

M3 Mining Limited

ABN 98 644 548 434

Annual Report - 30 June 2022

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Directors	Russell Davis - Non-Executive Chairman Simon Eley - Executive Director Ariel Edward (Eddie) King - Non-Executive Director
Company secretary	Benjamin Donovan
Registered office	Level 1, 3 Ord Street West Perth WA 6005
Principal place of business	Level 1, 3 Ord Street West Perth WA 6005
Share register	Automic Level 5, 191 St Georges Tce Perth WA 6000 Australia P(Australia): 1300 288 664 P (Overseas): +61 2 9698 5414 W: www.automicgroup.com.au
Auditor	William Buck Audit (WA) Pty Ltd Level 3, 15 Labouchere Road South Perth WA 6151
Solicitors	GTP Legal 68 Aberdeen Street Northbridge WA 6003
Stock exchange listing	M3 Mining Limited shares are listed on the Australian Securities Exchange (ASX code: M3M)
Website	www.m3mining.com.au
Company information	Incorporated in Western Australia, 22 September 2020

M3 Mining Limited
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30 June 2022



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The Directors of M3 Mining Limited ("Company") present their report, together with the financial statements, on the Company for the year ended 30 June 2022.

Directors

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Russell Davis - Non-Executive Director
Simon Eley - Executive Director
Ariel Edward King - Non-Executive Director

Principal activities

The principal activity of the Company during the course of the financial year was the exploration and evaluation of mineral resources over two projects being the Victoria Bore Copper and the Edjudina Gold projects.

Dividends

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

Review of operations

The loss for the Company after providing for income tax amounted to \$1,348,840 (30 June 2021: \$733,518).

Victoria Bore

The Victoria Bore Copper Project is located in the Pilbara region of Western Australia. Victoria Bore is the Company's flagship base metals project and was mined in the 1950's producing high grade copper ore with grades averaging 32.7% from near surface workings. Samples taken from the old mine area support these grades with samples containing up to 49% copper. M3 Mining identified two strong conductors generated from a previous MLEM survey, one of which is centred on the mine workings and in part possibly associated with this high-grade mineralisation. The Company completed its maiden 1,200m reverse circulation (RC) drilling program as well as a down hole electromagnetic (DHEM) survey in the December quarter. The RC drilling program returned encouraging copper, zinc and lead assays and geochemical analysis confirmed the presence of a primary base metal sulphide system beneath the historical mine and open along strike. M3 Mining has completed a SQUID FLEM survey subsequent to 30 June 2022 to better define the recent targets generated by the RC drilling and DHEM survey and will complete a regional aeromagnetic survey and geochemical analysis ahead of its next drilling program scheduled for later in the year. In addition, since listing, the Company has applied for another seven exploration licences expanding the Victoria Bore project area by 357%.

Edjudina Gold Project

The Edjudina Gold Project located 150km northeast of Kalgoorlie in the Eastern Goldfields in Western Australia, a region actively explored by major mining companies and hosting multiple tier 1 world class gold deposits. The Edjudina Project contains historical workings and zones of outcropping mineralisation, however because of soil cover that obscures large parts of the tenements, the project is considered not to have been adequately explored in the past. The structural setting of the project being located adjacent to the major Keith-Kilkenny Fault zone provides excellent target opportunities. M3 Mining completed a sub-audio-magnetics survey during the December quarter which confirmed the Company's view that known mineralised structures continue through M3 Mining's tenements and highlights the exploration upside of Edjudina. Further, several cross-cutting faults, alteration or intrusive features and potentially significant deformation features were identified which were not previously defined with surface mapping or geochemical analysis. The Company completed a geochemical sampling exercise to refine targets ahead of a maiden drilling program. M3 Mining has also applied for another exploration licence expanding the project area by 28% since listing in July 2021.

Significant changes in the state of affairs

On 26 July 2021 the Company completed their IPO issuing 23,000,000 fully paid ordinary shares at an issue price of \$0.20 per share raising \$4,600,000 (before costs), with listing on the ASX on 29 July 2021. The Lead Manager under the Prospectus was issued 2,000,000 options exercisable at \$0.25 expiring on 30 June 2024.

There were no other significant changes in the state of affairs of the Company during the financial year.

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

Information on likely developments in the operations of the Company and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

Environmental regulation

The Company holds various exploration licences to regulate its exploration activities in Australia. These licences include conditions and regulation with respect to the rehabilitation of areas disturbed during the course of its exploration activities. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Company.

Information on Directors

Name:	Russell Davis
Title:	Non-Executive Director - appointed 16 November 2020
Qualifications:	BSc (Honours), MBA, MAusIMM, MAICD
Experience and expertise:	Russell Davis is a geologist with over 40 years' experience in the mineral resources business. He has worked on the exploration and development of a range of commodities for several international and Australian companies, holding senior technical and corporate positions including chief mine geologist, exploration manager and managing director.

Other current directorships:	Mr Davis was a founding Director of Gold Road Resources Limited in 2005 and continued as an Executive then Non-executive Director until June 2016. Mr Davis was also founding Director of Syndicated Metals Limited in 2007 and Managing Director up to March 2012. Chairman of Hammer Metals Ltd (ASX:HMX) - appointed January 2014.
Former directorships (last 3 years):	Nil
Interests in shares:	1,750,000
Interests in options:	1,500,000 options exercisable at \$0.25 on or before 30 June 2024

Name:	Simon Eley
Title:	Executive Director - appointed 22 September 2020
Qualifications:	B.Laws(LLB), B.Arts
Experience and expertise:	Simon Eley is a solicitor with considerable experience in the resource sector. Mr Eley was the founding director of Egan Street Resources and led the acquisition of the Rothsay gold project. Egan Street was acquired by Silver Lake Resources in 2019 for an implied value of \$72 million. He has held the chairman role of several of ASX and NASDAQ listed companies. Mr Eley also led the team that acquired the Central Murchison Gold Project and subsequently became an executive director of Aragon Resources Limited, where he managed the progress of Aragon's core asset, the Central Murchison gold project. Mr Eley's experience also includes international oil and gas operations, as well as iron ore and coal projects, capital raisings, commercial agreements, dispute resolution, corporate management, strategy, acquisitions and divestments.
Other current directorships:	Phosco Ltd (ASX:PHO) - Managing Director - appointed 11 December 2018 Westar Resources Ltd (ASX:WSR) - Non-Executive Chairman - appointed 15 October 2020
Former directorships (last 3 years):	Egan Street Resources Limited (ASX:EGA) - Non-Executive Director - resigned 22 November 2019
Interests in shares:	2,416,251
Interests in options:	1,500,000 options exercisable at \$0.25 on or before 30 June 2024

Name: **Ariel Edward King**
Title: Non-Executive Director - appointed 16 November 2020
Qualifications: B.Comm, B.Eng
Experience and expertise: Mr King holds a Bachelor of Commerce and Bachelor of Engineering (Mining Systems) from the University of Western Australia. Mr King's experience includes being a manager for an investment banking firm, where he specialised in the technical and financial analysis of bulk commodity and other resource projects for investment and acquisition. Eddie is also a director of CPS Capital Group, one of Australia's most active stockbroking and corporate advisory firms specialising in capital raisings and corporate advice to junior / mid cap companies with high potential growth prospects.

Other current directorships: Ragnar Metals Ltd (ASX: RAG) - appointed 10 February 2017
 Eastern Resources Limited (ASX: EFE) - appointed July 2017
 Queensland Pacific Metals Limited (ASX: QPM) - appointed 26 March 2018
 Rubix Resources Limited (ASX:RB6) - appointed October 2021
 Bindi Metals Limited (ASX:BIM) - appointed June 2022
 Noble Helium Limited (ASX:NHE) - appointed April 2022

Former directorships (last 3 years): European Cobalt Limited (ASX: EUC) (renamed to Aston Minerals Limited (ASX: ASO) - appointed 4 October 2016, resigned 9 April 2020
 Six Sigma Metals Ltd (ASX: SI6) - appointed 4 October 2016, resigned 9 April 2020.

Interests in shares: 600,000
Interests in options: 2,000,000 options exercisable at \$0.25 on or before 30 June 2024

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

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

Interests in shares and options are as at the date of this report.

Company secretary
Benjamin Donovan

Ben Donovan is a member of the Governance Institute of Australia and provides corporate advisory, IPO and consultancy services to a number of companies. Mr Donovan is currently a company secretary of several ASX listed and public unlisted companies and has gained experience across resources, agritech, biotech, media and technology industries. He has extensive experience in listing rules compliance and corporate governance, having served as a Senior Adviser at the ASX in Perth for nearly 3 years, where he managed the listing of nearly 100 companies on the ASX. In addition, Mr Donovan has experience in the capital markets having raised capital and assisted numerous companies on achieving an initial listing on the ASX, as well as for a period of time, as a private client adviser at a boutique stock broking group.

Qualifications: Bachelor of Commerce (Law and Finance) & Finance (Honours), AGIA ACG

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 30 June 2022, and the number of meetings attended by each Director were:

	Attended	Held
Russell Davis	6	6
Simon Eley	6	6
Ariel Edward King	6	6

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

Remuneration report (audited)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

This report details the amount and nature of remuneration of each Key Management Personnel ("KMP").

KMP's have authority and responsibility for planning, directing and controlling the activities of the Company, including Directors of the Company and other executives.

The remuneration policy is to provide a fixed remuneration component and an equity related component. The Board believes that this remuneration policy is appropriate given the stage of development of the Company and the activities which it undertakes and is appropriate in aligning director and executive objectives with shareholder and business objectives.

The Board policy is to remunerate Directors and senior executives at market rates for comparable companies for time, commitment and responsibilities. Due to the size of the Company, there is no Remuneration Committee so the Board determines payments to the Non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. In consultation with external remuneration consultants (refer to the section 'Use of remuneration consultants' below) advice is sought when required. To align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company and may receive options if approved by shareholders.

In accordance with best practice corporate governance, the structure of non-executive Director and executive Director remuneration is separate.

Non-executive Directors remuneration

Fees and payments to non-executive Directors reflect the demands and responsibilities of their role. Non-executive Directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive Directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive Directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

The Constitution provides that the remuneration of Non-Executive Directors will not be more than the aggregate fixed sum determined by a general meeting of Shareholders or, until so, by the Directors. The aggregate remuneration for Non-Executive Directors has been set by the Board at an amount not to exceed \$500,000 per annum.

Executive remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Directors based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Short-term incentives ('STI') are provided in the form of cash bonuses and/or salary increases. They are used to encourage and reward exceptional performance in the realisation of strategic outcomes and growth in shareholders' wealth.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period based on long-term incentive measures. These include increase in shareholders value relative to the entire market.

Use of remuneration consultants

During the financial year ended 30 June 2022, the Company, engaged Just HR Pty Ltd, to review its existing remuneration policies and provide recommendations on the remuneration of Directors and executives in line with market conditions and rates of comparable companies. Just HR Pty Ltd was paid the following for remuneration consultancy and other consultancy services:

	Year ended 30 June 2022 \$	Incorporation to 30 June 2021 \$
Remuneration recommendations	313	-
Other advice including recruitment of staff	188	-
	501	-

An agreed set of protocols were put in place to ensure that the remuneration recommendations would be free from undue influence from key management personnel. These protocols include requiring that the consultant not communicate with affected key management personnel without a member of the Board being present. The Board is also required to make inquiries of the consultant's processes at the conclusion of the engagement to ensure that they are satisfied that any recommendations made have been free from undue influence. The Board is satisfied that these protocols were followed and as such there was no undue influence.

Details of remuneration

Amounts of remuneration

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

The key management personnel of the Company consisted of the following Directors of the Company:

- Russell Davis - Non-Executive Chairman
- Simon Eley - Executive Director
- Ariel Edward King - Non-Executive Director

	Cash salary and fees \$	Short-term benefits		Post- employment benefits	Long-term benefits	Share-based payments	Total \$
		Cash bonus \$	Non- monetary \$	Super- annuation \$	Long service leave \$	Equity- settled \$	
Year ended 30 June 2022							
<i>Non-Executive Directors:</i>							
Russell Davis*	41,211	-	-	4,121	-	-	45,332
Ariel Edward King	22,364	-	-	-	-	-	22,364
<i>Executive Directors:</i>							
Simon Eley**	74,886	-	-	7,489	-	-	82,375
	138,461	-	-	11,610	-	-	150,071

* Cash salary and fees includes \$20,880 for 20.88 additional days worked plus \$2,088 superannuation, for services in addition to Director duties.

** Cash salary and fees includes \$44,390 for 44.39 additional days worked plus \$4,439 superannuation, for services in addition to Director duties.

	Cash salary and fees \$	Short-term benefits		Post- employment benefits	Long-term benefits	Share-based payments	Total \$
		Cash bonus \$	Non- monetary \$	Super- annuation \$	Long service leave \$	Equity- settled \$	
Incorporation to 30 June 2021							
<i>Non-Executive Directors:</i>							
Russell Davis	-	-	-	-	-	115,400	115,400
Ariel Edward King	-	-	-	-	-	230,800	230,800
Christopher Connelly	-	-	-	-	-	-	-
Stacey O'Neill	-	-	-	-	-	-	-
<i>Executive Directors:</i>							
Simon Eley	-	-	-	-	-	173,100	173,100
	-	-	-	-	-	519,300	519,300

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

Name	Fixed remuneration	Performance	At risk - STI	At risk - LTI
	Year ended 30 June 2022	Incorporation to 30 June 2021	Year ended 30 June 2022	Incorporation to 30 June 2021
<i>Non-Executive Directors:</i>				
Russell Davis	100%	-	-	100%
Ariel Edward King	100%	-	-	100%
<i>Executive Directors:</i>				
Simon Eley	100%	-	-	100%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name: Russell Davis
Title: Non-Executive Chairman
Agreement commenced: 27 July 2021
Details: Services agreement to be paid a fee of \$24,000 per annum (inclusive of statutory superannuation).

For services in addition to Director duties to be paid at a rate of \$1,000 per day plus statutory superannuation.

Name: Simon Eley
Title: Executive Director
Agreement commenced: 27 July 2021
Details: Executive services agreement to be a paid a fee of \$36,000 per annum (inclusive of statutory superannuation). The agreement may be terminated:
* by either party without cause with 3 months written notice, or in the cause of the Company, immediately with payment in lieu of notice;
* by the Company with 3 months notice or immediately with payment in lieu of notice if the executive is unable to perform its duties under the agreement for two consecutive months or a period aggregating to three months in a 12 month period;
* by either party with 3 months written notice if the executive's role become redundant.

For services in addition to Director duties to be paid at a rate of \$1,000 per day plus statutory superannuation.

Name: Ariel Edward King
Title: Non-Executive Director
Agreement commenced: 27 July 2021
Details: Services agreement to be paid a fee of \$24,000 per annum (inclusive of statutory superannuation).

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

An independent remuneration consultant was engaged during the year to review on a commercial arm's length terms the remuneration for Directors and executives.

Effective from 1 July 2022, the remuneration of Directors and executives is:

- * Non-Executive Chair - \$50,000 pa plus statutory superannuation
- * Non-Executive Director - \$40,000 pa plus statutory superannuation
- * Executive Director - \$180,000 pa plus statutory superannuation

Share-based compensation

Issue of shares

There were no shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2022.

Options

There were no options over ordinary shares issued to Directors and other key management personnel as part of compensation that were outstanding as at 30 June 2022.

The number of options over ordinary shares granted to and vested by Directors and other key management personnel as part of compensation during the year ended 30 June 2022 are set out below:

Name	Number of options granted during the year ended 30 June 2022	Number of options granted during the year ended 30 June 2021	Number of options vested during the year ended 30 June 2022	Number of options vested during the year ended 30 June 2021
Russell Davis	-	1,000,000	-	1,000,000
Simon Eley	-	1,500,000	-	1,500,000
Ariel Edward King	-	2,000,000	-	2,000,000

Additional information

The earnings of the Company for the two years to 30 June 2022 are summarised below:

	2022	2021
	\$	\$
Loss after income tax	(1,348,840)	(733,518)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021*
Share price at financial year end (\$)	0.13	-
Basic earnings per share (cents per share)	(3.82)	(11.57)

* The Company was not listed on the ASX.

Additional disclosures relating to key management personnel

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Russell Davis	1,128,125	-	485,639	-	1,613,764
Simon Eley	1,856,250	-	560,001	-	2,416,251
Ariel Edward King	200,000	-	400,000	-	600,000
	<u>3,184,375</u>	<u>-</u>	<u>1,445,640</u>	<u>-</u>	<u>4,630,015</u>

Option holding

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
<i>Options over ordinary shares</i>					
Russell Davis	1,000,000	-	-	-	1,000,000
Simon Eley	1,500,000	-	-	-	1,500,000
Ariel Edward King	2,000,000	-	-	-	2,000,000
	4,500,000	-	-	-	4,500,000

Loans to key management personnel and their related parties

There were no loans provided or received from key management personnel and their related parties during the year.

This concludes the remuneration report, which has been audited.

Shares under option

Unissued ordinary shares of the Company under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
26 May 2021	30 June 2024	\$0.250	5,800,000
29 July 2021	30 June 2024	\$0.250	2,000,000
			7,800,000

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

Shares issued on the exercise of options

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2022 and up to the date of this report.

Indemnity and insurance of officers

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

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

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the Company

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

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Auditor's independence declaration

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

Auditor

William Buck Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the Directors



Russell Davis
Chairman

15 September 2022

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF M3 MINING LIMITED

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

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

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Conley Manifis
Director

Dated this 15th day of September 2022

M3 Mining Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022



	Year ended 30	Incorporation
	Note	to 30 June
		2021
		\$
		\$
Revenue		
Interest income		1,049
Expenses		
Corporate and administration	5	(364,922)
Employee benefits expense		(149,848)
Depreciation		(8,405)
Exploration expenditure incurred and expensed		(779,214)
Project evaluation		(47,500)
Share-based payments expense		-
Loss before income tax expense		(1,348,840)
Income tax expense	6	-
Loss after income tax expense for the year attributable to the owners of M3 Mining Limited	17	(1,348,840)
Other comprehensive income for the year, net of tax		-
Total comprehensive income for the year attributable to the owners of M3 Mining Limited		(1,348,840)
		(733,518)
		Cents
		Cents
Basic loss per share	28	(3.82)
Diluted loss per share	28	(3.82)

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

M3 Mining Limited
Statement of financial position
As at 30 June 2022



	Note	30 June 2022 \$	30 June 2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	3,566,644	1,955,039
Other receivables	8	17,343	5,007
Other	9	26,983	-
Total current assets		3,610,970	1,960,046
Non-current assets			
Plant and equipment	10	43,630	-
Exploration and evaluation	11	18,461	15,000
Total non-current assets		62,091	15,000
Total assets		3,673,061	1,975,046
Liabilities			
Current liabilities			
Trade and other payables	12	214,702	67,057
Provisions	13	15,633	-
Other liabilities	14	-	1,364,003
Total current liabilities		230,335	1,431,060
Total liabilities		230,335	1,431,060
Net assets		3,442,726	543,986
Equity			
Issued capital	15	4,624,964	608,184
Reserves	16	900,120	669,320
Accumulated losses	17	(2,082,358)	(733,518)
Total equity		3,442,726	543,986

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

M3 Mining Limited
Statement of changes in equity
For the year ended 30 June 2022



	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 22 September 2020	-	-	-	-
Loss after income tax expense for the year	-	-	(733,518)	(733,518)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(733,518)	(733,518)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 15)	693,584	-	-	693,584
Share-based payments (note 26)	-	553,920	-	553,920
Shares issued for exploration acquisition	30,000	-	-	30,000
Options issued for capital raising costs	(115,400)	115,400	-	-
Balance at 30 June 2021	608,184	669,320	(733,518)	543,986
	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	608,184	669,320	(733,518)	543,986
Loss after income tax expense for the year	-	-	(1,348,840)	(1,348,840)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(1,348,840)	(1,348,840)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs	4,247,580	-	-	4,247,580
Options issued for capital raising costs	(230,800)	230,800	-	-
Balance at 30 June 2022	4,624,964	900,120	(2,082,358)	3,442,726

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

M3 Mining Limited
Statement of cash flows
For the year ended 30 June 2022



	Year ended 30 June 2022	Incorporation to 30 June 2021
Note	\$	\$
Cash flows from operating activities		
Payments for corporate and administrative activities	(498,922)	(100,000)
Payments for exploration and evaluation activities	(718,603)	(2,680)
	(1,217,525)	(102,680)
Interest received	1,049	132
Net cash used in operating activities	25 (1,216,476)	(102,548)
Cash flows from investing activities		
Payments for property, plant and equipment	10 (52,035)	-
Payments for exploration and evaluation	11 (3,461)	-
Net cash used in investing activities	(55,496)	-
Cash flows from financing activities		
Proceeds from issue of shares	3,235,997	890,000
Proceeds from shares not issued	-	1,364,003
Share issue transaction costs	(352,420)	(196,416)
Net cash from financing activities	2,883,577	2,057,587
Net increase in cash and cash equivalents	1,611,605	1,955,039
Cash and cash equivalents at the beginning of the financial year	1,955,039	-
Cash and cash equivalents at the end of the financial year	7 3,566,644	1,955,039

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General information

The financial statements cover M3 Mining Limited ("Company") as an individual entity. The financial statements are presented in Australian dollars, which is M3 Mining Limited's functional and presentation currency.

M3 Mining Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 1, 3 Ord Street
West Perth WA 6005

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 September 2022. The Directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The Directors do not consider that any of these have had a material effect on the financial statements.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Directors do not consider that any of these will have a material effect on the Company.

Basis of preparation

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

Critical accounting estimates

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

Revenue recognition

The Company recognises revenue as follows:

Interest

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

Other revenue

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

Note 2. Significant accounting policies (continued)

Income tax

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

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

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

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

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

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

Current and non-current classification

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

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

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

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

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.

Other receivables

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

Property, plant and equipment

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

Note 2. Significant accounting policies (continued)

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

Plant and equipment	3-7 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Exploration and evaluation assets

Exploration and evaluation assets acquired

Exploration and evaluation assets comprise of acquisition of mineral rights (such as joint ventures) and fair value (at acquisition date) of exploration and expenditure assets from other entities. As the assets are not yet ready for use they are not depreciated. Exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; or
- other facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Once the technical feasibility and commercial viability of the assets are demonstrable, exploration and evaluation assets are first tested for impairment and then reclassified to mine properties as development assets.

Exploration and evaluation expenditure

Exploration and evaluation expenditure incurred is expensed in respect of each identifiable area of interest until such a time where a JORC 2012 compliant resource is announced in relation to the identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

When the technical feasibility and commercial viability of extracting a mineral resource have been demonstrated then any capitalised exploration and evaluation expenditure is reclassified as capitalised mine development.

Prior to reclassification, capitalised exploration and evaluation expenditure is assessed for impairment annually in accordance with AASB 6. Where impairment indicators exist, recoverable amounts of these assets will be estimated based on discounted cash flows from their associated cash generating units.

The Statement of Profit or Loss and Other Comprehensive Income will recognise expenses arising from excess of the carrying values of exploration and evaluation assets over the recoverable amounts of these assets.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off in the year in which that assessment is made. Each area of interest is reviewed at the end of each accounting year and accumulated costs are written off to the extent that they will not be recoverable in the future.

Impairment of non-financial assets

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

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

Note 2. Significant accounting policies (continued)

Trade and other payables

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

Employee benefits

Short-term employee benefits

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

Share-based payments

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

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

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

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

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

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

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

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

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

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

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

Note 2. Significant accounting policies (continued)

Fair value measurement

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

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

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of M3 Mining Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

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

Goods and Services Tax ('GST') and other similar taxes

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

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

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

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

Comparatives

The comparatives are from the incorporation period of 22 September 2020 to 30 June 2021.

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 Company for the annual reporting year ended 30 June 2022. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions

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

Income tax

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Exploration and evaluation costs

The ultimate recoverability of the value of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale, of the underlying mineral exploration properties.

The Company undertakes at each reporting date, a review for indicators of impairment of these assets. Should an indicator of impairment exist, there is significant estimation and judgments in determining the inputs and assumptions used in determining the recoverable amounts.

The key areas of estimation and judgement that are considered in this review included:

- Recent drilling results and reserves/resources estimates;
- Environmental issues that may impact the underlying tenements;
- The estimated market value of assets at the review date;
- Independent valuations of underlying assets that may be available;
- Fundamental economic factors such as mineral prices, exchange rates and current and anticipated operating cost in the industry; and
- The Company's market capitalisation compared to its net assets.

Information used in the review process is rigorously tested to externally available information as appropriate.

Changes in these estimates and assumptions as new information about the presence or recoverability of an ore reserve becomes available, may impact the assessment of the recoverable amount of exploration and evaluation assets. If, after having capitalised the expenditure a judgement is made that recovery of the expenditure is unlikely, an impairment loss is recorded in the profit or loss.

Note 4. Operating segments

The Board has determined that the Company has one reportable segment, being mineral exploration in Australia. As the Company is focused on mineral exploration, the Board monitors the Company based on actual versus budgeted results. This internal reporting framework is the most relevant to assist the Board in making decisions regarding the Company and its ongoing exploration activities, while also taking into consideration the results of exploration work that has been performed to date. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

All of the Company's assets are located in one geographical segment being Australia.

Note 5. Corporate and administration

	Year ended 30 June 2022	Incorporation to 30 June 2021
	\$	\$
Share registry & ASX compliance fees	46,564	1,093
Contractors and consultancy	229,647	28,351
Legal fees	941	18,525
Audit fees	19,661	15,036
Insurance	7,108	36,418
Travel, accommodation and conferences	27,639	7,600
Other	33,362	1,654
	<hr/> 364,922	<hr/> 108,677

Note 6. Income tax expense

	Year ended 30 June 2022	Incorporation to 30 June 2021
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(1,348,840)	(733,518)
Tax at the statutory tax rate of 30%	(404,652)	(220,055)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share based payments expense	-	166,176
Revenue losses and other deferred tax balances not recognised	404,652	43,379
Other non-allowable items	-	10,500
Income tax expense	<hr/> -	<hr/> -

Note 6. Income tax expense (continued)

	30 June 2022	30 June 2021
	\$	\$
<i>Unrecognised deferred tax assets at 30%¹</i>		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Carry forward revenue losses	496,724	42,836
Capital raising costs	215,656	47,140
Exploration and evaluation	3,661	9,329
Provisions and accruals	9,695	3,000
Total deferred tax assets not recognised	725,736	102,305

The above potential tax benefit, which excludes tax losses, for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

The tax benefits of the above Deferred Tax Assets will only be obtained if:

- (a) the company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (b) the company continues to comply with the conditions for deductibility imposed by law; and
- (c) no changes in income tax legislation adversely affect the company in utilising the benefits.

¹The corporate tax rate for eligible companies will reduce from 30% to 25% by 30 June 2022 providing certain turnover thresholds and other criteria are met. Deferred tax assets and liabilities are required to be measured at the tax rate that is expected to apply in the future income year when the asset is realised or the liability is settled. The Directors have determined that the Company will not be eligible for the reduced rate due to the threshold for 80% passive income not being met, deferred tax balances are measured at the tax rates stated.

Note 7. Current assets - cash and cash equivalents

	30 June 2022	30 June 2021
	\$	\$
Cash at bank	3,566,644	1,955,039

Note 8. Current assets - other receivables

	30 June 2022	30 June 2021
	\$	\$
GST receivable	17,343	5,007

Note 9. Current assets - other

	30 June 2022	30 June 2021
	\$	\$
Prepayments	26,829	-
Other current assets	154	-
	26,983	-

Note 10. Non-current assets - plant and equipment

	30 June 2022	30 June 2021
	\$	\$
Plant and equipment - at cost	52,035	-
Less: Accumulated depreciation	(8,405)	-
	43,630	-

Reconciliations

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

	\$
Balance at 1 July 2021	-
Additions	52,035
Depreciation expense	(8,405)
Balance at 30 June 2022	43,630

Note 11. Non-current assets - exploration and evaluation

	30 June 2022	30 June 2021
	\$	\$
Exploration and evaluation	18,461	15,000

Reconciliations

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

	\$
Balance at 22 September 2020	-
Acquisition of exploration and evaluation assets	30,000
Expensing of acquisition costs*	(15,000)
Balance at 30 June 2021	15,000
Acquisition of exploration and evaluation assets	3,461
Balance at 30 June 2022	18,461

* Acquisition costs expensed relate to the Victoria Bore application pending grant.

The ultimate recovery of costs carried forward for exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas of interest at an amount greater than or equal to carrying value.

Note 12. Current liabilities - trade and other payables

	30 June 2022	30 June 2021
	\$	\$
Trade payables	146,848	57,057
Other payables	67,854	10,000
	214,702	67,057

Refer to note 19 for further information on financial instruments.

Note 13. Current liabilities - provisions

	30 June 2022	30 June 2021
	\$	\$
Annual leave	15,633	-

Note 14. Current liabilities - other liabilities

	30 June 2022	30 June 2021
	\$	\$
Other current liabilities	-	1,364,003

Funds received in advance from shareholders for the IPO.

Note 15. Equity - issued capital

	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	Shares	Shares	\$	\$
Ordinary shares - fully paid (net of transactions costs)	36,925,003	13,925,003	4,624,964	608,184

Movements in ordinary share capital

Details	Date	Shares		\$
Balance	22 September 2020	3		-
Seed capital upon incorporation		9,300,000	\$0.042	390,000
Shares issued to acquire exploration assets		1,500,000	\$0.020	30,000
Seed funding		3,125,000	\$0.160	500,000
Less: capital raising costs		-	\$0.000	(311,816)
Balance	30 June 2021	13,925,003		608,184
Capital Raising		23,000,000	\$0.200	4,600,000
Less: capital raising costs		-	\$0.000	(583,220)
Balance	30 June 2022	36,925,003		4,624,964

Ordinary shares

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

Note 15. Equity - issued capital (continued)

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

Movements in issued options

	Opening balance 1 July 2021	Granted in year	Exercised in year	Expired/ cancelled in year	Closing balance 30 June 2022
Exercisable at \$0.25 on or before 30 June 2024	5,800,000	2,000,000	-	-	7,800,000

Capital risk management

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

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

In order to maintain or adjust the capital structure, the Company may issue new shares to raise cash.

Note 16. Equity - reserves

	30 June 2022 \$	30 June 2021 \$
Share-based payments reserve	900,120	669,320

Share-based payments reserve

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

Movements in reserves

Movements in each class of reserve during the current and previous financial year/period are set out below:

	Share-based payments \$
Balance at 22 September 2020	-
Options issued to directors and company secretary	553,920
Options issued to lead manager	115,400
Balance at 30 June 2021	669,320
Options issued to lead manager	230,800
Balance at 30 June 2022	900,120

Note 17. Equity - accumulated losses

	30 June 2022	30 June 2021
	\$	\$
Accumulated losses at the beginning of the financial year	(733,518)	-
Loss after income tax expense for the year	(1,348,840)	(733,518)
Accumulated losses at the end of the financial year	(2,082,358)	(733,518)

Note 18. Equity - dividends

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

Note 19. Financial instruments

Financial risk management objectives

The main risk that the Company is exposed to is liquidity risk.

Risk management is carried out by the Board of Directors ('the Board'). The Board meets when required to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to minimise potential adverse effect on financial performance. Risk Management initiatives are addressed by the Board when required.

Liquidity risk

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

The Company manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows.

Remaining contractual maturities

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

30 June 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	146,848	-	-	-	146,848
Other payables	-	67,854	-	-	-	67,854
Total non-derivatives		214,702	-	-	-	214,702

Note 19. Financial instruments (continued)

30 June 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	57,057	-	-	-	57,057
Other payables	-	10,000	-	-	-	10,000
Total non-derivatives		67,057	-	-	-	67,057

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

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

Note 20. Key management personnel disclosures

Directors

The following persons were Directors of M3 Mining Limited during the financial year/period:

Russell Davis	Non-Executive Chairman
Simon Eley	Executive Director
Ariel Edward King	Non-Executive Director

Compensation

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

	Year ended 30 June 2022 \$	Incorporation to 30 June 2021 \$
Short-term employee benefits	138,461	-
Post-employment benefits	11,610	-
Share-based payments	-	519,300
	150,071	519,300

Note 21. Remuneration of auditors

During the financial year/period the following fees were paid or payable for services provided by William Buck Audit (WA) Pty Ltd, the auditor of the Company:

	Year ended 30 June 2022 \$	Incorporation to 30 June 2021 \$
<i>Audit services - William Buck Audit (WA) Pty Ltd</i>		
Audit or review of the financial statements	17,161	15,036
<i>Other services - William Buck Consulting (WA) Pty Ltd</i>		
Investigating Accountants Report	-	6,600
	17,161	21,636

Note 22. Commitments

	30 June 2022 \$	30 June 2021 \$
<i>Capital commitments</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Exploration and evaluation	156,920	87,920
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	156,920	87,920

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the Directors' report.

Transactions with related parties

There were no transactions with related parties during the current financial year. During the prior period the Company acquired one of the Victoria Bore Project tenements from Simon Eley and acquired the Edjudina Project from Strada D'Oro Pty Ltd (Vendors). The Vendors' relationship with the Company is as follows:

- Simon Eley is an Executive Director of the Company; and
- Strada D'Oro Pty Ltd is an entity which the Non-Executive Chairman, Russell Davis has an interest in as a director and shareholder.

The Company provided the following consideration to the Vendors for the projects:

- 750,000 fully paid ordinary shares were issued to Simon Eley's nominee for the Victoria Bore Project, valued at \$0.02 per share for total consideration of \$15,000. As these exploration assets relate to tenement applications as at balance date, these costs have been expensed during the period; and
- 750,000 fully paid ordinary shares were issued to Strada D'Oro Pty Ltd for the Edjudina Project, valued at \$0.02 per share for total consideration of \$15,000.

Note 24. Events after the reporting period

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

Note 25. Reconciliation of loss after income tax to net cash used in operating activities

	Year ended 30 June 2022 \$	Incorporation to 30 June 2021 \$
Loss after income tax expense for the year	(1,348,840)	(733,518)
Adjustments for:		
Depreciation	8,405	-
Share-based payments	-	568,920
Change in operating assets and liabilities:		
Increase in other receivables	(12,336)	(5,007)
Increase in prepayments	(26,983)	-
Increase in trade and other payables	163,278	67,057
Net cash used in operating activities	(1,216,476)	(102,548)

Note 26. Share-based payments

Issue of options

An Employee Incentive Securities Plan has been established by the Company, whereby the Company may, at the discretion of the Board, grant options over ordinary shares in the Company to certain key management personnel, employees and contractors of the Company.

Set out below are summaries of options granted:

	Number of options 30 June 2022	Weighted average exercise price 30 June 2022	Number of options 30 June 2021	Weighted average exercise price 30 June 2021
Outstanding at the beginning of the financial year/period	5,800,000	\$0.250	-	\$0.000
Granted	2,000,000	\$0.250	5,800,000	\$0.250
Forfeited	-	\$0.000	-	\$0.000
Exercised	-	\$0.000	-	\$0.000
Expired	-	\$0.000	-	\$0.000
Outstanding at the end of the financial year/period	7,800,000	\$0.250	5,800,000	\$0.250
Exercisable at the end of the financial year/period	7,800,000	\$0.250	5,800,000	\$0.250

The weighted average share price during the financial year was \$0.25.

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2 years.

The Company issued 2,000,000 options exercisable at \$0.25 on or before 30 June 2024, which vested on issue as shown below:

Note 26. Share-based payments (continued)

- 2,000,000 Advisor options to the Lead Manager (Discovery Capital) in lieu for services provided for the Public Offer.

For the options granted during the current financial year, the Black Scholes Option Pricing Model has been used with the valuation model inputs used to determine the fair value at the grant date, are as follows:

Assumption	
Expected volatility	100%
Risk free interest rate (%)	0.10%
Expected life of Options	3 years
Exercise price	\$0.25
Grant date Share price (assume IPO price)	\$0.20
Value per Option	\$0.1154

The resultant value of \$230,800 for the 2,000,000 advisor options has been recorded as a cost of issuing shares and has been applied against the share capital raised through the Public Offer.

Note 27. Non-cash investing and financing activities

	Year ended 30 June 2022 \$	Incorporation to 30 June 2021 \$
Shares issued for acquisition of exploration projects	-	30,000
Options issued to Directors and Company Secretary	-	553,920
Options issued to Lead manager in lieu for services for the seed capital raising	230,800	115,400
	<hr/>	<hr/>
	230,800	699,320

Note 28. Earnings per share

	Year ended 30 June 2022 \$	Incorporation to 30 June 2021 \$
Loss after income tax attributable to the owners of M3 Mining Limited	(1,348,840)	(733,518)
	<hr/>	<hr/>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	35,286,647	6,339,318
Weighted average number of ordinary shares used in calculating diluted earnings per share	35,286,647	6,339,318
	<hr/>	<hr/>
	Cents	Cents
Basic loss per share	(3.82)	(11.57)
Diluted loss per share	(3.82)	(11.57)

As at reporting date, 7,800,000 Unlisted Options (which represent 7,800,000 potential Ordinary Shares) were considered non-dilutive as they would decrease the loss per share.

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



Russell Davis
Chairman

15 September 2022

M3 Mining Limited
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of M3 Mining Limited (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company 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.

Key Audit Matters

We have determined that there are no key audit matters to be communicated in our auditor's report.

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf

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

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 6 to 11 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of M3 Mining Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

CM

Conley Manifis
Director

Dated this 15th day of September 2022

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The following additional information is required by the Australian Securities Exchange Ltd in respect of listed public companies only.

The shareholder information set out below was applicable as at 8 September 2022.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

Size of holding	Ordinary shares		
	Number of holders	shares issued	% of issued capital
1 to 1,000	25	4,634	0.01%
1,001 to 5,000	103	312,724	1.00%
5,001 to 10,000	104	865,740	2.76%
10,001 to 100,000	317	11,759,293	37.43%
100,001 and over	58	18,470,737	58.80%
	607	31,413,128	100%
Holding less than a marketable parcel	87	137,246	

Substantial holders

Substantial holders in the Company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
RESMIN PTY LTD <SPE INVESTMENT A/C> AND SIMON ELEY	2,416,251	6.54

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

		Ordinary shares	
		Number held	% of total shares issued
1	RESMIN PTY LTD <SPE INVESTMENT A/C>	2,166,250	5.87%
2	JAPL NOMINEES PTY LTD <JAPL INVESTMENT A/C>	1,200,000	3.25%
3	MR BRIAN PETER BYASS	1,150,000	3.11%
4	DAVIS FAMILY CAPITAL PTY LTD <THE DAVIS SUPER FUND A/C>	1,000,000	2.71%
5	BROWN BRICKS PTY LTD <HM A/C>	956,250	2.59%
6	MR ANKUR HARESHCHANDRA CHOKSI & MRS KHYATIBEN ANKUR CHOKSI	933,224	2.53%
7	MR ZBIGNIEW WALDEMAR LUBIENIECKI	828,125	2.24%
8	STRADA DORO PTY LTD	750,000	2.03%
9	ACN 139 886 025 PTY LTD	552,560	1.50%
10	MR KURT BARTON ATHERTON	522,185	1.41%
11	CANARY CAPITAL PTY LTD	500,000	1.35%
11	KING CORPORATE PTY LTD	500,000	1.35%
12	AKM (WA) PTY LTD <THE AKM A/C>	443,750	1.20%
13	MR GRAEME GEORGE MCGEE & MR MATTHEW WILLIAM MCGEE <GJEMKA SUPERFUND A/C>	428,317	1.16%
14	HORIZON INVESTMENT SERVICES PTY LTD <THE HORIZON INVESTMENT A/C>	400,000	1.08%
15	MRS WINSOME MARY STAVRIANOU	393,750	1.07%
15	KATARZYNA MIETHKE	393,750	1.07%
15	WINSOME MARY SANTA MARIA <THE SANTA FAMILY A/C>	393,750	1.07%
16	MR LINDSAY GRANT FRANKER	385,000	1.04%
17	POSTLE FAMILY NOMINEES PTY LTD <J & M POSTLE S/F A/C>	375,000	1.02%
18	STEV SAND INVESTMENTS PTY LTD <STEVEN FORMICA FAMILY A/C>	360,784	0.98%
19	MS HUI XING AMELIA TEO	350,000	0.95%
20	MR PETER FRANCIS SCANLAN	330,000	0.89%
Total		15,312,695	41.47%
Total issued capital		36,925,003	100.00%

Unquoted equity securities

Unquoted Equity Security Holders with greater than 20% of an Individual class

		Options over ordinary shares	
		Number held	% of total options issued
Unlisted options exercisable at \$0.25 on or before 30/06/2024			
	KING CORPORATE PTY LTD	2,000,000	25.64

Buy-Back Plans

The Company does not have any current on-market buy-back plans.

Voting rights

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

Ordinary shares

The voting rights attaching to ordinary shares are governed by the Constitution. On a show of hands every person present who is a Member or representative of a member shall have one vote and on a poll, every member present in person or by proxy or by attorney or duly authorised representative shall have one vote for each fully paid ordinary share held. None of the options have any voting rights.

There are no voting rights attached to any class of options or performance rights that are on issue.

Restricted securities

There are no restricted securities currently on issue other than the 5,511,875 ASX imposed escrowed shares.

Corporate Governance

Pursuant to the ASX Listing Rules, the Company's Corporate Governance Statement will be released in conjunction with this report. The Company's Corporate Governance Statement is available on the Company's website at: www.m3mining.com.au

Tenements

Description	Tenement number	Interest owned %
Victoria Bore Project	E08/3220 Applications: E08/3326 E08/3427 E08/3428 E08/3429 E08/3430 E08/3431	100
Edjudina Project	E31/1140 E31/1141 E31/1168 E31/1249 P31/2113 Applications: E31/1258 E31/1265	100