award of licences, the Directors have expensed an amount of $450,281 in accordance with Accounting Standards. Activities continue with respect to this opportunity but at balance date, the Company did not hold the relevant licences.

To enable the Consolidated Group to meet its objectives, the following controlled entities were incorporated during the year:

1. Abyssinian Lithium Limited – incorporated 7 June 2022
2. Abyssinian Copper Limited – incorporated 14 June 2022
3. Abyssinian Investments BV – incorporated 22 June 2022

9 Right-of-use assets

	2022 $	2021 $
NON-CURRENT		
Land and buildings – right-of-use	**549,600**	**-**
Less: accumulated depreciation	**(15,267)**	
Right-of-use asset	**534,333**	**-**

A subsidiary entity leases land and buildings under an agreement of three years duration.

10 Trade and Other Payables

	2022 $	2021 $
CURRENT		
Unsecured liabilities		
Trade and other payables	**1,509,265**	780,019
	1,509,265	780,019

The average credit period on services is 30 days. No interest is charged on trade payables.

Financial liabilities at amortised cost classified as trade and other payables (Refer note 23)

Trade and other payables:	**1,509,265**	780,019

11 Borrowings and lease liability

	2022 $	2021 $
CURRENT		
Unsecured liabilities		
Related party and shareholder advances	**15,279**	314,821
	15,279	314,821

Movement in advances:		
Opening Balance	**314,821**	908
Advances received	**(299,542)**	313,913
Advances paid	**-**	-
Closing Balance	**15,279**	314,821

Advances are short term, unsecured, with no interest payable, settled through cash.

NON-CURRENT

Lease liability	**340,371**	-
	340,371	-

The lease liability relates to the land and building lease in the Kenticha Mining Plc entity and is for the three year period ending 7 June 2025.

12 Issued Capital

	2022	2021
	$	$
Opening balance 250,000,000 (2021: Nil) fully paid ordinary shares	**2,500**	-
Shares issued during the period	**22,989,075**	2,500
Less: Capital raising costs	**(1,332,681)**	-
Total 96,337,102 (2021: 250,000,000) fully paid ordinary shares	**21,658,894**	2,500

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

On 12 July 2021, the Company's Shareholders approved a share consolidation which resulted in 250,000,000 shares being consolidated into 40,000,000 shares, representing a consolidation of 6.25 shares on issue into 1.00 share on issue at that date.

(a) Capital Management

The Directors manage the capital of the Company in order to ensure that the Company can fund its operations and continue as a going concern. There are no externally imposed capital requirements.

There have been no changes in the strategy for capital management since the prior year which primarily is to fund business activities via company share placement proceeds.

(b) Movement in Share Capital

	2022	2021
	No.	No.
Balance at beginning of year	**250,000,000**	1
Movements in shares during the year:		
28 January 2021	**-**	249,999,999
12 July 2021 share consolidation of existing shares (6.25 into 1)	**(210,000,000)**	-
30 August 2021	**6,175,000**	-
23 September 2021	**28,825,000**	-
9 February 2022	**25,000**	-
14 April 2022	**21,312,102**	-
Balance at end of year	**96,337,102**	250,000,000

13 Reserves

	2022 $	2021 $
Option reserve		
Issue of options	**2,157**	**-**

During the year, 33,500,000 share options (2021: Nil) were issued. Subsequent to the end of the financial year, 20,000,000 share options and 5,000,000 Performance Rights were granted.

	2022 $	2021 $
Foreign currency translation reserve		
Opening balance	**-**	**-**
Transferred to reserve	**126,188**	**-**
Closing balance	**126,188**	**-**
Reserves	**128,345**	**-**

14 Expenditure Commitments

(a) Operating Lease Commitments

There are no operating lease commitments.

(b) Expenditure commitments

The Company must meet minimum expenditure commitments in respect of its exploration tenements or obtain expenditure exemptions from respective jurisdictional departments to maintain those tenements in good standing. If the relevant tenement is relinquished the expenditure commitment also ceases.

The following commitments for the next 5 years exist at balance date but have not been brought to account.

	2022 $	2021 $
Commitments on the exploration tenements for the next 12 months	-	-
Commitments between 12 months and 5 years	-	-
	-	-

15 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022 $	2021 $
Loss for the year	**(3,717,049)**	(807,161)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(10,400,161)**	(37,369)
- increase/(decrease) in trade and other payables	**559,800**	531,160
- increase/(decrease) in other liabilities	**-**	311,414
- increase/(decrease) in non-current liabilities	**-**	-
Cashflow used in operations	**(13,651,572)**	(1,956)

16 Related Party Transactions

a) The Company's main related parties are as follows:

Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, are considered key management personnel. The directors of the Company and the Chief Financial Officer are the only Key Management Personnel.

Director related entities:

Executive Chairman Mr Neil Warburton is a director of Michlange Pty Ltd ATF Warburton Family Trust which beneficially hold shares in the company as at 30 June 2022.

Managing Director Stephen William Miller is the director of Gencor Capital Pty Ltd and Millcorp Securities Pty Ltd ATF for The Millcorp Securities Trust. Millcorp Securities Pty Ltd beneficially holds shares in the Company as at 30 June 2022.

Managing Director Stephen William Miller and Christopher Bruce Tinney are directors and shareholders of African Mining and Energy Pty Ltd.

b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

- During the year, the Company was charged management, administration and overhead fees of $265,000

(2021: $240,000) by Gencor Capital Pty Ltd.

- During the year, the Company was invoiced by Millcorp Securities Pty Ltd for Mr Stephen William Miller executive director fees of $208,333 (2021: $112,500).

- During the year, the Company was invoiced by Michlange Pty Ltd for Mr Neil Fredrick Warburton executive Chairman fees of $183,000 (2021: $75,000).

- During the year, the Company remunerated Mr Christopher Bruce Tinney executive director fees of $212,499 (2021: $112,500).

- During the year the Company was (advanced loans)/received funds (refer to Note 11) from;

    - Abyssinian Gold Plc, a Director-related entity, in the amount of $4,531 (2021: ($302,173)) where payment was made on behalf of the Company to meet various trade and other creditor obligations;

    - African Mining and Energy Pty Ltd, a Director-related entity, in the amount of $1,697 (2021: ($454)), where payment was made on behalf of the Company relating to minor administrative overheads of the Company;

    - African Mining and Energy Pty Ltd, a Director-related entity, held funds on trust for the Company of $9,707,140 (2021: Nil);

    - Gencor Capital Pty Ltd, a Director-related entity, in the amount of ($541) (2021: ($11,287)), where the prior year amount involved $2,500 received by way of cash with the balance relating to payments made on behalf of the Company for legal expenses;

    - Millcorp Holdings Pty Ltd, a Director-related entity, in the amount of ($502) relating to the payment of travel costs to be reimbursed by the Company.

During the year the Company did not repay any related party loans (2021: Nil). Advances made by related parties to the Company are non-interest bearing without specified repayment dates.

At balance date, the Directors collectively held 40.9% (2021: 100%) of the Shares in the Company.

17 Segment Information

During the year, the Company operated from Australia as an investment company seeking battery metals and other resources opportunities. Funds were invested in Ethiopia and on pre project Sudanese activities.

Segment results $ 2022

	West Africa	Australia	Consolidated
Revenue	-	-	-
Result	(1,329,836)	(2,381,232)	(3,711,068)
Interest	(4,750)	(1,231)	(5,981)
Income tax	-	-	-
Loss	(1,334,586)	(2,382,463)	(3,717,049)
Other information			
Assets	9,404,701	12,258,904	21,663,605
Capital expenditure	4,312,593	214	4,312,807
Depreciation	(17,943)	-	(17,943)

Segment results $ 2021

	West Africa	Australia	Consolidated
Revenue	-	-	-
Result	-	(807,161)	(807,161)
Interest	-	-	-
Income tax	-	-	-
Loss	-	(807,161)	(807,161)
Other information			
Assets	125,000	41,187	166,187
Capital expenditure	125,000	-	125,000
Depreciation	-	-	-

18 Equity Based Payments

The Company made Equity based payments during the year of $2,157 (2021: Nil).

19 Key Management Personnel Compensation

The names of key management personnel of the Company who have held office during the financial year are:

a) Key Management Person	Position
Neil Fredrick Warburton	Executive Chairman
Christopher Bruce Tinney	Executive Technical Director
Stephen William Miller	Managing Director
Paul Arnold Gold	Chief Financial Officer

b) Key Management Personnel Compensation	2022 $	2021 $
Short-term employee benefits	**629,516**	300,000
Share based payments	**2,157**	-
	631,673	300,000

Note: the table includes remuneration for the Chief Financial Officer. Compensation relating specifically to the Directors was $604,166 (2021: $300,000)

Detailed disclosures on compensation for Key Management Personnel are set out in the Remuneration Report, included in the Directors' Report.

Short-term employee benefits

These amounts include fees and benefits paid to KMP.

20 Earnings Per Share

	2022 $	2021 $
Net loss used to calculate basic and dilutive EPS	**3,717,049**	807,161
	No.	**No.**
Weighted average number of ordinary shares outstanding during the period used in the calculation of **basic EPS**	**71,760,978**	16,767,123
Weighted average number of options outstanding	**19,394,521**	-
Weighted average number of ordinary shares outstanding during the period used in the calculation of **dilutive EPS**	165,260,978	16,767,123

21 Contingent Assets and Liabilities

(a) Contingent Assets

Sales Off take agreements executed in April 2022 USD$60,000,000 (2021: Nil)

The Company has entered into sales offtake agreements with third parties that are subject to commercial terms and conditions. These agreements are in the nature of future product sales agreement denominated in United States Dollars (USD), with a total value of USD$60,000,000. These agreements are contingent on the supply of product and are therefore in the nature of a contingent asset as the amounts are not receivable until product is supplied.

(b) Contingent Liabilities

There were no contingent liabilities as at 30 June 2022 (2021: Nil)

22 Auditor Remuneration

	2022 $	2021 $
Remuneration of the auditor for:		
– auditing or reviewing the financial statements	**20,000**	12,000
– Non audit services	**13,725**	-

23 Financial Risk Management

The Company's financial instruments comprise of cash at banks, accounts receivable and payables.

The totals for each category of financial instruments measured in accordance with AASB 139: Financial instruments: Recognition and measurement as detailed in the accounting policies to these financial statements as follows:

	2022	2021
Financial assets:	**$**	**$**
Cash and cash equivalents	**3,529,117**	544
Trade and other receivables - current	**217,170**	39,869
Receivable – non-current	**-**	-
Total financial assets	**3,746,287**	40,413
Financial liabilities:		
Financial liabilities at amortised cost		
- Trade and other payables	**(1,509,265)**	(780,019)
- Borrowings - current	**(15,279)**	(314,822)
- Borrowings – non-current	**-**	-
Total financial liabilities	**(1,524,544)**	(1,094,840)

(a) Financial Risk Management Policies

The Company's financial instruments mainly comprise cash balances, receivables and payables. The main purpose of these financial instruments is to provide finance for Company operations.

Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the Board.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk. These risks are managed through monitoring of forecast cashflows, interest rates, economic conditions and ensuring adequate funds are available.

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, arises in relation to the Company's bank balances.

This risk is managed through the use of variable rates.

Credit Risk

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

Credit risk arises from exposures to deposits with financial institutions and sundry receivables.

Credit risk is managed and reviewed regularly by the Board. The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties, including:

- only banks and financial institutions with an 'A' rating, or better are utilised.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

23 Financial Risk Management (continued)

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

(b) Financial asset and liability maturity analysis

The table below reflects an undiscounted contractual maturity analysis for financial liabilities and reflects management's expectations as to the timing of termination and realisation of financial assets and liabilities.

	2022 $	2021 $
Financial assets:		
Within 1 year		
- cash and cash equivalents[1]	**3,529,117**	544
- receivables[2]	**217,170**	39,869
	3,746,287	40,413
Within 1 - 2 years		
- receivables[2]	**-**	-
Total	**3,746,287**	40,413

(b) Financial asset and liability maturity analysis	2022 $	2021 $
Financial liabilities:		
Within 1 year		
- payables[2]	**(1,509,265)**	(780,019)
- borrowings[3]	**(15,279)**	(314,822)
	(1,524,544)	(1,094,840)
Within 1 - 2 years		
- borrowings	**-**	-
Total	**(1,524,544)**	(1,094,840)
Net inflow / (outflow):		
Within 1 year	**(1,524,544)**	(1,054,427)
Within 1 - 2 years	**-**	-
Total Net inflow / (outflow):	**(1,524,544)**	(1,054,427)

1. *Floating interest rates, with weighted average effective interest rate 0% (2021: 0%).*

2. *Non-interest bearing.*

3. *Non-interest bearing related party advances – refer to Note 19.*

(c) Net Fair Values

Financial assets where the carrying amount exceeds net fair values have not been written down, as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and notes to the financial statements. Fair values are materially in line with carrying values.

(d) Sensitivity Analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant would be +/- $Nil (2021: $Nil).

24 Events after the end of the Reporting Period

In the period since 30 June 2022:

- During the second half of the 2022 financial year, the Company has had restricted access to the Kenticha site to continue with its programmed activities. During this period there have been a number of occasions where access to site was unfortunately prevented due to, inter-alia, severe social unrest in the Guji zone area (in and around the mine site area). Notwithstanding our request of the ministry of mines to provide safe access (as required under the license conditions), access has still not been able to be achieved in a fashion considered safe enough to carry on our activities and for the security of our personnel. The continued restriction of access to site has led to the issuance of a force majeure notice on 19 July 2022. As at the date of this report, the force majeure notice remains on foot. The Company and its corporate joint venture partners are however, looking to reengage and recommence activities at the Kenticha site as soon as possible.
- On 12 August 2022, the Company issued 20,000,000 share options and 5,000,000 Performance Rights to consultants involved in commercial and technical aspects of the Kenticha project. These equity instruments are subject to vesting conditions and drive alignment in activities focused on generating shareholder value.
- On 17 October 2022, the Company exercised its option to enter into a joint venture agreement with Ariab Mining Company (AMC), the owner of the Hassai Project in Sudan. This agreement will involve the Company owning a 49% interest in a corporate joint venture entity and will also be the project manager. The Hassai Resource includes 118.1 million tonnes at a 1.81% copper equivalent.
- On 17 October 2022, the Company issued 15,000,000 shares for nil consideration and granted 5,000,000 Options with an exercise price of $0.75 for each share following the exercising of its option to acquire the Hassai Project in Sudan in satisfaction of 'milestone 1' pursuant to the conditions of the members resolution dated 8th March 2021.
- On 28 October 2022, the Company issued a Term Sheet to eligible investors for the purposes of raising up to AUD$12.0m in equity funds at based on a value of A$1.50 per share and an amount of up to USD$25.0m as a convertible note with a maturity date of 24 months from the Formal Agreement and an interest rate of 5%. The closing date for the equity raising is 25 November 2022 unless extended by the Company. All monies raised will remain in a trust account until the 2nd year of EL 1778 has been granted.

25 Company Details

The registered office and principal place of business is Suite 14, 162 Colin Street, West Perth WA 6005.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABYSSINIAN METALS LIMITED

Report on the Audit of the Financial Report

Opinion

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

In our opinion:

a. the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

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

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

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

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

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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In 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 the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. 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.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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.

- 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.

- 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 Group 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.

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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

CHRIS NICOLOFF CA
Director

Dated at Perth this 23rd day of November 2022