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**REACH RESOURCES LTD
(FORMERLY CERVANTES CORPORATION LTD)
A.B.N. 79 097 982 235
AND CONTROLLED ENTITY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2022**



Corporate Directory

Board of Directors

Robert Downey

Non-Executive Chairman

Matthew O’Kane

Non-Executive Director

Sam Wright

Non-Executive Director

Company Secretary

Chris Achurch

Registered Office

Level 4, 216 St Georges Terrace

Perth WA 6000

Contact Details

Reach Resources Ltd

Level 4, 216 St George Terrace

Perth WA 6000

Tel: +61 8 6268 2641

Email: admin@reachresources.com.au

Website: www.reachresources.com.au

Solicitors

Steinepreis Paganin

16 Milligan Street,

Perth WA 6000

Auditors

Rothsay Audit & Assurance Pty Ltd

Level 1 Lincoln House 4 Ventnor Avenue

West Perth WA 6005

Share Registry

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth Western Australia)

152-158 St George Terrace,

Perth WA 6000

ASX Code: Ordinary Shares – RR1

Bankers

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

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REACH RESOURCES LTD (ABN 79 097 982 235)
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DIRECTORS' REPORT

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entity, for the year ended 30 June 2022.

Principal Activities and Significant Change in Nature of Activities

The principal activities of the Group during the financial year were the exploration and evaluation of mineral resource projects.

There were no other significant changes in the nature of the Group's principal activities during the financial year.

Operating Results and Review of Operations for the Year

Operating Results

The loss of the Group for the financial year after providing for income tax amounted to:

Year ended 30 June 2022	Year ended 30 June 2021
\$ (451,487)	\$ (343,081)

Review of Operations

The Company's initial focus for the 30 June 2022 financial year was to define the exploration target at its Blue Heaven prospect, within the Company's Primrose Gold Project.

Accordingly, the following key work was performed:

- As announced on 30 July 2021 the Company completed a 3,060m, 47 hole drill program.
- On 6 December 2021 the Company announced its maiden JORC compliant inferred resource estimate for the Blue Heaven prospect at Payne's Find:
 - 1,035MT @ 3.2g/t for 105,000 ounces AU (1.0g/t cut off). Including a higher-grade component of 0.582MT @ 4.7g/t for 87,000 ounces Au (1.5g/t cut off).

The Company continues to explore surrounding tenements in anticipation of potential future mining.

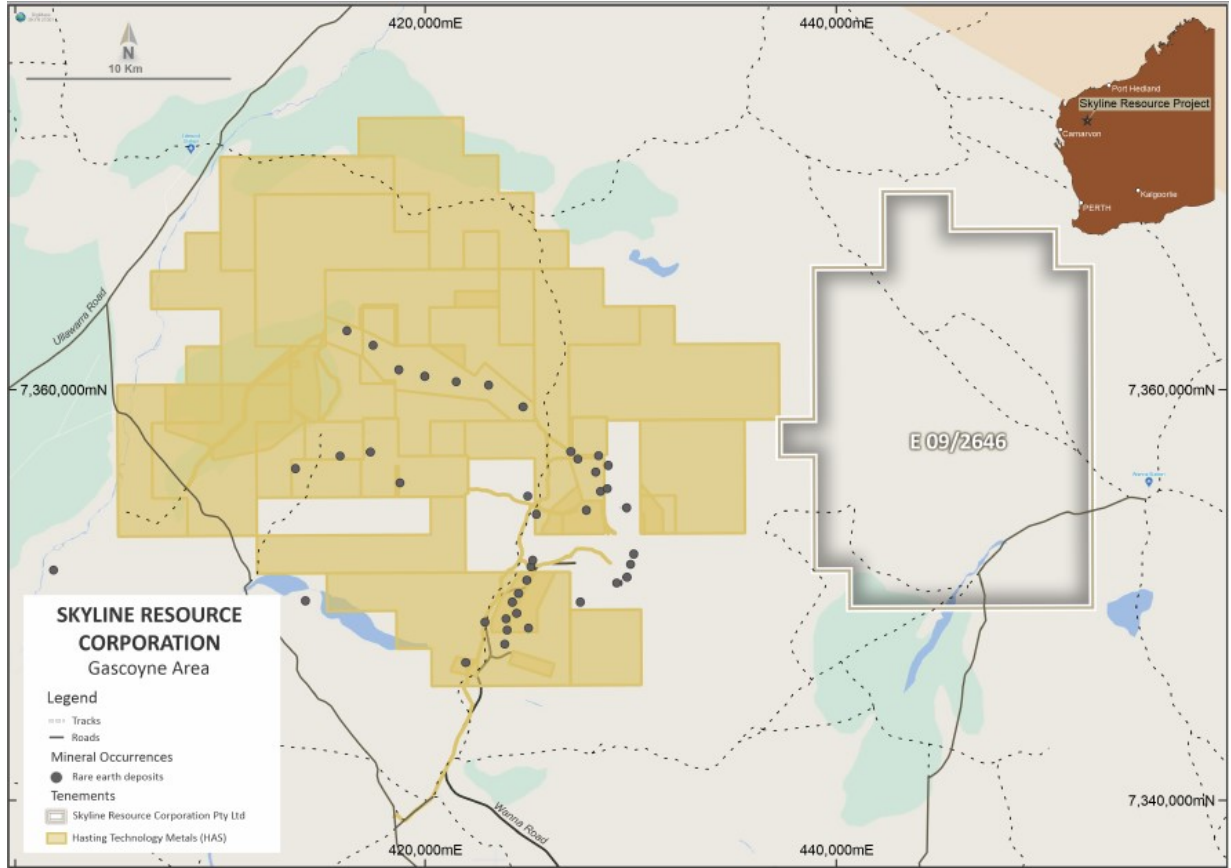
On the 4th of November 2021 the Company announced the acquisition of 100% of Skyline Resource Corporation Pty Ltd which held an application over ELA 09/2646, in the highly prospective Gascoyne province of Western Australia. This acquisition marked the Company's first foray into the future looking rare earth element space. Subsequent to the reporting date, and as announced on 8 September 2022, the company received approval from the Department of Mines, Industry Regulation and Safety (WA) confirming EL 09/2646 had been granted. Importantly, the Company's Skyline tenure is immediately adjacent to and borders Hasting Technology Metals Limited (ASX:HAS) tenure.

Following on from the acquisition of Skyline Resources Corporation Pty Ltd, the Company took the opportunity to acquire additional rare earth ground via the acquisition of Critical Elements Pty Ltd which is approximately 80km south of the Skyline Rare Earth project. Following this acquisition, the Company now holds a portfolio of prospective rare earth ground in one of the world's hottest rare earth discovery areas.

Specific details on each of the projects are as follows:

Skyline Rare Earth Project Acquisition

The Skyline Rare Earth Project is located in the Gascoyne Province in Western Australia and consists of exploration license application ELA 09/2646 (EL 09/2646 was granted to Reach subsequent to the reporting date as announced on 8 September 2022), covering an area of ~247km². The region is seeing a renewed focus for REE minerals with the noted success of Hastings Technology Metals Limited (ASX:HAS) at their 100% owned Yangibana Project, host to a mineral resource of 27.42 Mt @ 0.97% TREO (ASX announcement 27 July 2021).



Tenement Map of the Skyline Resources Project in the Gascoyne Province of Western Australia.

Tenement Details

Details of the tenement which covers the Project area is set out in the table below. The exploration tenement that makes up the Skyline Rare Earth Project is 100% owned by Skyline Resources:

Tenement	Registered Holder	Ownership
ELA 09/2646	Skyline Resource Corporation Pty Ltd	100%

Tenement ELA 09/2646 granted subsequent to the reporting date.

Key terms of the Acquisition

The Company acquired 100% of the issued capital of Skyline Resource Corporation Pty Ltd from Bath Resources Pty Ltd on 12 November 2021. The consideration paid for the acquisition of the Skyline Rare Earth Project pursuant to the Heads of Agreement was \$20,000.

Critical Elements Rare Earth Project Acquisition

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The Gascoyne Project, situated in the Yinnietharra region, has historically produced significant quantities of beryl, mica, bismuth, tantalum and niobium from coarse grained pegmatites. Rare earth minerals have additionally been identified. The Project consists of two granted exploration licenses covering a land area of ~59km².

Small scale alluvial and primary pegmatite mining has been sporadically undertaken. Exploration activities have been primarily focussed on tantalum-niobium-beryl-mica and to a lesser extent uranium. Sampling of a zoned pegmatite contained discrete blebs and pods of euxinite (niobate-titanate), samarskite, and uranopyrochlore.

Tenement Details

Details of the tenements which cover the Gascoyne Project area are set out in the table below. The exploration tenements that make up the Gascoyne REE Project are 100% owned by Critical Elements Pty Ltd:

Tenement	Legal Holder	Ownership
EL 09/2354	Critical Elements Pty Ltd	100%
EL 09/2377	Critical Elements Pty Ltd	100%

Key terms of the Acquisition

The Company acquired 100% of the issued capital of Critical Elements Pty Ltd on 16 December 2021. The consideration paid pursuant to the Heads of Agreement was 40 million fully paid ordinary shares (Note 16).

Finally, as first announced on 21 March 2022 and further on 13 April 2022, Reach confirmed it had made a 10% strategic investment into REEgenerate Pty Ltd ("REEgenerate"). REEgenerate is an Australian private company that owns 100% of the Coconut Club REE exploration project in Quebec, Canada and importantly owns 100% of REEcycle Inc ("REEcycle"), a US based Rare Earth Element (REE) separation and technology Company focussed on recovering REE from high powered permanent NdFeB magnets.

The Company's strategic investment in REEgenerate provides direct exposure to a Company whose future is aligned with current global social and political thinking of a cleaner, greener future through the circular economy principle, and further complements the Company's prospective rare earth tenure following the acquisitions of both Skyline and Critical Elements.

CORPORATE UPDATE

Change of Name

Following approval at the Annual General Meeting held on 25 October 2021, the Company name was changed to Reach Resources Limited and ASX code to RR1. The new website is located at: www.reachresources.com.au.

Director Changes

On 30 November 2021, the Company announced that Mr Sam Wright was appointed as Non-Executive Director and Mr Marcus Flis had resigned from the Board as Non-Executive Director, effective 30 November 2021.

Sam Wright has twenty years experience in the administration of ASX listed companies, corporate governance and corporate finance. Sam is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia.

Placement for \$2.4M

The Company successfully raised \$2,400,000 before costs via a Placement to sophisticated and professional investors. Settlement of funds occurred on 23 March 2022 with the shares allotted the following day, 24 March 2022. Funding was used to execute the acquisition of 10% of REEgenerate Pty Ltd and additionally, provides working capital and cash to develop the Company's mineral resource exploration projects.

Participants in the Placement received 1 free attaching listed option (ASX: RR1O) for every 2 shares subscribed,

exercisable at \$0.01 per Option on or before 20 May 2024.

Appointment of CEO

On 23 March 2022, the Company announced the appointment of Mr. Jeremy Bower as CEO of the Company.

Mr Bower is an experienced executive and project manager demonstrated across the mining, agricultural and industrial sectors and in particular brings a unique skill set that is highly relevant to the Company. Jeremy brings over 15 years' experience dealing with the government, key stakeholders and engineers to obtain project approvals, in addition to strong ESG credentials, which is now demanded by investors and communities alike across the globe. His appointment comes at a time when the Company is focused on driving a detailed plan to assess and deliver more value from its assets.

Financial Position

The net assets of the Group have increased by \$2,067,372 at 30 June 2022 to \$5,528,145. The increase was predominantly as a result of the Company's exploration and evaluation expenditure incurred which was capitalised during the period, in addition to the Company's strategic investment in REEgenerate (Note 12).

Significant Changes in the State of Affairs

Other than as disclosed in this Annual Report, no significant changes in the state of affairs of the Group occurred during the financial year other than that referred to in the financial statements or notes thereto in the *Review of Operations*.

Dividends Paid or Recommended

No dividends were declared or paid since the start of the financial year. No recommendation for payment of dividends has been made.

Events after the Reporting Date

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Future Developments, Prospects and Business Strategies

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report, as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental Issues

The Group is subject to environmental regulations in respect of its exploration activities. Tenements in Western Australia are granted subject to environmental conditions with strict controls on cleaning, including a prohibition on the use of mechanised equipment or development without the approval of the relevant government agencies, and with rehabilitation required on completion of exploration activities. These regulations are controlled by the Department of Mines and Petroleum.

Reach Resources Ltd conducts its exploration activities in an environmentally sensitive manner and the Group is not aware of any breaches of statutory conditions or obligations.

Greenhouse gas and energy date reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which require entities to report annual greenhouse gas omissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2022, however reporting requirements may change in the future.

Information on Current Directors

Robert Downey

Qualifications

CHAIRMAN (Non-Executive)

B.Ed, LLB (Hones)

Experience

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a partner of Dominion Legal, a boutique law firm in Perth. Mr Downey was appointed to the Board on 20 May 2021.

Interest in shares and options

Nil

Special responsibilities

Mr Downey is a member of the audit committee

Directorships held in other listed entities during the three years prior to the current year

Mr Downey is currently a director of Zeotech Limited (ASX: ZEO), Connexion Telematics Ltd (ASX: CXZ), Askari Metals Ltd, Mt Malcolm Mines NL and Twenty Seven Co Ltd. Rob was previously a director of Kairiki Energy Ltd (resigned 28 August 2019).

Matthew O’Kane

Qualifications

DIRECTOR (Non-Executive)

Bachelor (Econ. Finance), MBA, CPA

Experience

Mr O’Kane is an experienced mineral industry executive and company director with 25 years’ experience in mining, commodities and automotive sectors. Matt has held senior leadership roles in Australia, the USA and Asia, in both developed and emerging markets, from start-up companies through to MNC’s. Matt has served on the board of mining companies in Canada, Hong Kong and Australia. During his career Matt has worked with companies involved with exploration, development and with producing companies. Mr O’Kane was appointed to the Board on 20 May 2021.

Interest in shares and options

Nil

Special responsibilities

Mr O’Kane is a member of the audit committee.

Directorships held in other listed entities during the three years prior to the current year

Mr O’Kane is currently a director of Comet Resources Ltd (ASX: CRL) and International Graphite Ltd. He was previously a director of RotoGro International Ltd (resigned 19 October 2021), Azarga Uranium Corporation (resigned 31 December 2021), Pursuit Minerals Ltd (resigned 28 April 2021) and Orinico Gold Ltd (resigned 18 October 2019).

Sam Wright

Qualifications

DIRECTOR (Non-Executive)

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Experience

Mr Wright has 20 years’ experience in the administration of ASX listed companies, corporate governance and corporate finance. He is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia. Mr Wright was appointed to the Board on 30 November 2021.

Interest in shares

Nil

Special responsibilities

Mr Wright is a member of the audit committee.

Directorships held in other listed entities during the three years prior to the current year

Mr Wright is currently the Finance Director and Company Secretary of PharmAust Limited (ASX: PAA) and Non-Executive Director & Company Secretary of Structural Monitoring Systems plc (ASX: SMN).

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Marcus Flis	DIRECTOR (Non-Executive) – resigned 30 November 2021
Qualifications	BSc (Hons), M.Sc., FAusIMM
Experience	Mr Flis was appointed to the Board on 9 October 2017. Mr Flis has in excess of 35 years' experience in multi-commodity exploration, including considerable stints in gold exploration in classic Archaean Eastern Goldfields setting, sedimentary hosted gold in the WA Proterozoic, VMS-related gold in Indonesia and Greece, and alluvial gold in NZ. Mr Flis has held the position of Exploration Manager in both large and small listed companies, including Rio Tinto, Iron Ore Company of Canada, and Royal Resources, the last of which he also held the position of MD/CEO.
Interest in shares	On resignation options to acquire 10,000,000 ordinary shares in Reach Resources Ltd.
Special responsibilities	Mr Flis was a member of the audit committee on resignation.
Directorships held in other listed entities during the three years prior to the current year	None

Company Secretary

The following people held the position of company secretary during the financial year:

Chris Achurch – Bachelor of Commerce, Chartered Accountant. Mr Achurch provides company secretarial, corporate advisory and general consulting services to a number of ASX listed clients. Mr Achurch was appointed Company Secretary on 20 May 2021.

Meetings of Directors

During the financial year, 4 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Downey	4	4
Matthew O'Kane	4	4
Sam Wright	2	2
Marcus Flis	1	1

During the financial year there were 2 Circular Resolutions.

Indemnifying Officers

In accordance with the constitution, except as may be prohibited by the Corporation Act 2001, every Officer of the Company shall be indemnified out of the property of the Company against any liability incurred by them in their capacity as Officer of the Company or a related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

As at the date of this report the Company holds Directors and Officers indemnity insurance.

Corporate Governance Statement

The Company's 2022 Corporate Governance Statement has been released as a separate document and is located on the Company's website at www.reachresources.com.au

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Non-Audit Services

On 7 September 2022 Rothsay Audit & Assurance Pty Ltd were appointed the Company's Auditor, following resignation of the firm of "Rothsay Auditing" and receipt of ASIC's consent to that resignation.

Rothsay Auditing completed the review of Reach Resources Ltd for the half-year ended 31 December 2021. Rothsay Audit & Assurance Pty Ltd completed the audit of Reach Resources Ltd for the financial year ended 30 June 2022.

Rothsay Auditing or Rothsay Audit & Assurance Pty Ltd, the Company's auditors, did not provide non-audit services to the Group during 2022.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2022 has been received and can be found on page 42 of the financial report.

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REMUNERATION REPORT (AUDITED)

Remuneration Policy

The Board as a whole is responsible for considering remuneration policies and packages applicable both to Board members and key management personnel of the Group. Broadly, the Group's remuneration policy is to ensure that any remuneration package properly reflects the person's duties and responsibilities and that it is competitive in attracting, retaining and motivating people of the highest quality.

Fixed Remuneration

Executive Directors and Non-Executive Directors are remunerated by way of a consulting fee and receive a fixed monthly amount for their services. This remuneration package is reviewed annually by the Board.

Performance Linked Remuneration and Entitlements

The Board may from time to time approve cash bonuses and/or options designed to reward or incentivise executives, contractors and staff on such terms and conditions determined appropriate at the time of payment or issue. Often this will be linked to the achievement of Group objectives with a direct link to the creation of shareholder value.

Director Remuneration and Incentives

The Board policy is to remunerate Non-Executive Directors at market rates for time commitment and responsibilities. Independent external advice is sought where required. All securities issued to Directors and related parties must be approved by shareholders. In addition to Directors' fees, it is a policy of the Group that a Director may be paid fees or other amounts as the Board determines where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

No securities were issued to Directors or key management personnel of the Group since the end of the year as remuneration.

Post-Employment Benefits

The Group does not have any scheme relating to retirement benefits for Directors or key management personnel.

Nomination and Remuneration Committee

Currently, the full Board together with the Company Secretary, will consider all Nomination and Remuneration matters. The objective when the Board is convened to consider these matters is to ensure that the Group adopts and complies with remuneration policies that:

- attract, retain and motivate high calibre executives and directors so as to encourage enhanced performance by the Group;
- are consistent with the human resource needs of the Group;
- motivate directors and management to pursue the long-term growth and success of the Group with an appropriate framework; and
- demonstrate a clear relationship between key executive performance and remuneration.

Employment Details of Members of Key Personnel and Other Executives

The following table provides detail of persons who were, during the financial year, members of key management personnel of the Group.

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Group Key Management Personnel	Position held as at 30 June 2022 and any change during the year	Proportion of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
		Non-salary cash-based incentives %	Shares/Units %	Options/Rights %	Fixed Salary/Fees %	Total %
Robert Downey	Chairman (Non-Executive) Appointed 20 May 2021	-	-	-	100	100
Mathew O’Kane	Director (Non-Executive) Appointed 20 May 2021	-	-	-	100	100
Sam Wright	Director (Non-Executive) Appointed 30 November 2021	-	-	-	100	100
Marcus Flis	Director (Non-Executive) Resigned 30 November 2021	-	-	-	100	100
Jeremy Bower	Chief Executive Officer Appointed 23 March 2022	-	-	-	100	100

The service terms and conditions of key management personnel other than the Chief Executive Officer are not formalised via a contract of employment. The service terms and conditions are not for a fixed term. There is no notice period and no entitlement upon termination.

Service Agreements

On 23 March 2022, the Company entered into an Executive Service Agreement with Mr Jeremy Bower.

Under the Agreement, Mr Bower was engaged by the Company to provide services to the Company in the capacity of Chief Executive Officer.

The material terms of the executive service agreement with Mr Bower are as follows:

1. \$200,000 per annum on an FTE basis, plus superannuation. At the reporting date, Mr Jeremy Bower currently works 3 days per week (60% FTE).
2. 5,000,000 unlisted options exercisable at \$0.015 (Tranche A) and 5,000,000 options exercisable at \$0.02 (Tranche B). Both Tranches have an expiry of 3 years from the date of issue and both include a vesting condition requiring a minimum of 6 months continuous employment with the Company. The options have not been issued at the date of this report.
3. There is no fixed term although the Company or Mr Bower may terminate the employment agreement by providing three month’s written notice.

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Share-based Payments

There were no shares granted as remuneration to key management personnel and other executives.

The following table of benefits and payments detail, the components of remuneration for each member of the key management personnel of the Group for the financial years ended 30 June 2022 and 30 June 2021.

		Short Term Benefit		Post	Equity-settled		Total
		Salaries & Fees	Other	Employment	share-based		
				Super- annuation	Shares	Options/ Rights	
		\$	\$	\$	\$	\$	\$
Robert Downey ⁽ⁱ⁾ Chairman (appointed 20 May 2021)	2022	36,000	-	-	-	-	36,000
	2021	3,000	-	-	-	-	3,000
Matthew O'Kane Non-Executive Director (appointed 20 May 2021)	2022	36,000	-	-	-	-	36,000
	2021	3,000	-	-	-	-	3,000
Sam Wright Non-Executive Director (appointed 30 November 2021)	2022	21,000	-	-	-	-	21,000
	2021	-	-	-	-	-	-
Jeremy Bower Chief Executive Officer (appointed 23 March 2022)	2022	23,333	1,000	2,333	-	-	26,666
	2021	-	-	-	-	-	-
Marcus Flis Non-Executive Director (resigned 30 November 2021)	2022	30,000	14,750	-	-	-	44,750
	2021	28,342	9,625	2,254	-	-	40,221
Collin Vost Chairman (resigned 20 May 2021)	2022	-	-	-	-	-	-
	2021	25,342	5,596	2,254	-	-	33,192
Justin Vost Non-Executive Director (resigned 20 May 2021)	2022	-	-	-	-	-	-
	2021	41,288	3,000	3,848	-	-	48,136
Patrick O'Neill Company Secretary (resigned 20 May 2021)	2022	-	-	-	-	-	-
	2021	22,800	-	-	-	-	22,800
Total	2022	146,333	15,750	2,333	-	-	164,416
Total	2021	123,772	18,221	8,356	-	-	150,349

There were no long-term, Cash settled share-based payments or termination benefits paid to Key Management Personnel or Other Executives.

⁽ⁱ⁾ Legal fees of \$4,787 (2021: nil) were paid to Dominion Legal, a partnership of which Mr Robert Downey is a Director. The amounts paid were on arm's length commercial terms.

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Key Management Personal Shareholdings

The number of ordinary shares in Reach Resources Ltd held by each KMP of the Group during the financial year is as follows:

30 June 2022

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercised of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Sam Wright ⁽ⁱ⁾	-	-	-	-	-	-
Marcus Flis ⁽ⁱⁱ⁾	-	-	-	-	-	-
Jeremy Bower ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-
	-	-	-	-	-	-

30 June 2021

Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Marcus Flis	-	-	-	-	-	-
Collin Vost ^(iv)	55,070,000	-	-	28,035,000	83,105,000	-
Justin Vost ^(v)	14,337,223	-	-	9,362,223	28,724,446	-
Patrick O'Neill ^(vi)	400,000	-	-	-	400,000	-
	69,807,223	-	-	37,397,223	112,229,446	-

(i) Sam Wright was appointed as Director of the Company on 30 November 2021.

(ii) Marcus Flis resigned as Director of the Company on 30 November 2021.

(iii) Jeremy Bower was appointed as Chief Executive Officer of the Company on 23 March 2022.

(iv) Colin Vost resigned as Director of the Company on 20 May 2021.

(v) Justin Vost resigned as Director of the Company on 20 May 2021.

(vi) Patrick O'Neill resigned as Company Secretary of the Company on 20 May 2021.

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Key Management Personal Options Holdings

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

30 June 2022

	Balance at beginning of year	Granted as remuneration during the year	Exercise of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Sam Wright ⁽ⁱ⁾	-	-	-	-	-	-
Marcus Flis ⁽ⁱⁱ⁾	10,000,000	-	-	-	10,000,000	-
Jeremy Bower ⁽ⁱⁱⁱ⁾	-	-	-	-	-	-
	10,000,000	-	-	-	10,000,000	-

30 June 2021

	Balance at beginning of year	Granted as remuneration during the year	Exercised of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Marcus Flis	-	5,000,000	-	5,000,000	-	10,000,000
Collin Vost ^(iv)	5,000,000	5,000,000	-	63,767,500	73,767,500	-
Justin Vost ^(v)	2,000,000	5,000,000	-	54,840,666	61,840,666	-
Patrick O'Neill ^(vi)	-	3,000,000	-	3,000,000	3,000,000	-
	7,000,000	18,000,000	-	123,608,166	138,608,166	10,000,000

(i) Sam Wright was appointed as Director of the Company on 30 November 2021.

(ii) Marcus Flis resigned as Director of the Company on 30 November 2021.

(iii) Jeremy Bower was appointed as Chief Executive Officer of the Company on 23 March 2022.

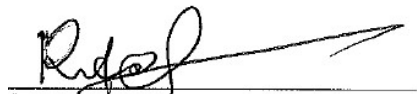
(iv) Colin Vost resigned as Director of the Company on 20 May 2021.

(v) Justin Vost resigned as Director of the Company on 20 May 2021.

(vi) Patrick O'Neill resigned as Company Secretary of the Company on 20 May 2021.

End of Audited Remuneration Report

This Report of the Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors.



Robert Downey

Chairman

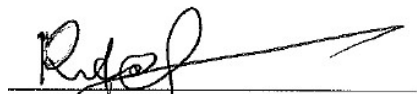
Dated this 12 September 2022

DIRECTORS DECLARATION

The Directors of the Company declare that, in the opinion of the Directors:

- (a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated statement of financial position as at 30 June 2022 and of the performance for the year then ended on that date of the consolidated entity; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) The financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1 and other mandatory professional reporting requirements.
- (c) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.
- (d) There are reasonable grounds to believe that Reach Resources Ltd will be able to pay its debts as and when they become due and payable; and
- (e) The remuneration disclosures included in the Director's Report (as part of the audited Remuneration Report), for the year ended 30 June 2022, comply with section 300A of the *Corporations Act 2001*.

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



Robert Downey
Chairman

Dated this 12 September 2022

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

	Note	Consolidated Entity	
		2022	2021
		\$	\$
Continuing Operations			
Revenue			
Interest income		-	44
Profit on sale of investments held for trading		-	29,610
Other income		100,000	-
		<u>100,000</u>	<u>29,654</u>
Employee benefits expense	4	(148,666)	(109,329)
Fair value adjustment other financial assets		(5,450)	16,840
Finance costs		-	(20,074)
Occupancy expenses		(27,537)	(47,120)
Administration expenses		(363,718)	(211,602)
Tenement surrendered		(5,638)	-
Other expenses		(478)	(1,450)
		<u>(451,487)</u>	<u>(343,081)</u>
(Loss) from continuing operations before income tax			
Income tax benefit	6	-	-
		<u>(451,487)</u>	<u>(343,081)</u>
(Loss) from continuing operations for the year			
Other Comprehensive Income for the year		-	-
		<u>-</u>	<u>-</u>
Total Comprehensive (Loss) Attributable to Members of Reach Resources Ltd		<u>(451,487)</u>	<u>(343,081)</u>
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	7	(0.027)	(0.048)

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

Statement of Financial Position as at 30 June 2022

	Note	Consolidated Entity	
		2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	8	1,134,288	2,033,373
Trade and other receivables	10	18,500	20,815
Financial assets	11	-	5,450
Total Current Assets		1,152,788	2,059,638
Non-Current Assets			
Investments	12	1,867,500	-
Exploration assets	13	3,063,306	1,890,784
Total Non-Current Assets		4,930,806	1,890,784
Total Assets		6,083,594	3,950,422
Current Liabilities			
Trade and other payables	14	105,449	39,649
Financial liabilities	15	450,000	450,000
Total Current Liabilities		555,449	489,649
Total Liabilities		555,449	489,649
Net Assets		5,528,145	3,460,773
Equity			
Contributed equity	16	19,654,579	17,135,720
Accumulated losses	17	(14,126,434)	(13,674,947)
Total Equity		5,528,145	3,460,773

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

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

Consolidated Entity	Contributed Equity \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2020	14,115,475	(13,331,866)	783,608
Shares issued during year	3,054,012	-	3,054,012
Options issued during the year	312,500	-	312,500
Transaction costs	(346,267)	-	(346,276)
Comprehensive income for the year			
Loss for the year	-	(343,081)	(343,081)
Total Comprehensive Income for the Year	-	(343,081)	(343,081)
Balance at 30 June 2021	17,135,720	(13,674,947)	3,460,773
Balance at 1 July 2021	17,135,720	(13,674,947)	3,460,773
Shares issued during year	2,806,100	-	2,806,100
Transaction costs	(287,241)	-	(287,241)
Comprehensive income for the year			
Loss for the year	-	(451,487)	(451,487)
Total Comprehensive Income for the Year	-	(451,487)	(451,487)
Balance at 30 June 2022	19,654,579	(14,126,434)	5,528,145

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the year ended 30 June 2022

	Note	Consolidated Entity	
		2022 \$	2021 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(489,481)	(705,591)
Interest received		-	44
Finance costs		-	(23,343)
Net Cash Used In Operating Activities	8b	(489,481)	(728,890)
Cash Flows from Investing Activities			
Payments for exploration & evaluation		(854,862)	(205,896)
Payments to acquire investment		(1,867,500)	-
Purchase of held for trading investments		-	(24,024)
Proceeds from exclusivity fee		100,000	-
Proceeds from sale of investment		-	384,346
Net Cash (Used In) / Provided by Investing Activities		(2,622,362)	154,426
Cash Flows from Financing Activities			
Proceeds from share issue		2,400,000	3,054,012
Proceeds from option issue		-	312,500
Cost of share issue		(187,242)	(346,267)
Proceeds from borrowings		-	60,000
Repayment of borrowings		-	(621,544)
Net Cash Provided by Financing Activities		2,212,758	2,458,701
Net (Decrease) / Increase in Cash Held		(899,085)	1,884,237
Cash and Cash Equivalent at the Beginning of the Financial Year		2,033,373	149,136
Cash and Cash Equivalents at the End of the Financial Year	8a	1,134,288	2,033,373

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT

Reporting Entity

This financial report of Reach Resources Ltd ('the Company'), formerly Cervantes Corporation Limited, for the year ended 30 June 2022 comprises the Company and its subsidiaries (collectively referred to as 'the consolidated entity' or 'Group'). Reach Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 12 September 2022.

1a Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*. Reach Resources Ltd is a for-profit entity for the purposes of preparing the financial statements.

New, revised or amending Accounting Standards and Interpretations adopted

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2022. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1b Going Concern

The financial report has been prepared on the basis of accounting principles applicable to a going concern, which assumes the commercial realisation of the future potential of the Company's assets and discharge of its liabilities in the normal course of business.

The directors consider it is appropriate to prepare the consolidated entity's financial statement on a going concern basis and recognise that additional funding may be required to ensure the consolidated entity can continue its operations for the next twelve months and to fund the continued development of the consolidated entity's exploration assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2011, if required, by a share purchase plan, share placement or rights issue;

Consequently, the Board considers the Group is a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report.

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Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continues

1c Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the Company as at 30 June 2022 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

All inter-company balances and transactions between entities in the Consolidated Entity, including any unrealised profits or losses, have been eliminated on consolidation.

1d GST

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

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority, are presented as operating cash flow.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2a Historical Cost Convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income.

Critical Accounting Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2b Income Tax

The consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit adjusted for any non-assessable or disallowed items.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

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

Reach Resources Ltd and its wholly-owned Australian subsidiary, Cervantes Gold Pty Ltd, formed an income tax consolidated Group under the Tax Consolidation Regime, effective 1 January 2016.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continues

2c Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties. Revenue is recognised for major business activities as follows:

(i) Interest Income

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

(ii) Other Services

Other services are recognised at the amount receivable and are due for settlement within 30 days from the end of the month in which services were provided.

2d Exploration and Evaluation Expenditure

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

Accumulated costs in relation to an abandoned area are written off in full against operating results in the year in which the decision to abandon the area is made. When production commences the accumulated costs for the relevant area of interest are classified as development costs and amortised over the life of the project area according to the rate of depletion of the economically recoverable reserves.

Where independent valuations of areas of interest have been obtained, these are brought to account. Subsequent expenditure on re-valued areas of interest is accounted for in accordance with the above principles. 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.

At 30 June 2022 the Directors considered that the carrying value of the mineral tenement interests of the consolidated entity was as shown in the Statement of Financial Position and there have been no indicators of impairments in accordance with AASB 6.

2e Plant and Equipment

Each class of plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

The carrying amount of plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

2f Depreciation

The depreciable amount of all plant and equipment is depreciated on a diminishing value over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Plant and Equipment	0 - 66.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continues

2f Depreciation continues

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

2g Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less allowance for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for bad debts is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Statement of Comprehensive Income. They are recognised initially at fair value and subsequently at amortised cost.

Deposits with maturity periods in excess of three months but less than twelve months are included in receivables and not discounted if the effect of discounting is immaterial.

2h Share-Based Payments

The fair value of options granted to Directors and executives is recognised as an employee benefit expense with a corresponding increase in contributed equity. The fair value is measured at grant date and recognised over the period during which the Directors and/or executives become unconditionally entitled to the options. Where options are issued to consultants the fair value of the options given is valued by the market value of the service being provided.

The fair value at grant date is independently determined using an option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

2i Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

2j Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors of the Company.

The standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

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Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continues

2j Segment Reporting continues

Segment results that are reported to the Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

2k Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

2l Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

2m Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

2n Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

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

2o Comparative Figure

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Judgment – Exploration and Evaluation Expenditure

The Group's policy for exploration and evaluation requires management to make certain assumptions as to future events and circumstances. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sale or exploitation, then the relevant capitalised amount will be written off.

REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

4 PROFIT/(LOSS) FOR THE YEAR

	Consolidated Entity	
	2022	2021
	\$	\$
Employee benefits expenses		
employee superannuation expenses	2,333	8,357

5 SEGMENT INFORMATION

The consolidated entity operates in a single business segment being mineral exploration in Australia.

The company is domiciled in Australia. All revenue from external parties is generated from Australia only. All the assets are located in Australia.

6 INCOME TAX EXPENSE

6a Reconciliation of income tax expense to prima facie tax payable:

(Loss)/Profit before income tax	(451,487)	(343,081)
Prima facie income tax at 25.0% (2021: 27.5%)	(112,872)	(94,347)
Non-allowable items		
Fair value adjustment	1,363	(4,631)
Allowable items		
Capital raising cost	(152,295)	(94,846)
Exploration expenditure	(878,159)	(205,896)
Tax losses not brought to account	1,141,963	399,720
	-	-
Net Deferred Tax Assets / (Liabilities)	5,151,955	4,009,992

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the company can utilise the benefits.

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REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

6 INCOME TAX EXPENSE continues

6b Unrecognised temporary differences

The potential tax benefit will only be obtained if the relevant company derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised; and

- (i) the relevant company continues to comply with the conditions for deductibility imposed by the law; and
- (ii) no changes in tax legislation adversely affect the relevant company in realising the benefit.

7 PROFIT/(LOSS) PER SHARE	2022	2021
	Cents Per Share	Cents Per Share
Basic and diluted (loss)/profit per share	(0.027)	(0.048)

	2022	2021
	\$	\$
The (loss)/profit for the year and the weighted average number of ordinary shares used in the calculation of basic (loss)/profit per share are as follows:		
Loss for the year after income tax	(451,487)	(343,081)

	2022	2021
	No.	No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	1,659,907,645	710,568,613
Weighted average number of options outstanding	1,193,368,513	156,023,521

8 CASH AND CASH EQUIVALENTS

	Consolidated Entity	
	2022	2021
	\$	\$
8a Reconciliation of Cash		
For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and short term deposits	1,134,288	2,033,373

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REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

8 CASH AND CASH EQUIVALENTS continues

	Consolidated Entity	
	2022	2021
	\$	\$
8b Reconciliation of Net Cash used In Operating Activities to Operating Profit/(Loss) after Income Tax		
Loss for the year	(451,487)	(343,081)
(Profit)/loss on disposal of shares	-	(29,610)
Fair value adjustment	5,450	(16,840)
Deferred exploration expenditure written off	5,638	-
Change in assets and liabilities during the financial year:		
Receivables	(2,344)	20,844
Payables	<u>(46,738)</u>	<u>(360,203)</u>
Net cash (outflow) from operating activities	<u>(489,481)</u>	<u>(728,890)</u>

9 FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and cash flow interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity.

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

	Note	Consolidated Entity	
		2022	2021
		\$	\$
Financial Assets			
Cash and cash equivalents	8	1,134,288	2,033,373
Trade and other receivables	10	18,500	20,815
Held for trading listed shares	11	-	5,450
Investments	12	<u>1,867,500</u>	<u>-</u>
Total Financial Assets		<u>3,020,288</u>	<u>2,059,638</u>
Financial Liabilities			
Trade and other payables	14	105,449	39,649
Financial Liabilities	15	<u>450,000</u>	<u>450,000</u>
Total Financial Liabilities		<u>555,449</u>	<u>489,649</u>

Risk management is carried out by the Board of Directors, who identify, evaluate and manage financial risk as they consider appropriate.

9a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

Notes to the Financial Statements

9 FINANCIAL RISK MANAGEMENT continues

9b Credit Risk

The Group does not have any significant concentrations of credit risk. Credit risk is managed by the Board and arises from cash and cash equivalents as well as credit exposure including outstanding receivables and committed transactions.

All cash balances held at banks are held at internationally recognised institutions. The majority of receivables are immaterial to the Group. Given this, the credit quality of financial assets that are neither past due or impaired can be assessed by reference to historical information about default rates. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets as summarised at the start of Note 9.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Financial assets that are neither past due and not impaired are as follows:

	Consolidated Entity	
	2022	2021
	\$	\$
Cash and cash equivalents		
'AA' S&P rating	1,134,288	2,033,373

9c Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and, the availability of funding through the ability to raise further equity or through related party entities. Due to the dynamic nature of the underlying businesses, the Board aims at maintaining flexibility in funding through management of its cash resources.

The Group has normal trade and other payables incurred in the general course of business.

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

9d Cash Flow Risk

As the Group has interest-bearing assets in the form of cash, the Group's income and operating cash flows are exposed to changes in market interest rates.

Based on the year-end balances, a 1% increase in interest rates would have increased the consolidated profit by \$11,343 (2021: Profit \$20,334) and increased the cash balances by the corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

10 TRADE AND OTHER RECEIVABLES

Prepayments	722	-
GST refundable	17,778	20,815
	<u>18,500</u>	<u>20,815</u>

No receivables are impaired or past due but not impaired. Refer to Note 9 for Financial Risk considerations. The carrying value of all receivables approximates their fair value.

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Notes to the Financial Statements

11 FINANCIAL ASSETS

	Consolidated Entity	
	2022	2021
	\$	\$
Financial assets at fair value through profit and loss		
Held for trading listed shares	-	40,634
Provision for fair value	-	(35,184)
	<u>-</u>	<u>5,450</u>

Shares held for trading are traded for the purpose of short term profit taking. Changes in fair value are included in the statement of comprehensive income.

12 INVESTMENTS

	Consolidated Entity	
	2022	2021
	\$	\$
Investments at fair value through profit and loss and other comprehensive income		
Investment in REEgenerate Pty Ltd	<u>1,867,500</u>	-
	<u>1,867,500</u>	<u>-</u>

The investment in REEgenerate Pty Ltd represents 10% equity interest. On 21 March 2022, the Company announced that it had made a strategic investment of \$1.8M into REEgenerate Pty Ltd ("REEgenerate"), an Australian private company that owns 100% of the Coconut Club REE exploration project in Quebec, Canada. Additionally, on 13 April 2022, REEgenerate exercised its option to acquire 100% of REEcycle, giving Resource Resources Ltd direct exposure to this company, whose future is aligned with current global social and political thinking for a cleaner, greener future through the circular economy principle.

13 EXPLORATION & EVALUATION

	Consolidated Entity	
	2022	2021
	\$	\$
Balance at beginning of year	1,890,784	1,684,888
Tenements acquired	300,000	-
Exploration expenditure capitalised	878,160	205,896
Tenement surrendered	<u>(5,638)</u>	<u>-</u>
	<u>3,063,306</u>	<u>1,890,784</u>

On 12 November 2021, the Company announced the acquisition of 100% of the issued capital of Skyline Resources Corporation Pty Ltd. The Cash consideration paid for the acquisition of the Skyline Rare Earth Project pursuant to the Heads of Agreement was \$20,000. Refer Note 20 for further details.

On 16 December 2021, the Company announced the acquisition of 100% of the issued capital of Critical Elements Pty Ltd by the issue of 40 million fully paid ordinary shares to the vendors. Refer Note 21 for further details.

REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

14 TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2022 \$	2021 \$
Trade Payables	105,449	39,649
	<u>105,449</u>	<u>39,649</u>

15 FINANCIAL LIABILITIES

Current

Amounts payable to:

Unsecured Borrowings (1)	450,000	450,000
	<u>450,000</u>	<u>450,000</u>

(1) Unsecured Borrowings

The \$450,000 (2021: \$450,000) loan is payable to Bath Resources Pty Ltd (the "Lender"), interest free and unsecured.

The Lender and the Company agreed to forbear the Loan for a period of 12 months from the date the Company's securities were reinstated to quotation on the ASX (4 June 2021). This was extended to 24 months by mutual agreement, dated 12 May 2022. The Lender and the Company agree to negotiate in good faith the terms of the repayment of the Loan during the remaining period, with repayment due 4 June 2023.

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Notes to the Financial Statements

16 CONTRIBUTED EQUITY

	Consolidated Entity	
	2022	2021
	\$	\$
16a Share capital		
Fully paid ordinary shares at the beginning of the financial year	17,135,720	14,115,475
Shares issued 20 December 2021 for Critical Elements Pty Ltd acquisition	280,000	-
Shares issued 24 March 2022 for capital raising	2,400,000	-
Shares issued 24 March 2022 for placement fee	100,000	-
Shares issued 24 March 2022 for provision of marketing services	26,100	-
Shares Issued 20 May 2021	-	3,054,012
Options issued 20 May 2021	-	312,500
Transaction costs	(287,241)	(346,267)
At the End of the Financial Year	19,654,579	17,135,720
	2022	2021
	No. Shares	No. Shares
Ordinary Shares		
At the beginning of the financial year	1,554,012,464	536,008,309
Issued 20 December 2021	40,000,000	-
Issued 24 March 2022	316,038,175	-
Issued 20 May 2021	-	1,018,004,155
At the End of the Financial Year	1,910,050,639	1,554,012,464

The value of shares issued in settlement of services or acquisitions is based on the fair value of the service or acquisition provided as determined by the Directors.

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

16b Options

	2022	2021
	No. Options	No. Options
Options		
At the beginning of the financial year	1,177,752,075	25,750,000
Number of options issued during the year	150,000,000	1,152,002,075
At the End of the Financial Year	1,327,752,075	1,177,752,075

At the beginning of the financial year the Company had the following on issue:

- 25,750,000 (unlisted, ex \$0.01 on or before 31 December 2022)
- 18,000,000 (unlisted, ex \$0.01 on or before 31 December 2023)
- 1,134,002,075 (listed, ex \$0.01 on or before 20 May 2024)

During the reporting period the Company issued the following:

- 150,000,000 (listed, ex \$0.01 on or before 20 May 2024)

16c Capital Risk Management

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

REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

16 CONTRIBUTED EQUITY continues

In order to maintain or adjust the capital structure, the Group may issue new shares, pay dividends or return capital to shareholders.

Capital is calculated as 'equity' as shown in the Statement of Financial Position, and is monitored on the basis of funding current activities.

17 ACCUMULATED LOSSES

	Consolidated Entity	
	2022	2021
	\$	\$
Accumulated losses at the beginning of the year	13,674,947	13,331,866
Net loss for the year	451,487	343,081
	14,126,434	13,674,947

18 SHARE-BASED PAYMENTS

18a Share based payment to unrelated parties

There were no share-based payments to unrelated parties during the financial year ended 30 June 2022.

On 10 December 2020, the Company issued 3,000,000 unlisted options exercisable at \$0.01 and expiring on 31 December 2023 to Mr Patrick O'Neill (or his respective nominees) as remuneration for his service as Company Secretary of the Company for nil consideration.

18b Share based payment to related parties

There were no share-based payments to related parties during the financial year ended 30 June 2022.

On 10 December 2020, the Company issued 15,000,000 unlisted options exercisable at \$0.01 and expiring on 31 December 2023 to Messrs Collin Vost, Justin Vost and Marcus Flis (or their respective nominees) as remuneration for their service as Directors of the Company for nil consideration.

These share based payments were approved at the General Meeting of the Company held on 30 November 2020.

18c Options

	Consolidated Group							
	2022				2021			
	Number of Options	Weighted Average Fair Value	Weighted Average Ex Price	Weighted Average Remaining Life	Number of Options	Weighted Average Fair Value	Weighted Average Ex Price	Weighted Average Remaining Life
Outstanding at beginning of the year	25,000,000	0.001	0.010	1	7,000,000	0.002	0.010	1
Granted	-	-	-	2	18,000,000	0.000	0.010	2
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	-	-	-	-	-	-	-	-
Outstanding at year end	<u>25,000,000</u>	<u>0.001</u>	<u>0.010</u>	<u>2</u>	<u>25,000,000</u>	<u>0.001</u>	<u>0.010</u>	<u>2</u>
Exercisable at year-end	<u>25,000,000</u>	<u>0.001</u>	<u>0.010</u>	<u>2</u>	<u>25,000,000</u>	<u>0.001</u>	<u>0.010</u>	<u>2</u>

The range of the exercise prices at 30 June 2022 is \$0.01 (2021: \$0.01)

Notes to the Financial Statements

18 SHARE-BASED PAYMENTS continues

There were no options granted during the financial year ended 30 June 2022.

The weighted average fair value of the options granted during financial year ended 30 June 2021 was nil.

This price for the options granted during the financial year ended 30 June 2021 was calculated using a Black Scholes option pricing model applying the following inputs:

Weighted average exercise price	0.010 cents
Weighted average life of the option	3 years
Underlying share price	0.004 cents
Expected share price volatility	0.000 %
Risk free interest rate	0.4 %

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the option is based on the historical exercise patterns, which may not eventuate in the future.

Included under employee benefits expenses in the income statement is \$nil (2021: \$nil).

19 PARENT ENTITY INFORMATION

19a Summary Financial Information

The following information relates to the parent entity, Reach Resources Limited, at 30 June 2022. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

Financial Position	Parent	
	2022 \$	2021 \$
Assets		
Current assets	4,041,831	2,025,128
Total assets	6,022,845	3,930,469
Liabilities		
Current liabilities	509,541	18,228
Total liabilities	509,541	468,228
Equity		
Issued capital	19,654,579	17,135,720
Accumulated losses	(13,673,479)	(13,673,479)
Total equity	5,513,304	3,462,241
Financial Performance		
Profit/(Loss) for the year	(467,794)	(341,613)
Other comprehensive income	(467,794)	(341,613)
Total comprehensive profit/ (loss) for the year	(467,794)	(341,613)

REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

21 ASSET ACQUISITION – CRITICAL ELEMENTS RARE EARTH PROJECT

On 16 December 2021, the Company acquired 100% of the issued capital of Critical Elements Pty Ltd. The consideration paid pursuant to the Head of Agreement was 40 million fully paid ordinary shares (Note 16).

Details of the consideration transferred and allocation to the net assets acquired are as follows:

Fair value consideration transferred

Issue of shares in Reach Resource Ltd to vendor at \$0.007	280,000
	280,000

The assets acquired and liabilities assumed at the date of acquisition are as follows:

Recognised amounts of identifiable net assets on acquisition

Exploration asset	-
	-
Fair value on acquisition – exploration asset	280,000

Acquisition related costs

Acquisition related costs of nil have been expensed during the period.

22 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2022 %	2021 %
Cervantes Gold Pty Ltd	Australia	Ordinary	100	100
Skyline Resources Corporation Pty Ltd	Australia	Ordinary	100	Nil
Critical Elements Pty Ltd	Australia	Ordinary	100	Nil

23 KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES & RELATED PARTY TRANSACTIONS

	Consolidated Entity	
	2022 \$	2021 \$
23a Details of Remuneration of Key Management Personnel		
Short-term benefits	162,083	141,993
Post-employment benefits	2,333	8,356
	164,416	150,349

23b Aggregate Amount Payable to Directors and their Director Related Entities

Legal fees of \$4,787 (2021: nil) were paid to Dominion Legal, a partnership of which Mr Robert Downey is a Director. The amounts paid were on arm's length commercial terms.

23c Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date

Current liabilities	10,100	20,865
	10,100	20,865

Detailed remuneration disclosures are provided in the remuneration report on pages 9 – 13.

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REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Notes to the Financial Statements

24 REMUNERATION OF AUDITORS

	Consolidated Entity	
	2022	2021
	\$	\$
Remuneration for audit and review of the financial reports of the Group:		
Audit and review of the financial statements	45,000	26,200
	45,000	26,200

No non-audit services have been provided to the Group by the auditors.

25 COMMITMENTS FOR EXPENDITURE

25a Operating lease commitments

	Consolidated Entity	
	2022	2021
	\$	\$
Non-cancellable operating lease contracted for but not capitalised in the financial statements		
Payable: minimum lease payments		
- not later than 12 months	24,000	24,000
Minimum lease payments	24,000	24,000

25b Exploration commitments

Under the requirements of the Western Australian Department of Mines and Petroleum, the Company has an annual minimum expenditure of \$127,400 on the granted tenements. As at 30 June 2022 the Company had met the minimum expenditure requirement on all granted tenements.

Tenement	Date Acquired	Annual Expenditure Commitment \$
L59/184	31 July 2020	-
M59/0002*	2 August 2019	5,000
M59/0010*	2 August 2019	10,000
M59/0235*	2 August 2019	10,000
M59/0244*	2 August 2019	10,000
M59/0396*	2 August 2019	5,000
M59/0662	2 August 2019	10,000
M59/0663*	2 August 2019	10,000
P59/2101*	2 August 2019	2,000
P59/2130	11 April 20178	2,000
P59/2151*	1 May 2018	2,000
P59/2152*	1 May 2018	2,000
P59/2159	28 May 2018	7,360
P59/2160	28 May 2018	5,040
P59/2161	28 May 2018	4,800
P59/2174*	3 October 2019	3,160
P59/2076	24 June 2019	2,000
P59/2094	24 June 2019	2,040
E09/2377	16 December 2021	15,000
E09/2354	16 December 2021	20,000
E09/2646	12 November 2021	-
Total		127,400

*Subsequent to 30 June 2022, these tenements were combined and converted into M59/769.

Notes to the Financial Statements

25 COMMITMENTS FOR EXPENDITURE continues

In order to maintain or adjust the capital structure, the Group may issue new shares, pay dividends or return capital to shareholders.

In order to retain the rights of tenure to its granted tenements, the Company is required to meet the minimum statutory expenditure requirement but may reduce these at any time by reducing the size of the tenements, selling or surrendering tenements, or joint venture. The figure below assumes that no new tenements are granted and that only compulsory statutory area reductions are made.

	\$
Not later than 1 year	151,200
Later than 1 year but not later than 5 years	233,240
Later than 5 years	<u>410,800</u>
Total	<u><u>795,240</u></u>

26 CONTINGENCIES

There are no contingent liabilities or assets at the reporting date, other than those disclosed below.

The Company retains the potential for deferred consideration relating to the sale of Albury Health, being an additional \$400,000 and further \$200,000 of cash or Westgold shares, if the Albury Health project achieves performance targets, as outlined in the 23 April 2020 ASX release.

27 EVENTS OCCURRING AFTER REPORTING DATE

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

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the consolidated entity up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation continues to develop and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current at 8 September 2022.

A. Distribution of Holders of Equity Securities

i) Analysis of numbers of shareholders by size of holding:

	Ordinary Shares (RR1)	
Spread of Holdings	# of Shareholders	# of Ordinary Shares
1 1,000	16	3,671
1,001 - 5,000	44	174,139
5,001 - 10,000	166	1,600,331
10,001 - 100,000	443	23,259,310
100,001 - and over	736	1,885,013,188
TOTAL	1,405	1,910,050,639

ii) Analysis of numbers of option holders by size of holding:

	Options (RR10)	
Spread of Holdings	# of Option holders	# of Options
1 1,000	0	0
1,001 - 5,000	27	83,946
5,001 - 10,000	3	20,082
10,001 - 100,000	46	3,180,306
100,001 - and over	269	1,280,717,741
TOTAL	345	1,284,002,075

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B. Twenty Largest Holders of Quoted Equity Securities

Fully Paid Ordinary Shares

The names of the 20 largest holders of quoted ordinary shares (ASX:RR1) are listed below:

		Number of Ordinary Shares Held	%
1	ZERO NOMINEES PTY LTD	118,876,590	6.224
2	GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	75,000,000	3.927
3	CAPRETTI INVESTMENTS PTY LTD <CASTELLO A/C>	70,000,000	3.665
4	GOLDFIRE ENTERPRISES PTY LTD	60,100,000	3.147
5	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	60,000,000	3.141
6	NEW YORK HOLDINGS PTY LTD <CV SUPERANNUATION FUND A/C>	55,070,000	2.883
7	MANDEVILLA PTY LTD	44,188,077	2.313
8	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	43,000,000	2.251
9	SOLEQUEST PTY LTD	39,692,198	2.078
10	GAB SUPERANNUATION FUND PTY LTD <GAB SUPERANNUATION FUND A/C>	35,000,000	1.832
11	NEW YORK SECURITIES PTY LTD	27,535,000	1.442
12	ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	26,480,001	1.386
13	SLAM CONSULTING PTY LTD	26,100,000	1.366
14	MR ROY MAKARI	26,000,000	1.361
15	PHEAKES PTY LTD <SENATE A/C>	22,646,100	1.186
16	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	22,500,000	1.178
17	MR ROBERT JOHN REYNOLDS & MRS KELLIE-ANNE REYNOLDS <RJ & KA REYNOLDS SUPER A/C>	20,000,000	1.047
18	RATDOG PTY LTD	20,000,000	1.047
19	SISU INTERNATIONAL PTY LTD	20,000,000	1.047
20	MR JUSTIN ANDREW VOST	19,212,223	1.006
		<u>831,400,189</u>	<u>43.528</u>

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REACH RESOURCES LTD (ABN 79 097 982 235)
AND CONTROLLED ENTITY

Options

The names of the 20 largest holders of quoted options (ASX:RR10) are listed below:

		Number of Options Held	%
1	CAPRETTI INVESTMENTS PTY LTD <CASTELLO A/C>	145,000,000	11.293
2	ALLTIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C>	68,000,000	5.296
3	NEW YORK SECURITIES PTY LTD	63,767,500	4.966
4	AVOST HOLDINGS PTY LTD	54,840,667	4.271
5	MANDEVILLA PTY LTD	50,000,000	3.894
6	GOLDFIRE ENTERPRISES PTY LTD	47,500,000	3.699
7	MR DAVID BRIAN ARGYLE	46,938,295	3.656
8	OROVITA PTY LTD	46,000,000	3.583
9	RICHSHAM NOMINEES PTY LTD	44,000,000	3.427
10	GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	37,500,000	2.921
11	SISU INTERNATIONAL PTY LTD	30,000,000	2.336
12	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	25,000,000	1.947
13	ANGKOR IMPERIAL RESOURCES PTY LTD	20,700,000	1.612
14	MANDEVILLA PTY LTD	20,594,039	1.604
15	SOLEQUEST PTY LTD	16,346,099	1.273
16	PHEAKES PTY LTD <SENATE A/C>	16,323,050	1.271
17	SCHAMMER PTY LTD <SCHAMMER FAMILY A/C>	15,762,765	1.228
18	JL AND RA ROBERTS PTY LTD	14,500,000	1.129
19	SLAM CONSULTING PTY LTD	12,312,765	0.959
20	CORRIDOR NOMINEES PTY LTD	12,250,000	0.954
		<u>787,335,180</u>	<u>61.319</u>

Unlisted Securities Information

-25,750,000 unlisted \$0.01 incentive options exercisable on or before 31 December 2022. There are 3 holders of this security

-18,000,000 unlisted \$0.01 incentive options exercisable on or before 31 December 2023. There are 4 holders of this security.

C. Substantial Holders

As at 8 September 2022, the Company had received substantial shareholder notices from the following shareholders:

Shareholder	No. of shares
Timothy Paul Neesham	145,250,000
Mr David Brian Argyle	93,876,590
Mr Colin Vost and his controlled entities	86,122,500

Note:

- i) The above details may not reconcile to the information in the Twenty Largest Security Holders list as revised substantial shareholder notices had not been received by the Company as at 8 September 2022.

D. Voting Rights

At a general meeting of shareholders:

- (a) On a show of hands, each person who is a member or sole proxy has one vote.
(b) On a poll, each shareholder is entitled to one vote for each fully paid share.

E. On-market buy-back

There is no on-market buy-back of the Company's securities in progress.

F. Unmarketable parcel holders

There were 528 shareholders holding less than a marketable parcel of ordinary shares at 8 September 2022.

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SCHEDULE OF TENEMENTS

As at 30 June 2022

	Project / Tenement	Nature of Interest
	L59/184	100%
Paynes Find	M59/0002	100%
Paynes Find	M59/0010	100%
Paynes Find	M59/0235	100%
Paynes Find	M59/0244	100%
Paynes Find	M59/0396	100%
Paynes Find	M59/0662	100%
Paynes Find	M59/0663	100%
Paynes Find	P59/2101	100%
Paynes Find	P59/2130	100%
Paynes Find	P59/2151	100%
Paynes Find	P59/2152	100%
Paynes Find	P59/2159	100%
Paynes Find	P59/2160	100%
Paynes Find	P59/2161	100%
Paynes Find	P59/2174	100%
Paynes Find	P59/2076	100%
Paynes Find	P59/2094	100%
Yinnietharra	E9/2354	100%
Yinnietharra	E9/2377	100%
Gascoyne	E09/2646	100%

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AUDIT & ASSURANCE PTY LTD

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

As lead auditor of the audit of Reach Resources Ltd for the 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
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Reach Resources Ltd and the entities it controlled during the year.

Rothsay Audit & Assurance Pty Ltd



Donovan Odendaal
Director

12 September 2022



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AUDIT & ASSURANCE PTY LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

REACH RESOURCES LTD

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Reach Resources Ltd (“the Company”) and its controlled entities (“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 on that date and notes to the financial statements, including a summary of significant accounting policies and the directors’ declaration.

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

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

Basis for Opinion

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

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

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

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CHARTERED ACCOUNTANTS
AUSTRALIA - NEW ZEALAND



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
REACH RESOURCES LTD (continued)**

Key Audit Matters

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

We have determined the following key audit matters to communicate in our report:

Key Audit Matter - Exploration and evaluation expenditure	How our Audit Addressed the Key Audit Matter
<p>As disclosed in Note 13 to the financial statements, the Group's capitalised exploration and evaluation expenditure was carried at \$3,063,306, representing 50.3% of the Group's total assets.</p> <p>The recognition and recoverability of exploration and evaluation was considered a key audit matter due to the following:</p> <ul style="list-style-type: none">- the carrying value represents a significant asset to the Group. Therefore, we considered it necessary to assess whether facts and circumstances existed to suggest that an impairment to the value of the asset is required;- significant management judgement is involved in determining whether impairment indicators exist.	<p>Our procedures in assessing exploration and evaluation expenditure included but were not limited to the following:</p> <ul style="list-style-type: none">- We reviewed the ownership rights to the tenements, against which the expenditure is capitalised, their expiry dates and if required commitments were met;- We assessed the reasonableness of capitalising exploration and evaluation expenditure in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>;- We tested a sample of exploration and evaluation expenditure to supporting documentation to ensure they were bona fide payments;- We assessed the reasonableness of the management's assessment for the existence impairment indicators; and- We reviewed the appropriateness of the related disclosures in Note 13. <p>Our procedures did not result in any significant findings surrounding the accounting for the asset.</p>

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
REACH RESOURCES LTD (continued)**

Key Audit Matter - Valuation of Investments assets	How our Audit Addressed the Key Audit Matter
<p>The Group acquired 10% interest in REEgenerate Pty Ltd. The value of investment is recorded at \$1,867,500 and represents 30.6% of the Group's total assets. As REEgenerate Pty Ltd is not a listed company and its shares are not quoted in active markets, there is a significant measurement uncertainty. As a result, the valuation of this asset was significant to our audit.</p>	<p>Our procedures in assessing the value of the investment included, but were not limited to the following:</p> <ul style="list-style-type: none">• We reviewed the supporting documentation on the purchase of the interest in REEgenerate Pty Ltd;• We reviewed the reasonableness of the management's assessment for recoverability of the investment value;• We assessed the appropriateness of the related disclosure in Note 12. <p>Our procedures did not result in any significant findings surrounding the accounting for the investment.</p>

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 there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
REACH RESOURCES LTD (continued)

Directors' Responsibility 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 the Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/Home.aspx.

We communicate with the directors regarding, amongst 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe those matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communications.

Report on the Remuneration Report

Opinion on the Remuneration Report

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

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In our opinion the remuneration report of Reach Resources Ltd for the year ended 30 June 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Rothsay Audit & Assurance Pty Ltd

Donovan Odendaal
Director

Dated 12 September 2022

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