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SANTA FE
— MINERALS LIMITED —

ABN 59 151 155 734

Annual Financial Report

For the year ended 30 June 2022

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

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Santa Fe Minerals Limited
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Corporate Information

Directors	Mark Jones (Non-Executive Chairman) Douglas Rose (Managing Director) Terence Brown (Non-Executive Director)
Company Secretary	Henko Vos
ABN	59 151 155 734
Registered and Principal Office	Suite 1/9 Hampden Road Nedlands WA 6009 Tel: +61 8 9386 8382 Fax: +61 8 6183 4892
Postal Address	Suite 1/9 Hampden Road Nedlands WA 6009
Website	www.santafeminerals.com.au
Auditors	HLB Mann Judd (WA Partnership) Chartered Accountants Level 4, 130 Stirling Street Perth WA 6000
Solicitors	DLA Piper Australia Level 31, Central Park 152-158 St Georges Terrace Perth WA 6000
Share Register	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033
Securities Exchange Listing	Australian Securities Exchange Limited (ASX: SFM) Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

Santa Fe Minerals Limited
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Directors' Report

The directors present their report together with the consolidated financial statements of the Group comprising of Santa Fe Minerals Limited ("SFM" or "the Company") and its subsidiaries for the year ended 30 June 2022.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names of the directors who held office during or since the end of the financial year and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated:

Mr Mark Jones
Mr Douglas Rose
Mr Terence Brown

Qualifications, Experience and Special Responsibilities of Directors

Mark Jones (Chairman/Non-Executive Director)

Mr. Jones has been the Non-Executive Chairman of Santa Fe Minerals Limited since the company floated on the Australian Stock Exchange in October 2011. He was instrumental in the listing of the company and subsequent capital raisings. Mr. Jones was previously a Non-Executive Director (Private Clients) of Patersons Securities Limited and brings 30 years' of capital markets experience to the Board.

In the 3 years immediately before the end of the financial year, Mr Jones also served as a director of the following listed companies:

Oakajee Corporation Limited - current directorship

Douglas Rose (Executive Director)

Mr. Rose was appointed to the board of the Company in March 2013 as a Non-Executive director. He has been the Managing director of Santa Fe Minerals since 1 July 2013 and oversaw the restructure and sale of the ATM business. Prior to his appointment as Managing Director, Mr. Rose was a Private Client Adviser with Patersons Securities Limited. He holds a Bachelor of Commerce degree from Curtin University and has over 16 years' experience in the financial services industry.

In the 3 years immediately before the end of the financial year, Mr Rose also served as a director of the following listed companies:

Oakajee Corporation Limited - current directorship

Terence Brown (Non-Executive Director)

Mr Brown is a geologist with over 31 years' experience in mining and exploration of precious, base and industrial minerals. He has been involved in exploration, project development and operational roles within Australia and Africa for a number of mid-tier mining companies including Resolute Mining Ltd and Integra Mining Ltd. Mr Brown has a Bachelor of Science (Mining Geology) from Western Australian School of Mines and a Post-Graduate Diploma in Natural Resources from Curtin University.

Mr Brown did not hold any other directorships in other listed companies in the last 3 years immediately before the end of the financial year.

Company Secretary

Henko Vos (Appointed 17 December 2020)

Mr Vos is a member of the Australian Institute of Company Directors (AICD), the Governance Institute of Australia (GIA), and the Chartered Accountants in Australia and New Zealand (CAANZ) with more than 15 years' experience working within public practice, specifically within the area of corporate services and audit and assurance both in Australia and South Africa. He holds similar secretarial roles in various other listed public companies in both industrial and resource sectors. He is a Director at Nexia Perth, a mid-tier corporate advisory and accounting practice.

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Directors' Report

Directors' Interests

Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Company or a related body corporate were held by the directors as at the date of this report.

	No. of options over ordinary shares	No. of fully paid ordinary shares
Mark Jones	-	5,860,000
Douglas Rose	-	4,749,748
Terence Brown	-	-

There were no ordinary shares issued by the Company during or since the end of the financial year as a result of the exercise of options.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal activities

The principal activities of the Group during the course of the financial year were exploration for gold and base metals within the state of Western Australia.

Review of operations

Exploration Operations

During the period, Santa Fe Minerals Ltd ("**Santa Fe**", "**SFM**" or "**the Company**") signed an option to acquire 80% of the Mt Murray base metals project in Western Australia. The company commenced first stage exploration at the project and continued exploration at its Challa Projects (Gold and Vanadium).

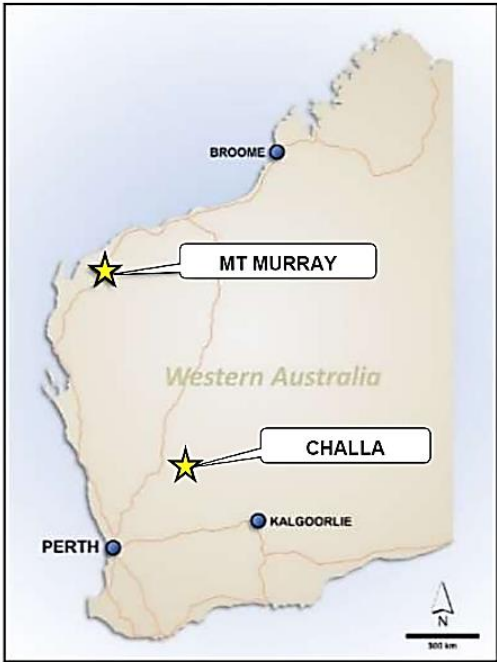


Figure 1 – Project locations.

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Directors' Report

Review of operations (continued)

Mt Murray Base Metals Project

SFM signed an exclusive option agreement to acquire 80% of the Mt Murray base metals project in Western Australia – see ASX release dated 19 November 2021. The Mt Murray project covers a 9km north south trending zone of poly metallic copper-lead-zinc-silver-gold mineralisation adjacent to a 4.2km x 1.2km magnetic high zone considered to represent a mafic-ultramafic intrusive package prospective for nickel-copper-PGE mineralisation similar to the recently discovered tier one Julimar Ni-Cu-PGE deposit (Chalice Mining Ltd).

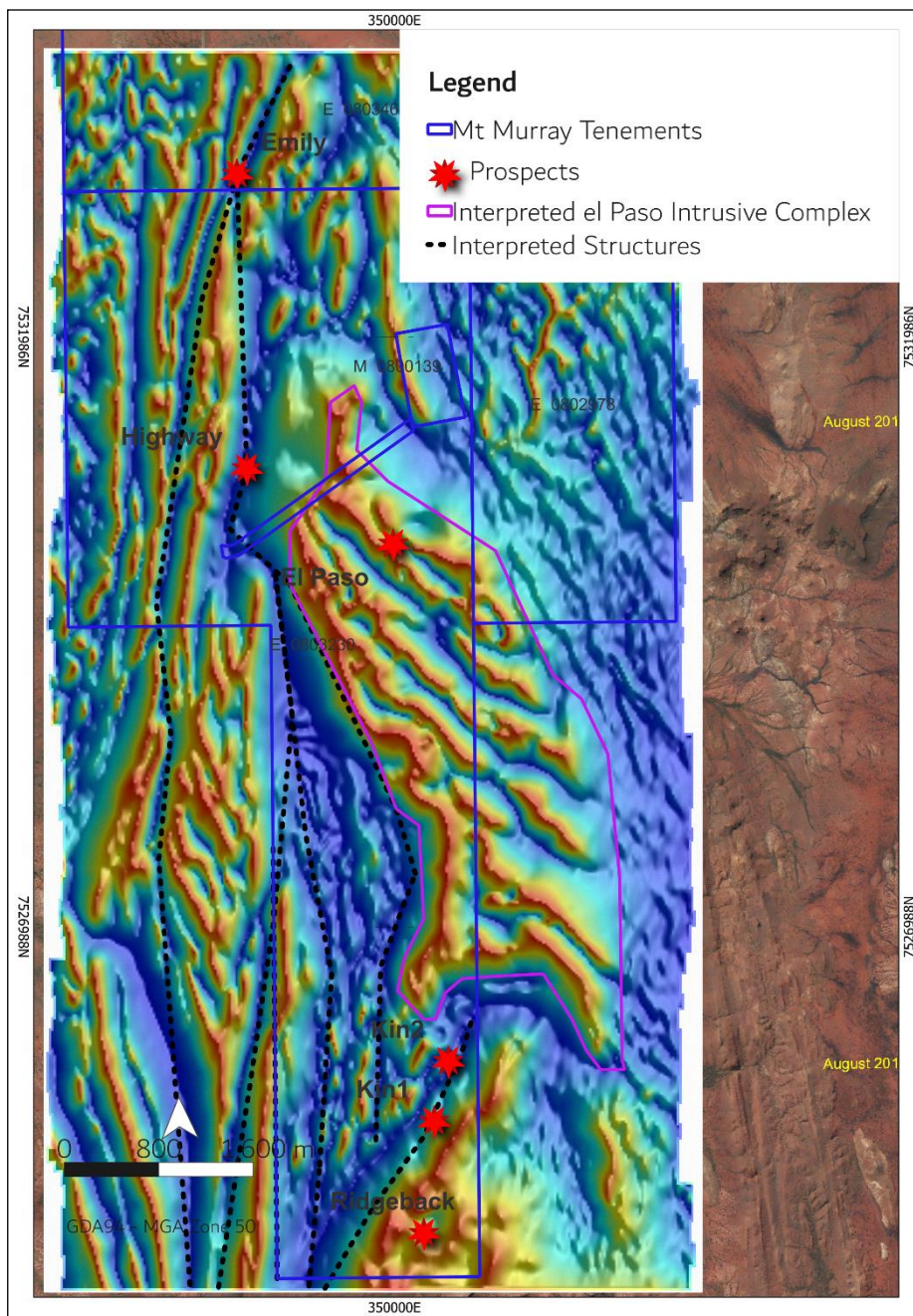


Figure 2: Mt Murray tenements and prospects over magnetics

Directors' Report

Review of operations (continued)

El Paso Intrusive (Ni-Cu-PGE)

The El Paso zone is a 5km long high magnetic zone interpreted as a mafic to ultramafic intrusive complex prospective for Ni-Cu-PGE mineralization. Previous exploration identified a small outcrop of ultramafic rocks with only one rock chip sample that returned 2,965ppm Cu, 781 ppm Ni, 5.4% Mg, 1.8g/t Ag and 419ppm S. The sample was not assayed for platinum or palladium. Apart from this small outcrop and a second outcrop of silicified ultramafic rocks located by SFM, the interpreted intrusive complex is completely covered by shallow sand and alluvial cover. SFM considers the interpreted mafic-ultramafic complex within the Mt Murray project has potential to host nickel-copper-palladium, platinum mineralisation similar to the Chalice Mining tier one Ni-Cu-PGE discovery at Julimar.

SFM Rock Chip Sampling

SFM undertook a site reconnaissance trip in December 2021 and visited the previously located outcrop confirming strong silicification and alteration. A second outcrop of altered ultramafic was located 500m to the south-west. The intervening area is covered by sandplain. SFM collected a total of 6 rock chip samples which were submitted for a nickel/PGE suite analysis. **The results received during the period confirm the historic samples with Ni to 1040ppm, Cr to 1280 ppm Mg to 12.97%.**

Orientation Ultrafine Soil Sampling

SFM completed an orientation Ultrafine Fraction (UFF) soil program across the interpreted position of the intrusive complex. It was considered traditional sieved soil sampling would not be effective due to the prevalence of wind-blown sand which would swamp the geochemical response to background levels geochemistry. The UFF soil sample technique is an ultra-sensitive new exploration technique developed by CSIRO in conjunction with LabWest that was successfully demonstrated in a combined CSIRO/ MRIWA Project.

SFM collected 49 x 300g -1mm sieved soil samples spaced at 50m along 2 lines orientated across the interpreted position of the targeted intrusive complex. One line was 2km long and the second line, 3km to the south, was 400m long. The samples were split to a -1mm traditional sieved soil and the UFF (-2-micron clay fraction) technique.

A comparison of the results showed:

1. Analytical quality of the UFF -2 micron was significantly better than the -1mm results.
2. UFF samples returned higher absolute concentrations when compared with the -1mm samples.
3. Lithological and regolith controls are subtle in the UFF samples and better resolved than the -1mm samples.

Directors' Report

Review of operations (continued)

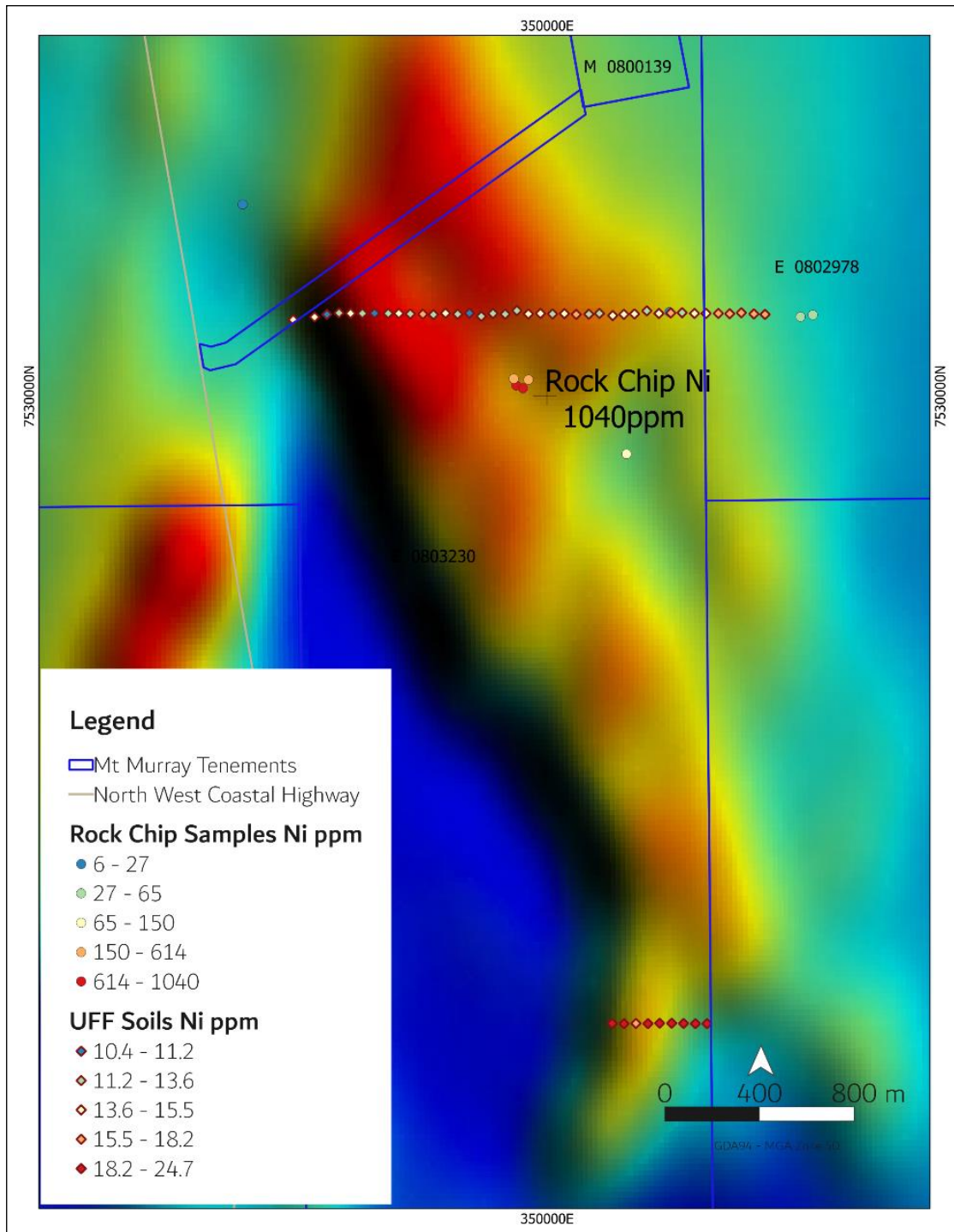


Figure 3: El Paso Ni-Cu-PGE Target with SFM rock chip and UFF soil sampling over magnetics.

Directors' Report

Review of operations (continued)

Ridgeback (Cu-Pb-Zn-Ag-Au)

The Ridgeback target is located 700m south of the historic Kin copper occurrences. The area was previously highlighted by a zone of anomalous Cu-Pb-Zn-As-Au from stream sediment sampling and a strong late time airborne electromagnetic anomaly that may indicate the presence of massive sulphide mineralisation at depth (ASX announcement 12th January 2022). No follow up exploration of this zone has been reported. SFM completed reconnaissance of the Ridgeback zone in December 2021, identifying multiple broad and strike extensive quartz ironstone veins associated with the historic anomalous zone.

A total of 5 rock samples were collected and submitted for multi-element analysis. The sample results exhibit a strong Au-Ag-As-Cu-Sn association, similar to the Kin copper prospects located 700m to the north. **The best results from the Ridgeback rock chip samples are 59ppb Au, 450ppb Ag, 3080 ppm As, 629 ppm Cu.** A rock chip from the Kin copper pits returned a high 11% Cu with 1490ppm As, 72 ppb Au, 300ppb Ag and 561ppm Sn. Mineralization has now been identified over 2.5km strike from the Ridgeback prospect through to north of the historic Kin prospects. To the north of here the wind-blown sand conceals the bedrock and any possible mineralisation.

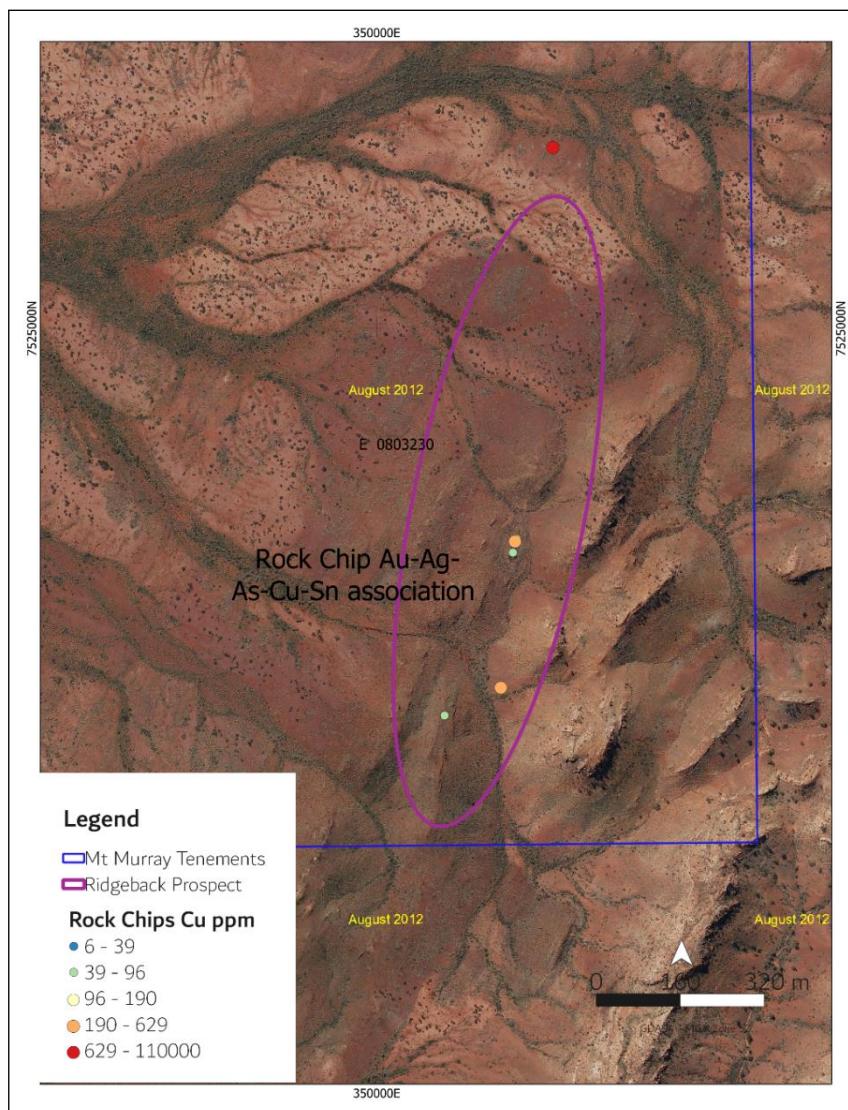


Figure 4: Ridgeback Target with Rock chip samples.

Directors' Report

Review of operations (continued)

In 2013-2014 CGG Aviation completed a regional, 5km line spaced, airborne TEMPEST electromagnetic (AEM) survey for Geoscience Australia in the Capricorn region of Western Australia. Three of the flight lines traversed the Mt Murray Project tenements. The southernmost line over the Mt Murray Project (Figure 5) recorded a strong late time anomaly within a resistive background that may indicate the presence of bedrock conductors indicative of massive sulphide mineralisation. There are several anomaly peaks suggesting multiple sources however even though the flight line is across the northern end of the Ridgeback zone the bedrock source may not be reflecting a source directly below. The source could be offline and additional ground-based geophysics will be required to determine the location, size, dip and conductance of the anomaly. SFM is encouraged by the presence of historical multielement stream sediment anomalies (Cu-Pb-Zn-As-Au) and the discovery of previously undocumented extensive gossanous quartz ironstone veins at the Ridgeback zone which may be the source of the AEM anomaly.

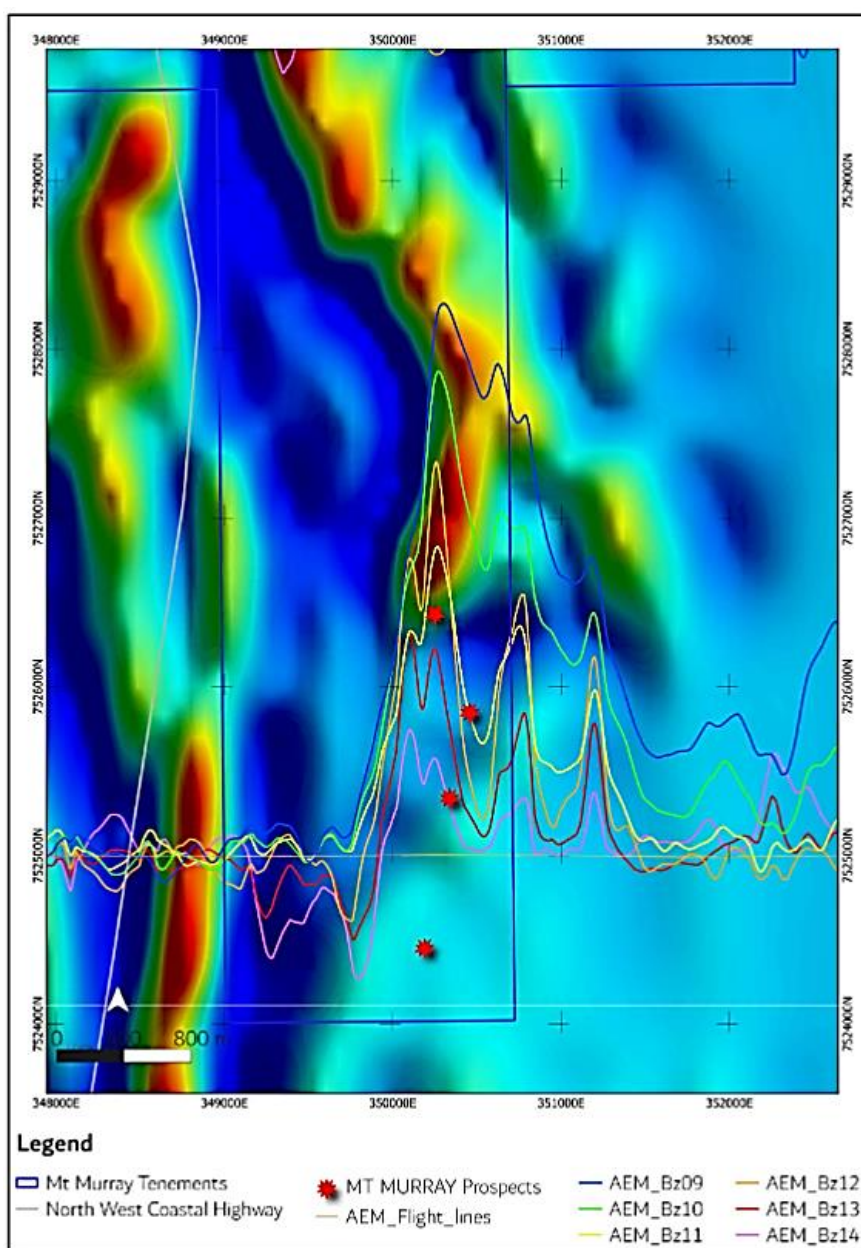


Figure 5: Ridgeback Target with magnetics and Capricorn AEM profiles.

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Directors' Report

Review of operations (continued)

Highway (Pb-Zn)

The Highway Pb-Zn-Ag-Au prospect (The Hill) is located adjacent to the North-West Coastal Highway west of the El Paso nickel-copper target. Historic rock chip samples returned very high results of up to 39.6% Pb, 134g/t Ag, 0.46g/t Au and 0.1% Zn. SFM rock chip sampling in December 2021 confirmed the historic samples with results of 12% Pb, 272 ppm Ag, 244 ppb Au and 1270ppm Zn. The mineralisation is hosted in chert and quartz over about 300m strike. The mineralization may extend along strike to the south and north however it is hidden beneath shallow sand cover. Despite the high grades, no drilling has been recorded at the Highway prospect.

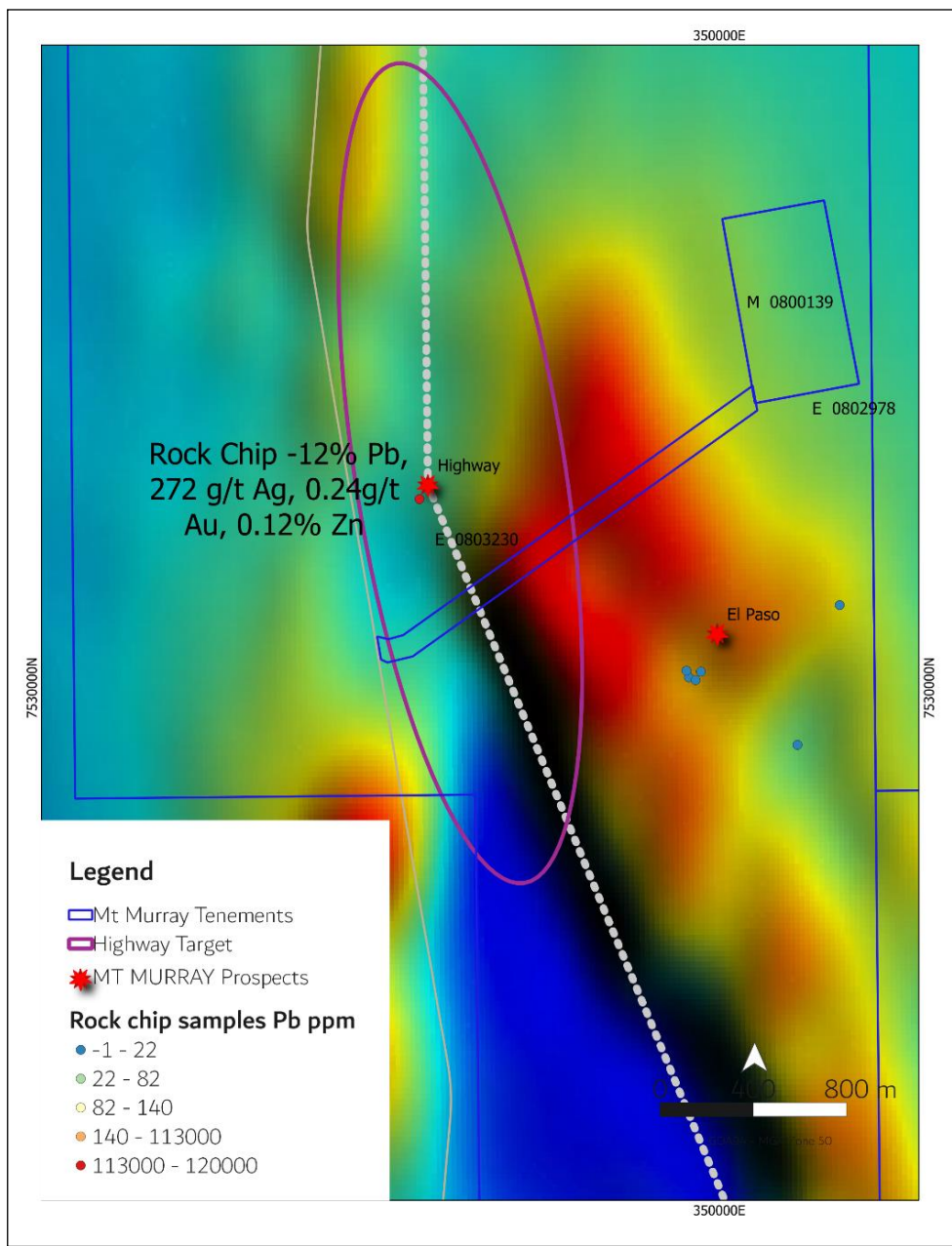


Figure 6: Highway Target with rock chip samples over magnetics.

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Directors' Report

Review of operations (continued)

Airborne Geophysics Survey

An Airborne magnetic and radiometric survey was completed during the period to provide improved baseline data for the ultrafine soil geochemistry program to be completed in the December Half (2022). Survey specifications are outlined below (Table 1). The data is high quality and far superior to the open file government 400m line spaced survey.

The main magnetic feature (El Paso) shows strong internal complexity and is interpreted as a mafic-ultramafic layered intrusive complex. SFM are exploring this large target for nickel-copper-PGE sulphide mineralisation. Major north-south structures are evident in the magnetic data, which likely control the location of the Highway, Emily, Kin and Ridgeback Cu-Pb-Zn-Au-Ag prospects.

Table 1: Mt Murray Aeromagnetic Survey Specifications.

Project Name	Mt Murray			
Survey Schedule (TBC)	April 2022			
Proposed Aircraft	Cessna 210			
Parameters Measured	Magnetics		Radiometrics (2 packs - 33.6 litres)	
Sample Rate	20 Hz (0.05 sec) (approximately 3m samples)		2.0 Hz (0.5 sec) (approximately 30m samples)	
Area Name	Traverse Line Spacing & Direction	Tie Line Spacing & Direction	Survey (Sensor) Height (TBC)	Line Km
Mt Murray	100m 090-270 (E-W)	1000m 000-180 (N-S)	50m	617
TOTAL	-	-	-	617

Orientation Ultrafine Soil Sampling

Following a successful orientation Ultrafine Fraction (UFF) soil program at Mt Murray it was planned to complete a 1,000 sample program on 200m x 50m spacings over the main targets and 400m x 50m over the regional targets. The traditional sieved soil sampling technique was demonstrated by the orientation program to not be effective due to the prevalence of wind-blown sand which swamped the geochemical response to background levels. The UFF soil sample technique is an ultra-sensitive new exploration technique developed by CSIRO in conjunction with LabWest that was successfully demonstrated in a combined CSIRO/ MRIWA Project.

The UFF soil sampling program commenced on 12 May 2022 however was suspended on 13 May 2022 due to heavy rain with only 10% of the sampling completed. The sampling is now planned for the December Half, 2022.

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Directors' Report

Review of operations (continued)

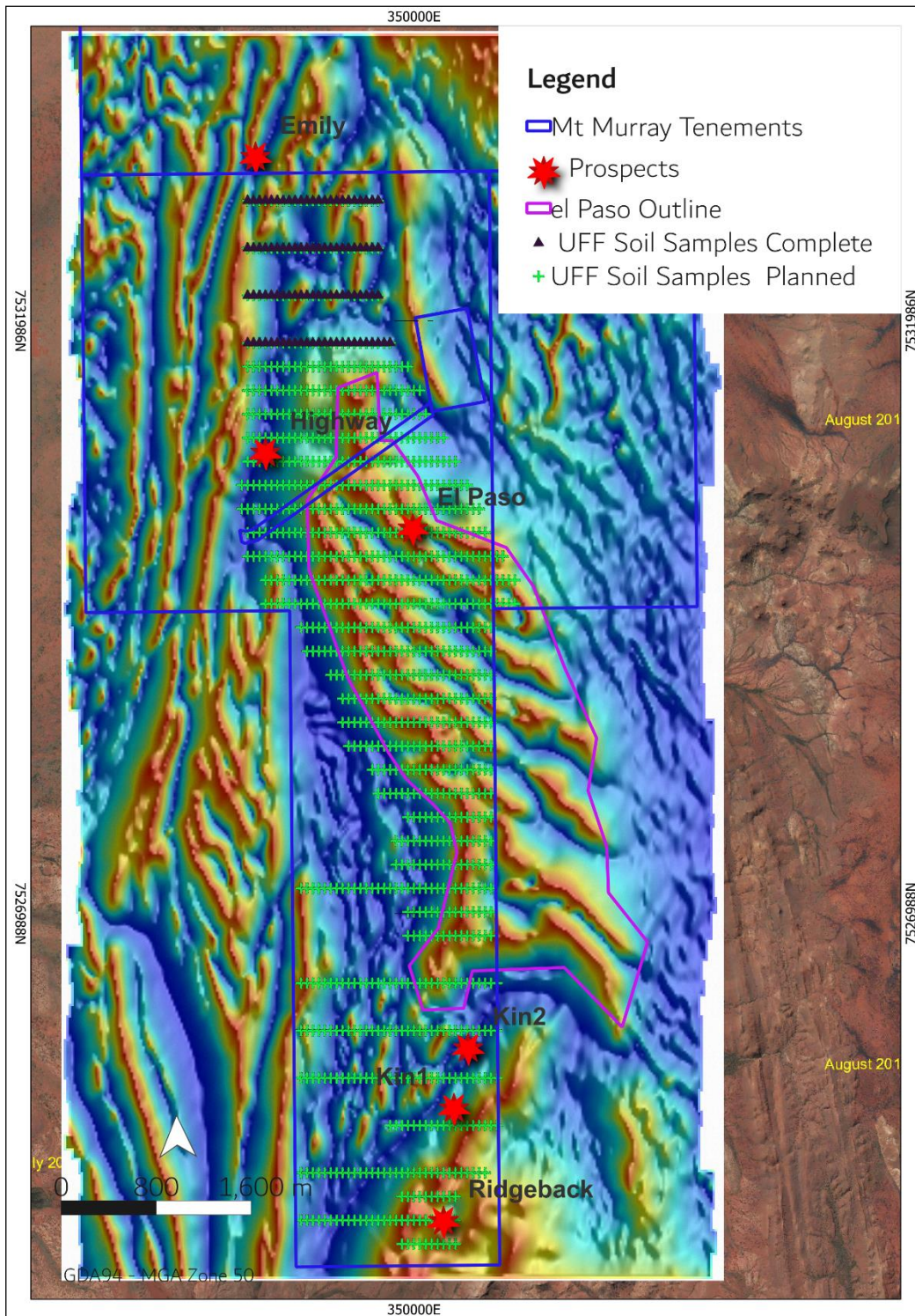


Figure 7: Mt Murray Project Completed and Planned UFF soil sampling over 100m line spaced magnetics. (tmirtptdr_im_psc045045_L_m50)

Directors' Report

Review of operations (continued)

Challa Projects

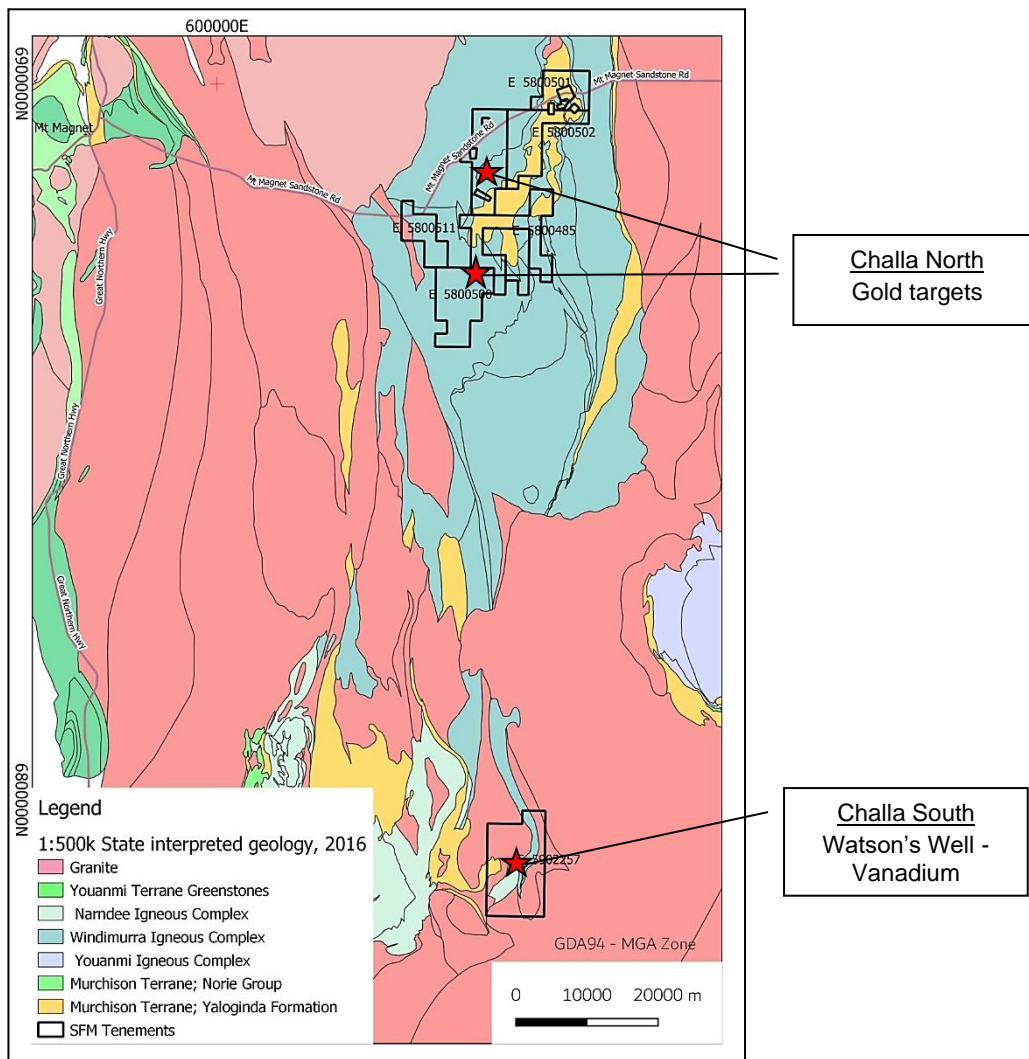


Figure 8 - Challa Project area

Challa North - Gold

During the period, results were received from the expanded auger sampling program completed in October 2021. The auger sampling followed up previously defined anomalous gold zones at:

1. Golden Girls
2. Yard Well
3. Boulder North

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Directors' Report

Review of operations (continued)

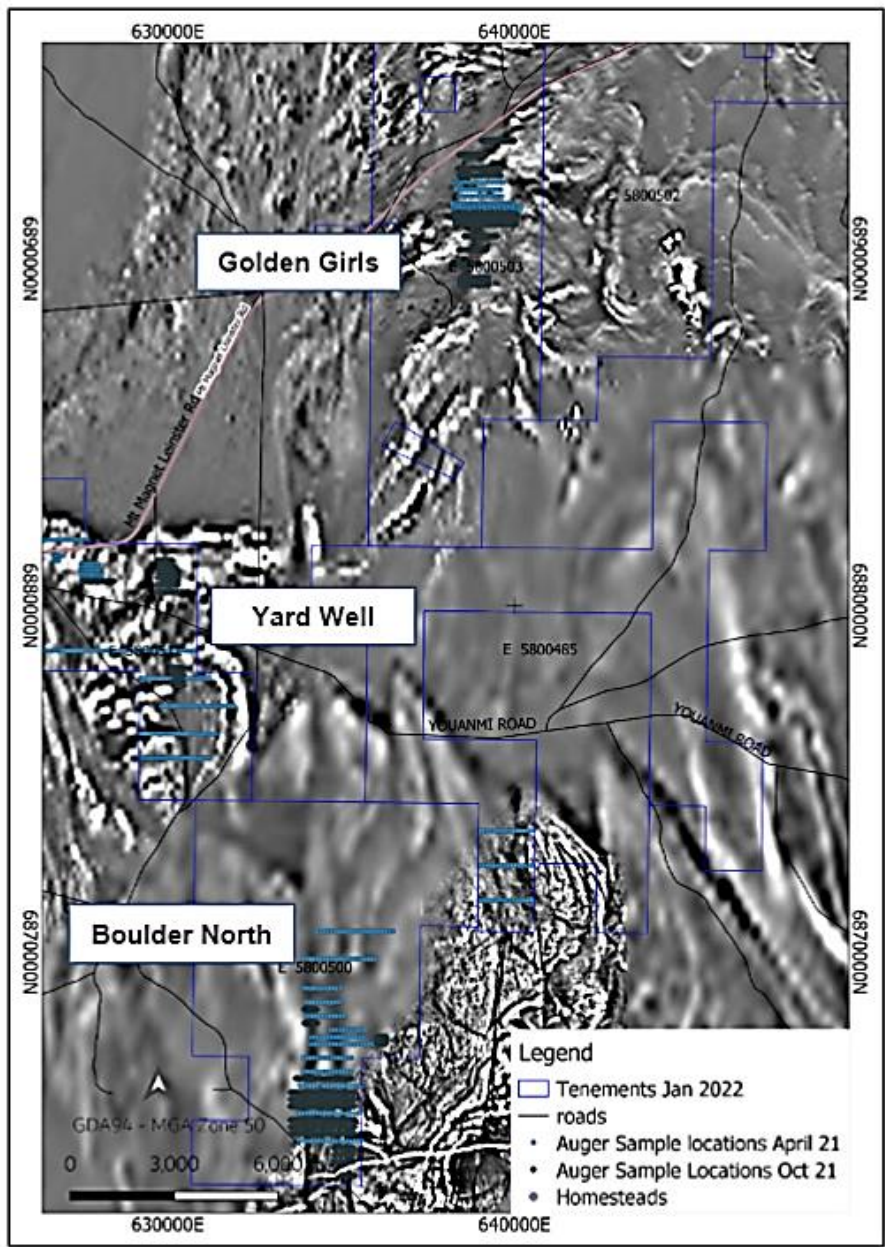


Figure 9 – Auger Sample locations

Golden Girls Prospect

The expanded auger sampling program along strike of the Golden Girls prospect has identified five additional anomalous gold zones to the north and south. Gold anomalous zones have now been identified over 5km of strike. The five new gold anomalies occur on broad spaced auger lines with maximum gold values of 256ppb Au on the northern most line and 245ppb near the southern end of the sampling (Figure 10). Three of the new gold anomalies occur at the eastern end of the sample lines and are not closed off along strike and as such additional auger sampling will be considered to better define the anomalous zones for follow up drilling.

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Directors' Report

Review of operations (continued)

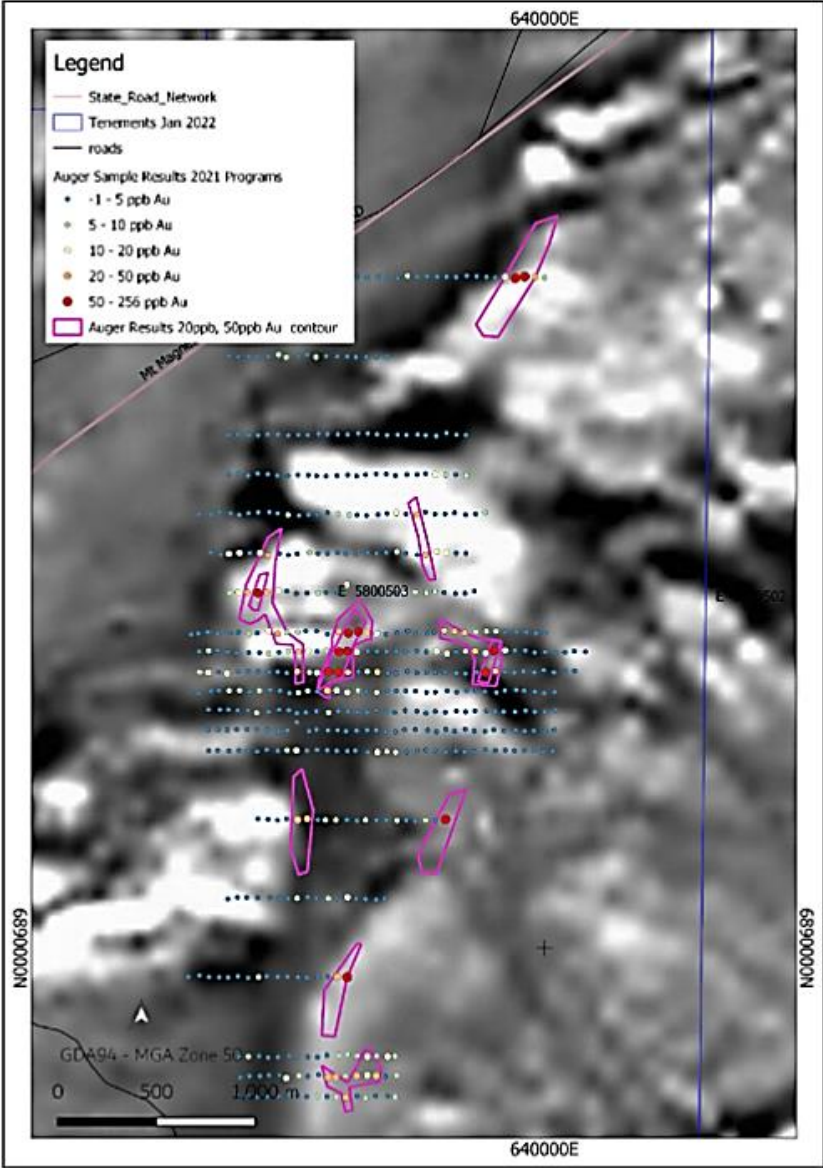


Figure 10 – Golden Girls prospect auger sample locations coloured by gold grade

Directors' Report

Review of operations (continued)

Yard Well Prospect

Results of the auger sampling defined one additional anomaly of plus 4ppb Au over a strike extent of 300m with a maximum sample of 25ppb Au (Figure 11).

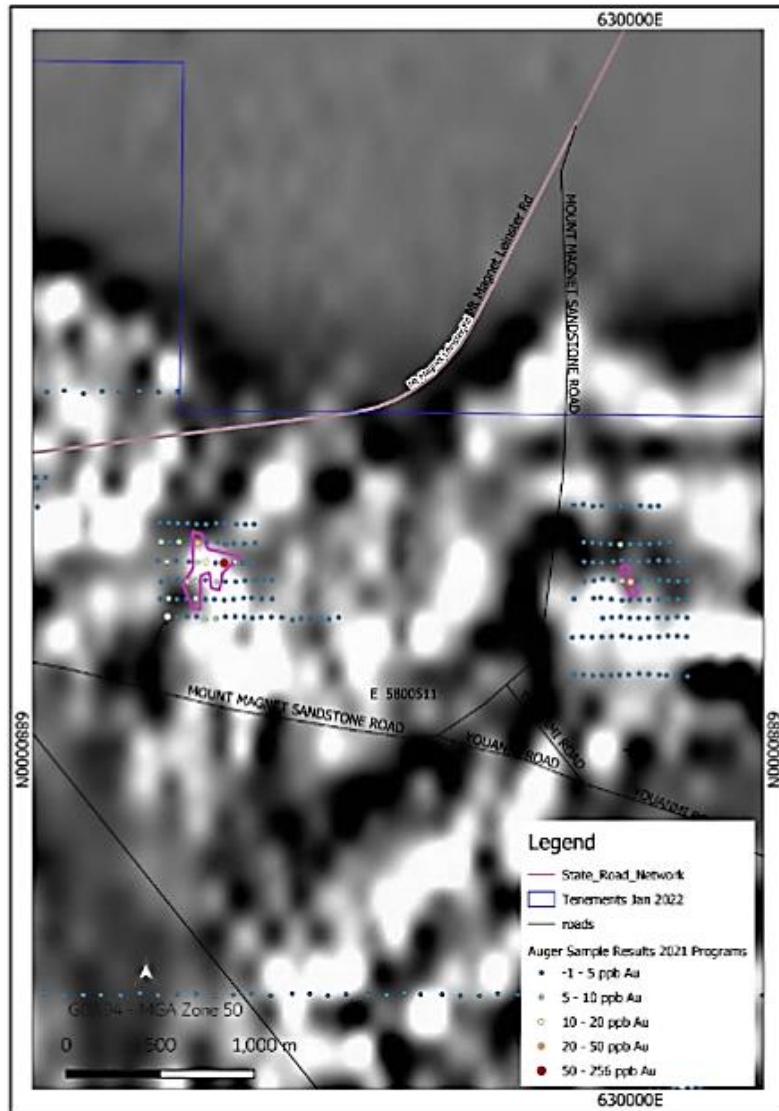


Figure 11 – Yard Well auger sample locations coloured by Au ppb and expanded auger locations over 1vd magnetics.

Boulder North Prospect

Auger sample results from the Boulder North area did not define any significant gold anomalies. The geochemistry results will be further access to determine if the sample depth was sufficient to reflect the bedrock source.

Directors' Report

Review of operations (continued)

Challa South - Watson's Well – Vanadium

Detailed mapping of the Watsons Well V-Ti-Fe prospect was undertaken during the period. This work located several discrete bands of magnetite rich cumulate gabbro layers associated with the 5km long high magnetic zone. These layers are considered the source of the high V and Ti results previously reported from soil and magnetic lag sampling. In field estimates of the magnetite content is between 20% and 50%.

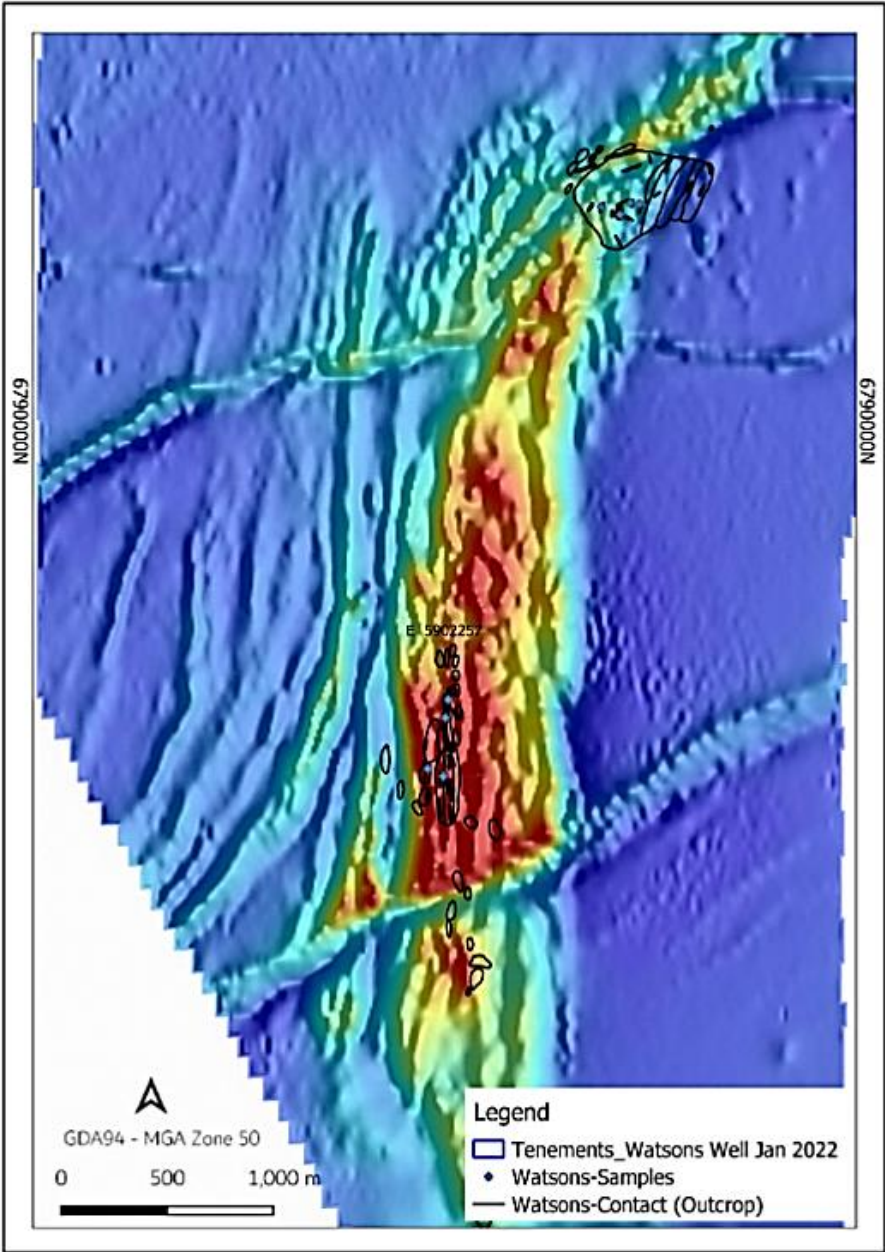


Figure 12 – Outcrop and sample locations Watson's Well Prospect

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Directors' Report

Review of operations (continued)

The results of the rock chip samples collected from several discrete 1m wide bands of magnetite rich cumulate units bounded by gabbro associated with the 7km long high magnetic zone are reported here. The samples were collected as part of geological fact mapping of the Watsons Well V-Ti-Fe target zone. A total of 10 rock samples were collected from small widely spaced outcrops over the 7km strike of the target zone. All rock chips returned high grades as follows:

- V2O5 – 1.18% to 1.33%
- TiO2 - 9.97% to 15.2%
- Fe - 44.12% to 52.74%

Table 2: Watsons Well rock chip sample results.

Sample	East	North	Fe	SiO2	Al2O3	TiO2	V2O5
	GDA 94 Z50	GDA 94 Z50	%	%	%	%	%
MWW01	642663	6788364	52.74	3.32	3.2	15.2	1.23
MWW02	642736	6788328	50.38	5.69	5.34	11.6	1.27
MWW04	643658	6791023	51.03	4.34	3.77	11.7	1.29
MWW05	644877	6792691	50.67	4.19	4.22	14.8	1.2
MWW06	644882	6792700	50.64	4.87	4.29	13.7	1.18
MWW07	642746	6788604	52.72	3.68	4.34	13	1.31
MWW08	642758	6788690	52.68	3.92	4.4	12.4	1.32
MWW09	643568	6790971	44.12	10.08	6.9	9.97	1.09
MWW10	643479	6791009	50.61	5.74	4.98	12.5	1.2
MWW11	643617	6791028	50.87	4.45	4.82	12.2	1.33

SFM is encouraged by these results which are comparable to the higher-grade V-Ti-Fe Resources reported for the Murchison Region of Western Australia.

The next exploration program will be two lines of RC drilling of 10-20 holes for 2,000 to 2,500m to test both the outcropping high grade magnetite cumulate units and deeper unexposed and potentially thicker magnetite cumulate units near the gabbro footwall. SFM is currently planning and permitting this program. SFM is in the process of engaging a suitable drilling contractor, with drilling expected to commence in late September 2022.

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Directors' Report

Review of operations (continued)

Tenements held at the end of the period

Tenement	Holder ¹	Interest	Location	Status
E58/485	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/500	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/501	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/502	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/503	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/511	Challa Resources Pty Ltd	100%	Western Australia	Granted
E59/2257	Challa Minerals Pty Ltd	100%	Western Australia	Granted

¹Challa Resources Pty Ltd and Challa Minerals Pty Ltd are wholly owned subsidiaries of Santa Fe Minerals Limited.

Acquisition of Mt Murray

Via its wholly owned subsidiary Challa Resources Pty Ltd (ACN 619 903 196) (Challa), SFM entered into a binding option agreement to acquire, subject to certain conditions precedent, 80% of the legal and beneficial interest in any or both of the exploration tenements E 08/2978 and E 08/3230 and 80% of the metals rights on M 08/139 from North West Stone Pty Ltd (ACN 159 838 712) (NWS) (Option). The key terms of the agreement are detailed below.

Key Terms

The consideration for the grant of the Option was A\$50,000. The initial period of the Option will expire on 19 November 2023 (Initial Period) and will automatically be extended by three, six month terms unless Challa provides written notice otherwise (Option Period). Challa must pay A\$30,000 for each additional term.

As a condition to the exercise of the Option, Challa must:

- (a) incur at least A\$200,000 of exploration expenditure on the tenements in the Initial Period; and
- (b) incur at least A\$300,000 of exploration expenditure on the tenements (in addition to the amount detailed in paragraph (a) above) in the Option Period.

If the condition is satisfied and the Option is exercised, the Company must issue to NWS the greater of:

- (a) 5,000,000 fully paid ordinary shares in Santa Fe; or
- (b) fully paid ordinary shares in Santa Fe to a value of A\$1,000,000 based on a 5 day VWAP share price prior to the date of exercise of the Option.

If the condition is satisfied, Challa may also elect to enter into a split commodity agreement with NWS for 80% of all metal rights in M 08/139 (Split Commodity Agreement). Upon election to enter into the Split Commodity Agreement, the Company must issue to NWS the greater of:

- (a) 500,000 fully paid ordinary shares in Santa Fe; or
- (b) fully paid ordinary shares in Santa Fe to a value of A\$100,000 based on a 5 day VWAP share price prior to the date of electing to enter into the Split Commodity Agreement.

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Directors' Report

Review of operations (continued)

Under the agreement, the total consideration shares that SFM will issue to exercise the option in its entirety is capped at 10,000,000. The Company intends to issue the above shares using its available placement capacity under listing rule 7.1.

If the Option is exercised, the parties shall commence good faith negotiations with a view to executing a joint venture agreement for the development of the tenements Challa has an interest in, with Challa as manager and operator of the joint venture. NWS will be free carried until a decision to mine.

The option agreement is otherwise on customary terms and conditions for a transaction of this nature, including pre-completion obligations, termination rights and warranties provided by the parties.

Santa Fe agreed to pay approximately \$2,600 of rates outstanding in respect of the exploration tenements.

The Company did not acquire or dispose of any mining tenements nor did it enter into any other farm-in or farm-out agreements during the quarter.

COMPETENT PERSON'S STATEMENT

The information in this report that relates to Exploration Results is based on information compiled by Mr. Reginald Beaton who is a Member of the Australian Institute of Geoscientists. Mr. Beaton is an employee of Santa Fe Minerals Limited and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Beaton consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears. All technical information in this report has previously been released to ASX. The Company is not aware of any new information or data that materially affects the information included in the above.

Operating Performance

The net loss after income tax attributable to members of the Company for the financial year ended 30 June 2022 was \$731,886 (30 June 2021: \$136,582). At 30 June 2022, the Company had net assets of \$3,851,560 (30 June 2021: \$4,583,446).

Financial Position

As at 30 June 2022, the Company had cash and cash equivalents of \$2,874,740 (2021: \$3,438,103).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group to the date of this report, other than as set out in this report.

Significant events after balance date

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2022 and it is not practicable to estimate the potential impact, positive or negative, on the Group's activities after the reporting date. The situation is rapidly developing 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.

On 9 September 2022, the Group acquired 400,000 shares in Atlantic Lithium Limited, for a total value of \$232,000. This brings the Company's total shareholding in Atlantic Lithium Limited to 1.4 million shares.

There has been no matter or circumstance that has arisen after balance date that has significantly affected, 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 periods.

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Directors' Report

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Group. Therefore, this information has not been presented in this report.

Environmental legislation

The Group is not subject to any significant environmental legislation.

Indemnification and insurance of directors and officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company and its controlled entities against any liability incurred in the course of their duties 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.

Remuneration Report - audited

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the key management personnel of Santa Fe Minerals Limited for the financial year ended 30 June 2022. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

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

Key Management Personnel

Mr Mark Jones - Director since May 2011
Mr Douglas Rose - Director since March 2013
Mr Terence Brown - Director since August 2017

Remuneration philosophy

The performance of the Company depends upon the quality of the directors and executives. The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable executive remuneration.

Remuneration structure

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

Non-executive director remuneration

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

The ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers advice from external advisers and shareholders as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the Company. The remuneration of the non-executive directors for the year ended 30 June 2022 is detailed below.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Senior manager and executive director remuneration

Remuneration consists of fixed remuneration and variable remuneration (which may comprise short-term and long-term incentive schemes).

Fixed Remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group.

Performance Based Remuneration

No performance based amounts have been paid or determined to be paid to directors at this stage of the Group's development.

Variable Remuneration

The objective of any short term incentive program is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential short term incentive available will be set at a level so as to provide sufficient incentive to senior management to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances.

Actual payments granted to each senior manager will depend on the extent to which specific operating targets set at the beginning of the financial year are met. The aggregate of annual payments available for executives across the Group is subject to the approval of the Board. Payments made may be delivered as a cash or shares/options bonus in the following reporting period.

The Company currently does not have any long term incentive payment arrangements in operation.

Service Agreements

The Company entered into an Executive Services Agreement with Mr Rose on 29 April 2020 which replaces the previous Executive Services Agreement dated 16 June 2014 and subsequent variations dated 1 July 2016 and 24 May 2018.

Mr Rose is entitled to a fixed base remuneration of \$100,000 per annum plus statutory superannuation. The service agreement can be terminated by either party providing three months' notice, with the Company being entitled to make a payment in lieu of that notice. In the event of termination by the Company, Mr. Rose will be entitled to a termination payment of \$100,000, less any payment made in lieu of notice.

Bonuses

There were no bonuses granted including those with service and performance criteria during the financial year.

Remuneration consultants

Remuneration consultants were not used.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Remuneration of Key Management Personnel

Key Management Personnel remuneration for the years ended 30 June 2022 and 30 June 2021.

		Short-term employee benefits		Post employment benefits	Other long-term benefits	Share-based payments	Total	Relative proportion of remuneration linked to performance	
		Salary & Fees	Bonus	Super-annuation	Other	Shares		Fixed	Performance linked
		\$	\$	\$	\$	\$	\$	\$	\$
Mark Jones	2022	100,000	-	10,000	-	-	110,000	100%	-
	2021	100,000	-	9,500	-	-	109,500	100%	-
Douglas Rose	2022	100,000	-	10,000	-	-	110,000	100%	-
	2021	100,000	-	9,500	-	-	109,500	100%	-
Terence Brown	2022	20,000	-	2,000	-	-	22,000	100%	-
	2021	20,000	-	1,900	-	-	21,900	100%	-
TOTAL	2022	220,000	-	22,000	-	-	242,000	100%	-
	2021	220,000	-	20,900	-	-	240,900	100%	-

Share Option Plans

There were no share options issued during the financial year.

Share-based compensation to Key Management Personnel

There were no share-based payments to directors and executives during the year.

Shareholdings of Key Management Personnel

30-Jun-22	Balance at beginning of year	Granted as remuneration	Net Change Other	Balance at end of year
<i>Directors:</i>				
Mark Jones	5,860,000	-	-	5,860,000
Douglas Rose	4,549,748	-	200,000	4,749,748
Terence Brown	-	-	-	-
	<u>10,409,748</u>	<u>-</u>	<u>200,000</u>	<u>10,609,748</u>

All equity transactions with key management personnel other than those granted as remuneration have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Directors' Report

Remuneration Report (continued)

Loans to Key Management Personnel

There were no loans provided to key management personnel during the financial year or outstanding at balance date (2021: nil).

Other transactions with Key Management Personnel

There were no other transactions with key management personnel during the financial year or outstanding at balance date.

Associates and Joint Ventures in which the parent entity is a venturer

The Group does not have any associates and has no interests in joint ventures.

Terms and conditions of transactions with related parties

Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms. No guarantees have been provided or received for any related party receivables or payables. For the year ended 30 June 2022, the Group has not made any allowance for doubtful debts relating to amounts owed by related parties (2021: nil).

Additional information

The table below shows the key operating outcomes achieved as compared with the previous two comparative periods to 30 June 2022:

	30 June 2022 \$'000	30 June 2021 \$'000	30 June 2020 \$'000	30 June 2019 \$'000
Other income	2	30	109	107
Net (loss)/profit before tax	(732)	(137)	(974)	(784)
Net (loss)/profit after tax	(732)	(137)	(974)	(784)
Share price at start of year	\$0.09	\$0.06	\$0.09	\$0.22
Share price at end of year	\$0.10	\$0.09	\$0.06	\$0.09
Basic loss per share (cents)	\$1.01	\$0.19	\$1.34	\$1.08
Diluted loss per share (cents)	\$1.01	\$0.19	\$1.34	\$1.08

END OF REMUNERATION REPORT

Directors' Meetings

There was one meeting of directors held during the year, attended by all directors. The Board works closely together on Company related matters and have formalised relevant matters via 7 circular resolutions during the year.

Proceedings on behalf of the 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.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on page 26 and forms part of this directors' report for the year ended 30 June 2022.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Directors' Report

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 17 to the consolidated financial statements. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

Signed in accordance with a resolution of the Board of directors.



Doug Rose
Managing Director
21 September 2022
Perth, Western Australia

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Santa Fe Minerals Limited for the year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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



Perth, Western Australia
21 September 2022

B G McVeigh
Partner

hl**b.com.au**

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Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

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

	Note	2022 \$	2021 \$
Continuing operations			
Other income	2	1,604	30,399
Employee benefits expense	2	(338,521)	(330,400)
Depreciation	10	(15,821)	(19,699)
Exploration expenditure		(220,240)	(143,094)
Other expenses	2	(281,402)	(222,295)
Fair value gain on FVTPL assets	16	122,494	548,507
Loss before income tax		(731,886)	(136,582)
Income tax expense	3	-	-
Loss for the year		(731,886)	(136,582)
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss		(731,886)	(136,582)
Basic loss per share (cents)	5	(1.01)	(0.19)
Diluted loss per share (cents)	5	(1.01)	(0.19)

The accompanying notes form part of these financial statements.

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Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Consolidated Statement of Financial Position
As at 30 June 2022

	Note	2022 \$	2021 \$
Assets			
Current Assets			
Cash and cash equivalents	6	2,874,740	3,438,103
Trade and other receivables	7	4,396	8,181
Other assets	8	27,150	20,752
Total Current Assets		2,906,286	3,467,036
NON-CURRENT ASSETS			
Assets classified as FVTPL	16	700,996	886,469
Deferred exploration and evaluation expenditure	11	354,146	300,536
Property, plant and equipment	10	9,160	24,982
Total Non-Current Assets		1,064,302	1,211,987
Total Assets		3,970,588	4,679,023
Liabilities			
Current Liabilities			
Trade and other payables	12	44,265	24,782
Provisions	14	74,763	70,795
Total Current Liabilities		119,028	95,577
Total Liabilities		119,028	95,577
Net Assets		3,851,560	4,583,446
Equity			
Share capital	15	14,757,954	14,757,954
Reserves	15	-	-
Accumulated losses		(10,906,394)	(10,174,508)
Total Equity		3,851,560	4,583,446

The accompanying notes form part of these financial statements.

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Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Consolidated Statement of Changes in Equity
For the year ended 30 June 2022

	Issued capital \$	Share based payments reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	14,757,954	-	(10,174,508)	4,583,446
Loss for the year	-	-	(731,886)	(731,886)
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive loss for the year, net of income tax	-	-	(731,886)	(731,886)
Balance at 30 June 2022	14,757,954	-	(10,906,394)	3,851,560
Balance at 1 July 2020	14,757,954	76,067	(10,113,993)	4,720,028
Loss for the year	-	-	(136,582)	(136,582)
Other comprehensive income for the year, net of income tax	-	-	-	-
Total comprehensive loss for the year, net of income tax	-	-	(136,582)	(136,582)
Transfer of lapsed options	-	(76,067)	76,067	-
Balance at 30 June 2021	14,757,954	-	(10,174,508)	4,583,446

The accompanying notes form part of these financial statements.

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Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Consolidated Statement of Cash Flows
For the year ended 30 June 2022

	Note	2022 \$	2021 \$
Cash flows from operating activities			
Interest received		2,041	18,953
Government grants		-	46,038
Payments to suppliers and employees		(544,021)	(506,254)
Exploration and evaluation expenditure		(275,740)	(218,875)
Net cash used in operating activities	6	(817,720)	(660,138)
Cash flows from investing activities			
Payments for acquisition of Projects		(53,610)	-
Payments for equity FVTPL assets		(1,012,874)	(299,375)
Proceeds from disposal of equity FVTPL assets		1,320,841	-
Net cash from (used in) investing activities		254,357	(299,375)
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Capital raising costs		-	-
Net cash from financing activities		-	-
Net decrease in cash held		(563,363)	(959,513)
Cash and cash equivalents at beginning of year		3,438,103	4,397,616
Cash and cash equivalents at end of year	6	2,874,740	3,438,103

The accompanying notes form part of these financial statements.

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Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The consolidated financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law.

The financial statements comprise the consolidated financial statements for the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated. The financial statements are for the Group consisting of Santa Fe Minerals Limited and its subsidiaries.

The financial report has been prepared on a historical cost basis except for FVTPL assets which have been measured at fair value. Historical cost is based on the fair values of the consideration given in exchange for goods and services.

The financial report is presented in Australian dollars. The Company is a listed public company, incorporated in Australia.

(b) Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2022

In the year ended 30 June 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period.

As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued and, therefore, no change is necessary to the Group's accounting policies.

Standards and Interpretations in issue not yet effective

The Directors have also reviewed all Standards and Interpretations issued but not yet effective for the year ended 30 June 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations issued not yet effective on the Group and, therefore, no change is necessary to Group accounting policies.

(c) Statement of compliance

The financial report was authorised for issue on 21 September 2022.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Santa Fe Minerals Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Santa Fe Minerals Limited and its subsidiaries are referred to in this financial report as the Group. The financial statements of the subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability in its power to affect its returns.

The Company reassesses whether, or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Basis of consolidation (continued)

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in subsidiaries. Any difference between the amount paid by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between:

- the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable AASBs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under AASB 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(e) Critical accounting estimates and judgments

The application of accounting policies requires the use of judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Recovery of deferred tax assets

Deferred tax assets are recognised when management considers that it is probable that sufficient future tax profits will be available to utilise those temporary differences. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Exploration and evaluation expenditure

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgment in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The determination of a Joint Ore Reserves Committee (JORC) resource is itself an estimation process that requires varying degrees of uncertainty depending on sub-classification and these estimates directly impact the point of deferral of exploration and evaluation expenditure. The deferral policy requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions made may change if new information becomes available.

(f) Exploration and evaluation expenditure

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- a) the rights to tenure of the area of interest are current; and
- b) at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation costs, excluding the costs of acquiring tenements and permits, are expensed as incurred. Acquisition costs will be assessed on a case-by-case basis and, if appropriate, they will be capitalised.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Exploration and evaluation expenditure (continued)

These acquisition costs are carried forward only if the rights to tenure of the area of interest are current and either:

- they are expected to be recouped through successful development and exploitation of the area of interest or;
- the activities in the area of interest at the reporting date have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest, are continuing.

Accumulated acquisition costs in relation to an abandoned area are written off in full to the statement of profit or loss and other comprehensive income in the year in which the decision to abandon the area is made.

The carrying values of acquisition costs are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Where a decision has been made to proceed with development in respect of an area of interest the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(g) Revenue Recognition

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

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that assets' net carrying amount on initial recognition.

Grant revenue

Grant revenue is recognised when it is received or when the right to receive payment is established. Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(h) Borrowing costs

Borrowing costs are capitalised that are directly attributable to the acquisition, construction or production of qualifying assets where the borrowing cost is added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(i) Leases

Right-of-use assets

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

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

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

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases (continued)

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

(j) Income tax

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Income tax (continued)

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Santa Fe Minerals Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Santa Fe Minerals Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

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

(l) Impairment of tangible and intangible assets

The Group assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Cash and cash equivalents

Cash comprises cash at bank and cash on hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(n) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging up to 30 days.

Impairment of trade receivables is continually reviewed and those that are considered to be uncollectible are written off by reducing the carrying amount directly.

The amount of the impairment loss is recognised in the statement of comprehensive income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(o) Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial assets (continued)

After initial recognition, these are measured at amortised cost using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under IAS 39.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Equity instruments at fair value through other comprehensive income (Equity FVOCI)

Investments in equity instruments that are not held for trading are eligible for an irrevocable election at inception to be measured at FVOCI. Under Equity FVOCI, subsequent movements in fair value are recognised in other comprehensive income and are never reclassified to profit or loss.

Dividends from these investments continue to be recorded as other income within the profit or loss unless the dividend clearly represents return of capital. This category includes unlisted equity securities that were previously classified as 'available-for-sale' under AASB 139. Any gains or losses recognised in other comprehensive income (OCI) are not recycled upon derecognition of the asset.

Debt instruments at fair value through other comprehensive income (Debt FVOCI)

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of collecting the contractual cash flows and selling the assets are accounted for at debt FVOCI.

The Group accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is to "hold to collect" the associated cash flows and sell financial assets; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Financial assets (continued)

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

(p) Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is an arrangement where the parties have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised on the consolidated statement of financial position and adjusted thereafter to recognised the Groups' share of the profit or loss in other comprehensive income of the associate if joint venture.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in associate or joint venture), the Group discontinues to recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Investment in associates and joint ventures (continued)

When necessary, the entire carrying amount if the investment (including goodwill) is tested for impairment in accordance with AASB 136 'Impairment of Assets' as a single asset by comparing its recoverable amount (higher of value in use less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment.

Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceased to be an associate or a joint venture, or when the investment is classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with AASB 9. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities., the Group reclassified the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassified to profit and loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and loss resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(q) Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Plant and equipment	3-15 years
Motor vehicle	4 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each balance date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to approximate fair value.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Property, plant and equipment (continued)

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the statement of comprehensive income in other expenses.

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

Impairment losses recognised for goodwill are not subsequently reversed.

(r) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

(s) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(t) Employee leave benefits

Wages, salaries and annual leave

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

Long service leave

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

(u) Share-based payment transactions

Equity settled transactions:

The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions).

The cost of these equity-settled transactions with employees is measured 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 a Black-Scholes model.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Santa Fe Minerals Limited (market conditions) if applicable.

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Share-based payment transactions (continued)

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Group's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings or loss per share.

(v) 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. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a new business are not included in the cost of acquisition as part of the purchase consideration.

(w) Earnings per share

Earnings per share is calculated as net profit / (loss) attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit / (loss) attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Parent entity financial information

The financial information for the parent entity, Santa Fe Minerals Limited, has been prepared on the same basis as the consolidated financial statements, except in relation to investments in subsidiaries, associates and joint venture entities.

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity's financial statements. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(y) Going concern

The consolidated financial report has been prepared on a going concern basis.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 2: REVENUE AND EXPENSES

	2022	2021
	\$	\$
Other income		
Interest received	1,604	16,647
Government grant	-	13,752
	<u>1,604</u>	<u>30,399</u>
Employee benefits expense		
Wages, salaries and director fees	274,750	286,050
Superannuation	27,475	28,099
Leave entitlement expense	3,968	6,519
Other employee expenses	32,328	9,732
	<u>338,521</u>	<u>330,400</u>
Other expenses		
ASX fees	24,165	18,835
Contractors and consultants	62,250	30,000
Auditor's remuneration	27,725	31,725
Insurance	46,828	34,938
Legal fees	10,754	2,228
Occupancy costs	17,018	22,087
Travel	11,262	2,078
IT costs	10,338	9,694
Share registry fees	6,770	5,812
Foreign exchange gain (loss)	(337)	-
Other expenses	64,629	64,898
	<u>281,402</u>	<u>222,295</u>
Proceeds from disposal FVTPL - Note 16	1,320,841	-
Fair value of shares disposed FVTPL	<u>(1,320,841)</u>	<u>-</u>
Net profit	<u>-</u>	<u>-</u>

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 3: INCOME TAX

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2022	2021
	\$	\$
<i>Income tax recognised in profit or loss</i>		
Current tax expense	-	-
Benefit arising from previously unrecognised tax losses of a prior period that is used to reduce current tax	-	-
Adjustments recognised in the current year in relation to the current tax of prior years	-	-
Deferred tax expense / (income)	-	-
Income tax expense	<u>-</u>	<u>-</u>

The prima facie income tax expense / (benefit) on pre-tax accounting profit /(loss) from operations reconciles to the income tax expense as follows:

Accounting loss before income tax	<u>(731,886)</u>	<u>(136,582)</u>
Income tax at 30%	(219,566)	(40,974)
Tax effect of amounts which are not deductible / (taxable) in calculating taxable income:		
Non-deductible expenses	2,467	1,202
Non-assessable income	-	(3,226)
Adjustments recognised in the current year in relation to current tax of prior years	(902)	(735)
Temporary differences not recognised	<u>218,001</u>	<u>43,733</u>
Income tax expense	<u>-</u>	<u>-</u>

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 3: INCOME TAX (continued)

Deferred Tax Balances

At 30 June 2022, net deferred tax assets of \$1,406,584 (2021: \$1,188,583) have not been recognised in terms of AASB112 *Income Taxes*. The Company does not currently have revenue generating activities and therefore it may not have future taxable profit available against which the deductible temporary differences and unused tax losses comprising this net deferred tax amount may be utilised.

Unrecognised deferred tax assets and liabilities as at 30 June 2022 comprise:	Deferred tax assets	Deferred tax liabilities	Net
	\$	\$	\$
Trade and other receivables	-	(89)	(89)
Prepayment	-	(6,626)	(6,626)
Financial assets	62,070	(244,077)	(182,007)
Property, plant & equipment	900	-	900
Intangible assets	-	(42,233)	(42,233)
Trade and other payables	6,000	-	6,000
Employee benefits	23,061	-	23,061
Unused tax losses	1,607,578	-	1,607,578
Other future deductions	-	-	-
Unrecognised deferred tax assets / (liabilities) before set-off	1,699,609	(293,025)	1,406,584
Set-off of deferred tax liabilities	(293,025)	293,025	-
Net unrecognised deferred tax asset	<u>1,406,584</u>	<u>-</u>	<u>1,406,584</u>

In addition to the assessed loss and other net future income tax deductions on which deferred tax has not been recognised at 30 June 2022 as set out in the table above, the Company also has accumulated capital losses of \$656,196 on which deferred tax has not been recognised. Such capital losses may only be utilised against potential future capital gains.

Unrecognised deferred tax assets and liabilities as at 30 June 2021 comprise:	Deferred tax assets	Deferred tax liabilities	Net
	\$	\$	\$
Cash & cash equivalents	-	(220)	(220)
Financial assets	62,070	(207,329)	(145,259)
Trade and other receivables	-	(4,708)	(4,708)
Property, plant & equipment	626	-	626
Intangible assets	-	(36,261)	(36,261)
Trade and other payables	6,600	-	6,600
Employee benefits	21,239	-	21,239
Unused tax losses	1,331,395	-	1,331,395
Other future deductions	15,171	-	15,171
Unrecognised deferred tax assets / (liabilities) before set-off	1,437,101	(248,518)	1,188,583
Set-off of deferred tax liabilities	(248,518)	248,518	-
Net unrecognised deferred tax asset	<u>1,188,583</u>	<u>-</u>	<u>1,188,583</u>

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 4: SEGMENT REPORTING

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group's operating segments have been determined with reference to the monthly management accounts used by the Chief Operating Decision maker to make decisions regarding the Group's operations and allocation of working capital. Due to the size and nature of the Group, the Board as a whole has been determined as the Chief Operating Decision Maker.

During the period, the Company operated predominantly in one segment being the minerals exploration sector in Australia. Accordingly, under the "management approach" outlined, only one operating segment has been identified and no further disclosure is required in the notes to the financial statements.

The revenues and results of this segment are those of the Group as a whole and are set out in the consolidated statement of comprehensive income and the assets and liabilities of the Group as a whole are set out in the consolidated statement of financial position.

NOTE 5: EARNINGS PER SHARE

	2022	2021
	Cents per share	Cents per share
Loss per share:	(1.01)	(0.19)
Diluted loss per share:	(1.01)	(0.19)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	72,818,789	72,818,789
(Loss) / profit used in the calculation of total basic and diluted earnings per share are as set out in the statement of comprehensive income	(731,886)	(136,582)

NOTE 6: CASH AND CASH EQUIVALENTS

	2022	2021
	\$	\$
Cash at bank	129,212	93,479
Short-term deposits	2,745,528	3,344,624
	<u>2,874,740</u>	<u>3,438,103</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

Santa Fe Minerals Limited
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Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 6: CASH AND CASH EQUIVALENTS (continued)

Reconciliation of profit/ (loss) for the year to net cash flows from operating activities:

	2022	2021
	\$	\$
Loss for the year	(731,886)	(136,582)
Depreciation	15,821	19,699
Gain on fair value of FVTPL assets	(122,494)	(548,507)
<i>(Increase)/decrease in assets:</i>		
Trade and other receivables	3,785	31,878
Other financial assets	(6,398)	(6,378)
<i>Increase/(decrease) in liabilities:</i>		
Trade and other payables	19,484	(26,767)
Provisions	3,968	6,519
Net cash outflow from operating activities	(817,720)	(660,138)

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand and at bank and investments in money market instruments, net of outstanding bank overdrafts.

NOTE 7: CURRENT TRADE AND OTHER RECEIVABLES

	2022	2021
	\$	\$
Accrued interest	296	733
GST receivable	4,100	7,448
	4,396	8,181

As at 30 June 2022, no provision for expected credit losses was required (2021: nil). There are no receivables which are past due and not impaired.

NOTE 8: OTHER FINANCIAL ASSETS

	2022	2021
	\$	\$
Prepayments	22,089	15,691
Deposits	5,061	5,061
	27,150	20,752

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 9: SHARE BASED PAYMENTS

Options

There were no outstanding unquoted options at 30 June 2022.

The following unquoted options have expired during the year ended 30 June 2021 in accordance with the terms and conditions they were issued under:

	Number	Grant date	Expiry date	Exercise price	Fair value at grant date	Vesting date
SERIES 1	1,250,000	22/11/2017	30/09/2020	\$0.20	\$45,941	22/11/2019
SERIES 2	500,000	01/03/2018	30/09/2020	\$0.20	\$30,126	15/09/2018

The fair value of the equity-settled share options is estimated as at the date of grant using the Black-Scholes model taking into account the terms and conditions upon which the options were granted.

	SERIES 1	SERIES 2
Dividend yield (%)	-	-
Expected volatility (%)	80	80
Risk-free interest rate (%)	2.02	2.02
Expected life of option (years)	1.83	2.58
Exercise price (cents)	20	20
Grant date share price (cents)	10	15

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other features of options granted were incorporated into the measurement of fair value.

The following table illustrates the number (No.) and weighted average exercise prices of and movements in share options in existence during the year:

	2022 No.	2022 Weighted average exercise price	2021 No.	2021 Weighted average exercise price
Outstanding at the beginning of the year	-	-	1,750,000	0.20
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during period	-	-	(1,750,000)	0.20
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-

All options lapsed last year, therefore at 30 June 2022, there are no outstanding options.

Santa Fe Minerals Limited
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Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles	Plant and equipment	Total
	\$	\$	\$
Net carrying amount:			
Balance at 1 July 2020	40,209	4,472	44,681
Additions	-	-	-
Disposals	-	-	-
Depreciation	<u>(17,612)</u>	<u>(2,087)</u>	<u>(19,699)</u>
Balance at 30 June 2021	<u>22,597</u>	<u>2,385</u>	<u>24,982</u>
At 30 June 2021:			
Cost	89,537	15,156	104,693
Accumulated depreciation	<u>(66,940)</u>	<u>(12,771)</u>	<u>(79,711)</u>
Net carrying amount	<u>22,597</u>	<u>2,385</u>	<u>24,982</u>
Net carrying amount:			
Balance at 1 July 2021	22,597	2,385	24,982
Additions	-	-	-
Disposals	-	-	-
Depreciation	<u>(14,907)</u>	<u>(915)</u>	<u>(15,822)</u>
Balance at 30 June 2022	<u>7,690</u>	<u>1,470</u>	<u>9,160</u>
At 30 June 2022:			
Cost	89,537	15,156	104,693
Accumulated depreciation	<u>(81,847)</u>	<u>(13,686)</u>	<u>(95,533)</u>
Net carrying amount	<u>7,690</u>	<u>1,470</u>	<u>9,160</u>

NOTE 11: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	2022	2021
	\$	\$
Balance at beginning of period	300,536	300,536
Acquisition of tenements	53,610	-
Total deferred exploration and evaluation expenditure	<u>354,146</u>	<u>300,536</u>

Exploration and evaluation costs, excluding the costs of acquiring tenements and permits, are expensed as incurred.

Capitalised exploration expenditure relating to the surrender of exploration licences or where rights to tenure is not current have been written off in full during the year. The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 12: TRADE AND OTHER PAYABLES

	2022	2021
	\$	\$
Trade payables	10,246	1,336
Sundry creditors and accruals	20,000	22,000
Others	14,019	1,446
Trade and other payables	<u>44,265</u>	<u>24,782</u>

Trade payables are unsecured, non-interest bearing and are normally settled on 30-60 day terms.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Exploration commitments

The Company has certain obligations to perform minimum exploration work and to spend minimum amounts on exploration tenements. The obligations may be varied from time to time subject to approval and are expected to be fulfilled in the normal course of the operations of the Company.

Due to the nature of the Company's operations in exploring and evaluating areas of interest, it is difficult to accurately forecast the nature and amount of future expenditure beyond the next year. Expenditure may be reduced by seeking exemption from individual commitments, by relinquishing of tenure or any new joint venture agreements. Expenditure may be increased when new tenements are granted.

Commitment contracted for at balance date but not recognised as liabilities are as follows:

	2022	2021
	\$	\$
Within a year	<u>389,000</u>	<u>317,338</u>

Capital commitments

There are no commitments contracted for at balance date but not recognised as liabilities at 30 June 2022 (2021: nil).

Contingent consideration liability

There were no contingent liabilities at the date of signing this report (2021: nil).

NOTE 14: PROVISIONS

	2022	2021
	\$	\$
Annual leave	58,092	54,948
Long service leave	16,671	15,847
	<u>74,763</u>	<u>70,795</u>

NOTE 15: ISSUED CAPITAL AND RESERVES

Issued Capital

	2022	2021
	\$	\$
Share capital	<u>14,757,954</u>	<u>14,757,954</u>

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 15: ISSUED CAPITAL AND RESERVES (continued)

Movements in ordinary shares:

	Year to 30 June 2022		Year to 30 June 2021	
	Number	\$	Number	\$
Balance at beginning of year	72,818,789	14,757,954	72,818,789	14,757,954
Issue of fully paid ordinary shares	-	-	-	-
Share issue costs	-	-	-	-
Balance at end of year	<u>72,818,789</u>	<u>14,757,954</u>	<u>72,818,789</u>	<u>14,757,954</u>

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

Nature and purpose of reserves

Share-based payments reserve

This reserve is used to record the value of option-settled payments paid to vendors for the acquisition of Projects. There are no options recorded on shared based payment reserve as at 30 June 2022 and 30 June 2021.

NOTE 16: FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 30 June 2022 and 30 June 2021.

	Year to 30-Jun-22	Year to 30-Jun- 21	Fair value hierarchy	Valuation technique
	Fair value \$	Fair value \$		
Equity investments designated at FVTPL	700,996	886,469	Level 1	Quoted market prices in an active market

The directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation their fair values.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 16: FINANCIAL INSTRUMENTS (continued)

	2022	2021
	\$	\$
<i>Movement in equity investments designated at FVTPL:</i>		
Opening balance	886,469	38,587
Additions	1,012,874	299,375
Fair value movement on FVTPL assets	122,494	548,507
Disposals	(1,320,841)	-
	<u>700,996</u>	<u>886,469</u>

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of cash and cash equivalents, borrowings and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as general administrative outgoings.

At 30 June 2022, the Group had no borrowings.

Categories of financial instruments	2022	2021
	\$	\$
Financial assets		
Cash and cash equivalents	2,874,740	3,438,103
Trade and other receivables	4,396	8,181
Equity investments designated at FVTPL	700,996	886,469
Financial liabilities		
Trade and other payables	44,265	24,782

Financial risk management objectives

The Group is exposed to, (i) market risk (which includes foreign currency exchange risk, interest rate risk, share price risk and commodity price risk), (ii) credit risk and (iii) liquidity risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in interest rate. The Group does not enter into derivative financial instruments to manage its exposure to this risk.

Foreign currency risk management

The Group does not undertake any material transactions denominated in foreign currencies. All contracts are denominated in Australian dollars.

Interest rate risk sensitivity analysis

The Group is exposed to interest rate risk as it has cash at floating and fixed interest rates. The following tables summaries the sensitivity of the Company's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved by 1%, with all other variables held constant, post-tax loss and equity would have been affected as shown.

The analysis has been performed on the same basis for 2022 and 2021, and represents management's judgement of a reasonably possible movement.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 16: FINANCIAL INSTRUMENTS (continued)

30 June 2022	Weighted Average Interest Rate %	Carrying amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
			Net loss \$	Equity \$	Net gain \$	Equity \$
<i>Financial assets</i>						
Cash and cash equivalents	0.07%	2,874,740	(28,747)	(28,747)	28,747	28,747
		<u>2,874,740</u>	<u>(28,747)</u>	<u>(28,747)</u>	<u>28,747</u>	<u>28,747</u>

30 June 2021	Weighted Average Interest Rate	Carrying amount \$	Interest Rate Risk -1%		Interest Rate Risk +1%	
			Net loss \$	Equity \$	Net gain \$	Equity \$
<i>Financial assets</i>						
Cash and cash equivalents	1.16%	3,438,103	(34,381)	(34,381)	34,381	34,381
		<u>3,438,103</u>	<u>(34,381)</u>	<u>(34,381)</u>	<u>34,381</u>	<u>34,381</u>

None of the Group's trade and other receivables and trade and other payables are interest bearing (2021: nil).

Equity price risks

The Group is exposed to equity price risks arising from equity investment assets. All of the Group's investments are publicly traded in Australia and London. The following tables summaries the sensitivity of the Company's financial assets to equity price risks. Had the relevant variables, as illustrated in the tables, moved by 30%, with all other variables held constant, pre-tax loss and equity would have been affected as shown.

The analysis has been performed on the same basis for 2022 and 2021 and represents management's judgement of a reasonably possible movement.

30 June 2022	Carrying amount \$	Share price -30%		Interest Rate Risk +30%	
		Net loss \$	Equity \$	Net gain \$	Equity \$
<i>Financial assets</i>					
Equity investments designated at FVTPL	700,996	(210,299)	(210,299)	210,299	210,299
	<u>700,996</u>	<u>(210,299)</u>	<u>(210,299)</u>	<u>210,299</u>	<u>210,299</u>

30 June 2021	Carrying amount \$	Share price -30%		Interest Rate Risk +30%	
		Net loss \$	Equity \$	Net gain \$	Equity \$
<i>Financial assets</i>					
Equity investments designated at FVTPL	886,469	(265,941)	(265,941)	265,941	265,941
	<u>886,469</u>	<u>(265,941)</u>	<u>(265,941)</u>	<u>265,941</u>	<u>265,941</u>

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements

For the year ended 30 June 2022

NOTE 16: FINANCIAL INSTRUMENTS (continued)

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies. The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table details the Company's and the Group's expected contractual maturity for its non-derivative financial assets and liabilities.

	Less than 1 year \$	1 to 5 years \$	5+ years \$
	<u> </u>	<u> </u>	<u> </u>
2022			
Cash and cash equivalents	2,874,740	-	-
Trade and other receivables	4,396	-	-
Equity investments designated at FVTPL	-	700,996	-
Financial liabilities	(44,265)	-	-
2021			
Cash and cash equivalents	3,438,103	-	-
Trade and other receivables	8,181	-	-
Equity investments designated at FVTPL	-	886,469	-
Financial liabilities	(24,782)	-	-

NOTE 17: AUDITOR'S REMUNERATION

The auditor of the Group is HLB Mann Judd.

	2022 \$	2021 \$
	<u> </u>	<u> </u>
<i>Auditor of the parent entity</i>		
Audit or review of the financial statements	27,725	31,725
<i>Other services</i>		
Taxation compliance	10,250	2,400
	<u>37,975</u>	<u>34,125</u>

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 18: RELATED PARTY DISCLOSURE

Subsidiary Entities

The consolidated financial statements include the financial statements of Santa Fe Minerals Limited and the subsidiaries listed in the following table.

Name	Country of Incorporation	% Equity Interest	
		2022	2021
Challa Resources Pty Ltd	Australia	100%	100%
Challa Minerals Pty Ltd	Australia	100%	100%

Santa Fe Minerals Limited is the ultimate Australian parent entity and ultimate parent of the Group. Loans made by Santa Fe Minerals Limited to its wholly-owned subsidiaries are contributed to meet required expenditure payable on demand and are not interest bearing.

Transactions with other Related Parties

There were no other transactions with key management personnel during the financial year or outstanding at balance date.

NOTE 19: KEY MANAGEMENT PERSONNEL DISCLOSURES

The aggregate compensation paid to directors and other key management personnel of the Group is set out below:

	2022	2021
	\$	\$
Short-term employee benefits	220,000	220,000
Post-employment benefits	22,000	20,900
Share-based payments	-	-
	242,000	240,900

NOTE 20: PARENT ENTITY DISCLOSURES

	2022	2021
	\$	\$
Financial position		
Assets		
Current assets	2,904,177	3,459,009
Non-current assets	1,066,087	1,055,784
Total assets	3,970,264	4,514,793
Liabilities		
Current liabilities	118,704	95,256
Total liabilities	118,704	95,256
Net assets	3,851,560	4,419,537
Equity		
Issued capital	14,757,954	14,757,954
Accumulated losses	(10,906,394)	(10,338,417)
Total equity	3,851,560	4,419,537

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

Notes to the Consolidated Financial Statements
For the year ended 30 June 2022

NOTE 20: PARENT ENTITY DISCLOSURES (continued)

<i>Financial performance</i>	2022	2021
	\$	\$
Profit (loss) for the year	(567,978)	7,645
Other comprehensive income	-	-
Total comprehensive income (loss)	(567,978)	7,645

NOTE 21: EVENTS AFTER THE REPORTING PERIOD

Significant events after balance date

The impact of the Coronavirus (COVID-19) pandemic is ongoing as at 30 June 2022 and it is not practicable to estimate the potential impact, positive or negative, on the Group's activities after the reporting date. The situation is rapidly developing 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.

On 9 September 2022, the Group acquired 400,000 shares in Atlantic Lithium Limited, for a total value of \$232,000. This brings the Company's total shareholding in Atlantic Lithium Limited to 1.4 million shares.

There has been no matter or circumstance that has arisen after balance date that has significantly affected, 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 periods.

Santa Fe Minerals Limited
30 June 2022 Annual Financial Report
Directors' Declaration

1. In the opinion of the directors of Santa Fe Minerals Limited (the 'Group'):
 - (a) the accompanying financial statements and notes are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the year then ended; and
 - ii. complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

This declaration is signed in accordance with a resolution of the Board of directors.



Doug Rose
Managing Director
21 September 2022
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Santa Fe Minerals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Santa Fe Minerals Limited ("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, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (b) 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 Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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.

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We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	How our audit addressed the key audit matter
<p>Carrying amount of deferred exploration and evaluation expenditure Note 11 of the financial report</p>	<p>In accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the Group capitalises all exploration and evaluation expenditure acquisition costs and subsequently expenses exploration and evaluation costs as incurred.</p> <p>Our audit focussed on the Group’s assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group.</p> <p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management’s review of the carrying values of each area of interest; • We considered the Directors’ assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the exploration budget for the year ending 30 June 2023 and discussed with management the nature of planned ongoing activities; and • We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor’s Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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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 these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

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

In our opinion, the Remuneration Report of Santa Fe Minerals 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.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
21 September 2022



B G McVeigh
Partner

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Santa Fe Minerals Limited
30 June 2022 Annual Financial Report

ASX ADDITIONAL INFORMATION AT 12 SEPTEMBER 2022

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Company has followed the best practice recommendations set by the ASX Corporate Governance Council during the reporting period can be found on the Company's website: <https://www.santafeminerals.com.au/about-us/corporate-governance>

B. SHAREHOLDING

1. *Substantial Shareholders*

The names of the substantial shareholders listed on the company's register:

Name	Units	%
OAKAJEE CORPORATION LTD	11,000,000	15.11
DOG MEAT PTY LTD	5,500,000	7.55
MR THOMAS MARIO CENIVIVA <T M CENIVIVA PROPERTY A/C>	5,000,000	6.87
ASIAN STAR INVESTMENTS LTD	4,750,000	6.52
SUCCESS CONCEPT INVESTMENT LTD	4,500,000	6.18
MR GARRY WILLIAM THOMAS + MRS NANCY-LEE THOMAS <THOMAS FAMILY SUPER A/C>	4,260,000	5.85
PARABOLICA CAPITAL PTY LTD	4,169,748	5.73
Total	39,179,748	53.81

2. *Number of holders in each class of equity securities and the voting rights attached*

There are 357 holders of ordinary shares. Each shareholder is entitled to one vote per share held. On a show of hands every shareholder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

3. *Distribution schedule of the number of ordinary holders*

Size of Holding	No. of Holders	Shares Held
1 - 1,000	18	2,869
1,001 - 5,000	24	89,065
5,001 - 10,000	112	1,073,931
10,001 - 100,000	144	5,575,654
100,001 and over	59	66,077,270
Total	357	72,818,789

4. *Marketable Parcel*

There are 46 shareholders with less than a marketable parcel.

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5. *Twenty largest holders of each class of quoted equity security*

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds is as follows:

Rank	Name	Units	%
1	OAKAJEE CORPORATION LTD	11,000,000	15.11
2	DOG MEAT PTY LTD	5,500,000	7.55
3	MR THOMAS MARIO CENIVIVA <T M CENIVIVA PROPERTY A/C>	5,000,000	6.87
4	ASIAN STAR INVESTMENTS LTD	4,750,000	6.52
5	SUCCESS CONCEPT INVESTMENT LTD	4,500,000	6.18
6	MR GARRY WILLIAM THOMAS + MRS NANCY-LEE THOMAS <THOMAS FAMILY SUPER A/C>	4,260,000	5.85
7	PARABOLICA CAPITAL PTY LTD	4,169,748	5.73
8	MALCORA PTY LTD <C & C CENIVIVA A/C>	3,200,000	4.39
9	FALFARO INVESTMENTS LIMITED	3,132,005	4.30
10	MRS MARISA MACKOW	1,126,738	1.55
11	MR STEPHEN FREDERICK SCHMEDJE + MRS CORNELIA PETRA SCHMEDJE <SUPER FUND A/C>	1,020,000	1.40
12	MR JEFFREY MAXWELL JONES + MRS NARI FAY JONES <TzM SUPERANNUATION FUND A/C>	1,000,000	1.37
13	C & C GIOVENCO PTY LTD <C & C GIOVENCO S/F A/C>	1,000,000	1.37
14	MR KIM MELDRUM	905,000	1.24
15	MR JEFFREY MAXWELL JONES <TzM A/C>	835,194	1.15
16	MR NEIL DOUGLAS BOWIE + MRS THERESE CLARE BOWIE <FEDERATION SUPER FUND A/C>	828,000	1.14
17	FINNIAN GROUP PTY LTD	823,980	1.13
18	SACCO DEVELOPMENTS AUSTRALIA PTY LIMITED <THE SACCO FAMILY A/C>	702,730	0.97
19	VANAMACRES PTY LTD	699,676	0.96
20	SANGREAL HOLDINGS PTY LTD <ROBERTO CRISAFIO SF A/C>	693,874	0.95
	Total	55,146,945	75.73

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C. OTHER DETAILS

1. *Company Secretary*

Henko Vos

2. *Address and telephone details of the Company's registered and administrative office*

Suite 1/9 Hampden Road
Nedlands WA 6009
Tel: +61 8 9386 8382

3. *Address and telephone details of the office at which a register of securities is kept*

Advanced Share Registry Services
110 Stirling Highway
Nedlands WA 6009

Tel: +61 8 9386 8382
Fax: +61 8 6183 4892

4. *Securities exchange on which the Company's securities are quoted*

The Company's listed equity securities are quoted on the Australian Securities Exchange (ASX: SFM).

5. *Review of Operations*

A review of operations is contained in the Directors' Report.

6. *Consistency with business objectives*

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way consistent with its stated business activities.

7. *Interests in mining tenements as at the date of this report:*

Tenement	Holder¹	Interest	Location	Status %
E58/485	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/500	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/501	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/502	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/503	Challa Resources Pty Ltd	100%	Western Australia	Granted
E58/511	Challa Resources Pty Ltd	100%	Western Australia	Granted
E59/2257	Challa Minerals Pty Ltd	100%	Western Australia	Granted

¹Challa Resources Pty Ltd and Challa Minerals Pty Ltd are wholly owned subsidiaries of Santa Fe Minerals Limited.