



# **TG Metals Limited**

A.C.N. 644 621 830

## **ANNUAL REPORT**

**For the Year ended 30 June 2022**

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## Corporate Directory

### Directors

Richard Bevan (*Non-Executive Chair*)

Brett Smith (*Non-Executive Director*)

Di (Gloria) Zhang (*Non-Executive Director*)

### Company Secretary

Nicki Farley

### Principal Place of Business

Level 24, 44 St Georges Terrace

PERTH WA 6000

### Registered Office

Level 24, 44 St Georges Terrace

PERTH WA 6000

Ph: +61 8 6211 5099

### Auditors

BDO Audit (WA) Pty Ltd

Level 9

Mia Yellagonga Tower 2

5 Spring Street

PERTH WA 6000

### Stock Exchange Listing

Australian Securities Exchange

Home Exchange: Perth

ASX Code: TG6

### Share Registry

Automic Registry Services

Level 5, 191 St Georges Terrace

PERTH WA 6000

### Corporate Governance Statement

<https://tgmetals.com.au/about-us/corporate-governance/>

## **Chairperson's Letter**

Dear Shareholders,

It gives me great pleasure on behalf of the Board of Directors to present the 2022 Annual Report of TG Metals Limited ("Company").

We successfully listed on the Australian Stock Exchange on 24th May this year and I would like to thank all our shareholders, old and new, for their support of the Company.

The Company's flagship project is the 100% owned Lake Johnston Project in Western Australia. It is located within a highly prospective area of greenstone belt with a history of past nickel production and is prospective for both nickel and lithium. Both of these metals are expected to play a key role in the global transition to cleaner energy production.

Our management team led by CEO David Selfe, have spent considerable time over the past few months gaining the requisite regulatory and community approvals to ensure that 2023 is a busy year on-ground at the Project. They have also done considerable work consolidating the data from historical exploration work, which will greatly assist the Company in generating, assessing and prioritising our exploration targets. High quality exploration is key to our strategy and success of this will ultimately drive shareholder value.

It is an exciting time to be a shareholder in the Company. We have near term discovery opportunities in multiple commodities, all of which are forecast to have high demand for the foreseeable future.

We welcome all our stakeholders on the journey!



Richard Bevan

## Directors' Report

Your directors present their report together with the financial statements on TG Metals Limited ('TG Metals Limited' or 'the Company') for the year ended 30 June 2022. The Company was incorporated on 16 October 2020.

Following the Company's successful Initial Public Offering ('IPO'), the Company was admitted to quotation on the Australian Securities Exchange ('ASX') on 24 May 2022.

### Directors

The names of the directors in office during the financial year and up to the date of this report, unless otherwise stated, are:

Dean Calder (resigned 23 December 2021)  
 Jaxon Crabb (resigned 23 December 2021)  
 Stewart McDonald (resigned 23 December 2021)  
 Richard Bevan (appointed 23 December 2021)  
 Brett Smith (appointed 23 December 2021)  
 Di (Gloria) Zhang (appointed 23 December 2021)

### Information on Directors

#### Dean Calder (BBus, CA, ACIS), Non-Executive Chair (resigned 23 December 2021)

Mr Calder is a qualified Chartered Accountant who has over 30 years' experience. Mr Calder completed a Bachelor of Business degree in 1988 with a double major in Accounting and Business Law. He qualified as a Chartered Accountant in 1992 and after spending 8 years working for international accounting firms, he commenced public practice as a partner in a West Perth accounting firm in 1997. Mr Calder is also a Chartered Secretary and has sat on various ASX listed company boards over the last 20 years.

Directorships held in other ASX-listed companies in the last 3 years:

- None

#### Jaxon Crabb, Non-Executive Director (resigned 23 December 2021)

Mr Crabb has more than 20 years' experience with investor engagement, marketing and public relations across a wide range of ASX listed companies. He is currently the Business Development Manager at Vertical Events - a Perth based company who is the premier mining, resources and technology conference organizing company in Australia.

Directorships held in other ASX-listed companies in the last 3 years:

- None

#### Stewart McDonald, Non-Executive Director (resigned 23 December 2021)

Mr McDonald is the owner of Vertical Events and RIU. Since its establishment in 1998, Vertical Events and RIU have become the premier conference organisers for the resource sector in Australia. Mr McDonald has also been involved in several public company floats and roles over the years as CFO and company secretary. He is a seasoned resource professional.

Directorships held in other ASX-listed companies in the last 3 years:

- None

#### Richard Bevan, Non-Executive Chair (appointed 23 December 2021)

Mr Bevan has been involved in business areas as diverse as healthcare, construction and engineering, resources and information services. He has extensive senior management experience having been the Managing Director, CEO and Chairman of several listed and unlisted companies, including most recently being the founding Managing Director of Cassini Resources Limited.

In October 2020, Cassini Resources was acquired by OZ Minerals Limited (ASX: OZL) via a Scheme of Arrangement. Mr Bevan continues his involvement with OZ Minerals as the WA Advisor to the West Musgrave Project.

## Directors' Report (continued)

### Information on Directors (continued)

Mr Bevan is also a Non-Executive Chairperson of Killi Resources Limited and Narryer Metals Limited.

Directorships held in other ASX-listed companies in the last 3 years:

- Cassini Resources Limited, appointed 10 March 2011, resigned 5 October 2020
- Empired Limited, appointed 1 February 2008, resigned 16 November 2021
- Cannon Resources Limited, appointed 21 February 2021
- Killi Resources Limited, appointed 18 August 2021
- Narryer Metals Limited, appointed 1 July 2021

### Brett Smith, Non-Executive Director (appointed 23 December 2021)

Mr Smith has more than 35 years' experience as a geologist across a wide range of commodities and global jurisdictions. He has over 20 years' experience in investor engagement, corporate management and board responsibilities with private and ASX-listed companies.

Mr Smith is currently the Managing Director of Corazon Mining Limited (ASX: CZN) - a Perth based company focused on nickel sulphide exploration and resource development in Canada and Australia.

Directorships held in other ASX-listed companies in the last 3 years:

- Corazon Mining Limited, appointed 1 July 2010
- Aruma Resources Limited, appointed 1 August 2022

### Di (Gloria) Zhang (BCom Marketing & Management, MBA, MAICD), Non-Executive Director (appointed 23 December 2021)

Ms Zhang has more than 28 years' experience in international business, banking, project management and marketing.

She works as an international business advisor for several major ASX-listed companies, including Arafura Resources Ltd (ASX: ARU), Core Lithium (ASX: CXO), and other companies from Australian critical minerals sector. Ms Zhang is instrumental in capital raising, offtake negotiation, joint venture management and Asian shareholder relations and once held a senior management role in a Chinese mining company's Australian operation. She is a Graduate Member of the Australian Institute of Company Directors and is currently the Chair of the Australian Association of International Business and Managing Director of Intlang Corporate Consulting.

Directorships held in other ASX-listed companies in the last 3 years:

- None

### Company Secretary

#### Nicki Farley (BA, LLB) (appointed 2 March 2022)

On 2 March 2022, Ms Farley was appointed as Company Secretary replacing Mr Calder.

Ms Farley has over 15 years' experience working within the legal and corporate advisory sector providing advice in relation to capital raisings, corporate and securities laws, mergers and acquisitions and corporate compliance. Ms Farley has held a number of secretarial roles for ASX listed companies.

### Principal Activities

The Company was incorporated as a proprietary company on 16 October 2020, for the purpose of exploring for, discovering and then proceeding to develop mineral deposits.

### Operating Results

The loss for the year ended 30 June 2022 after providing for income tax amounted to \$2,026,597 (2021: \$41,974).

## **Directors' Report (continued)**

### **Review of operations**

TG Metals successfully listed on the ASX on 26 May 2022. The Initial Public Offering (IPO) raised \$6 million. The Company is now well funded to execute its planned exploration programs at the Lake Johnston project and looks forward to the results from these activities.

### **Lake Johnston Project**

During the period, the Company initiated its multi-faceted exploration program with an initial focus on both sulphide and oxide nickel, lithium in pegmatites and gold.

The Company engaged Southern Geoscience consultants to review historical geophysical surveys over the Lake Johnston project area. This review is designed to assess the effectiveness of previous nickel sulphide exploration by past explorers, identify new targets and make recommendations for future work. This follows the review of existing geophysical data completed for the IPO process on the Lake Tay prospect area, the southern most tenement holdings. The Lake Tay geophysics review identified that past electromagnetic (EM) surveys, which are effective in detecting massive sulphide deposits, were unable to penetrate below 150 metres below surface which is shallower than the target type deposit, Emily Ann, which commences at +200m below surface. Modern high-powered geophysics has been recommended in the Lake Tay prospect area to penetrate deeper than previous explorers were able and discern sulphide mineralization from other conductive sources.

During the period, the Company also completed planning of a soil sampling program targeting lithium and base metals along the previously underexplored granite-mafic western contact at the Bremer Range prospect (Figure 1). All Points Sampling was engaged to carry out the fieldwork. The aim is to detect any Lithium-Caesium-Tantalum (LCT) pegmatites that may be present.

## Directors' Report (continued)

## Review of operations (continued)

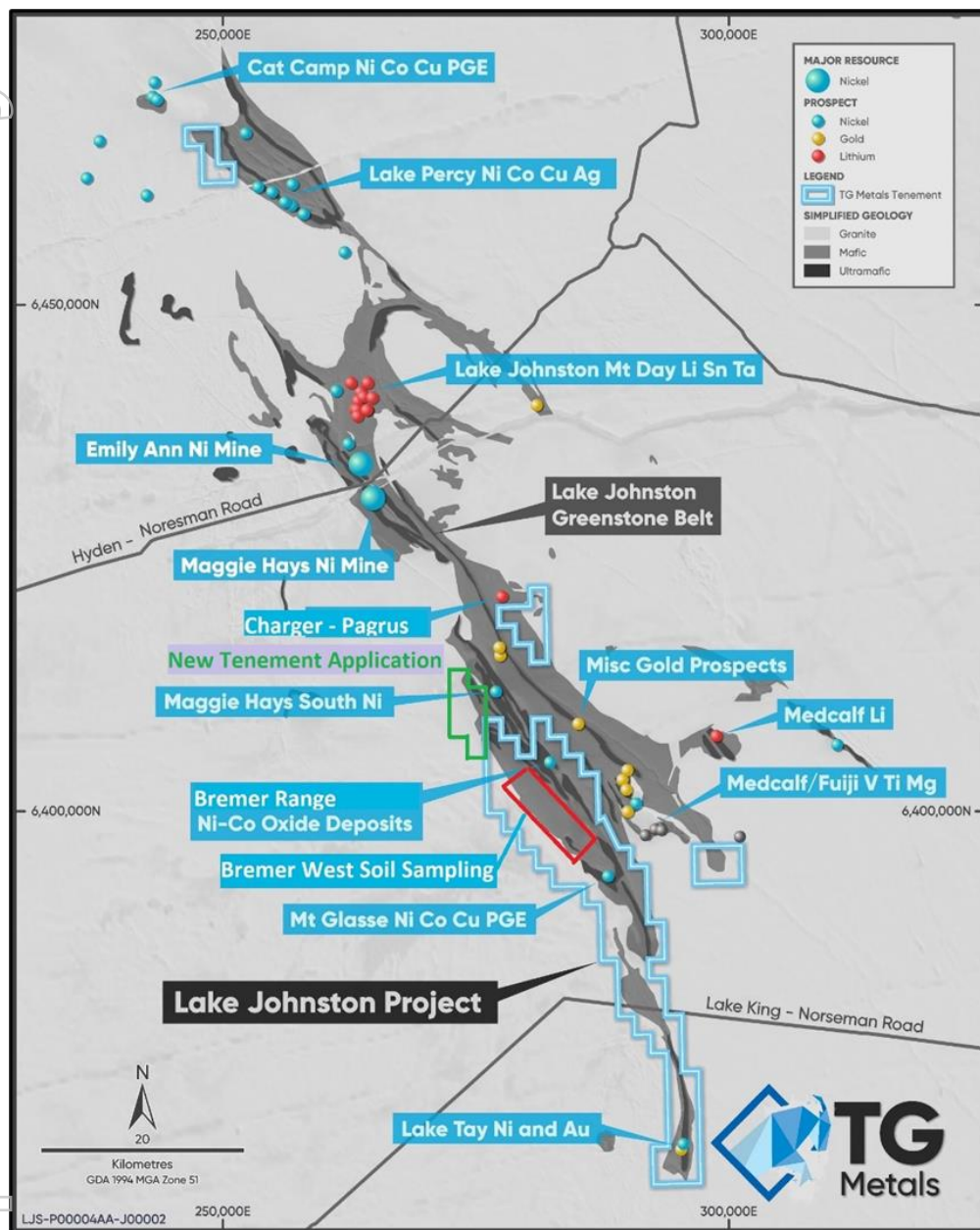


Figure 1 – Lake Johnston Project Showing Bremer West Soil Sampling Area

In addition to the soil sampling program at Bremer Range, exploration work on the nickel laterite prospect also progressed during the period, with the Company currently seeking Program of Works (POW) and Heritage clearances for the Company's maiden drilling program. The proposed drilling will test additional areas prospective for high-grade nickel (defined by past drilling) as a lead into potential resource definition activities and acquiring metallurgical test samples.



## Directors' Report (continued)

### Significant Changes in the State of Affairs

On 23 December 2021, the Board of Directors unanimously resolved to appoint Richard Bevan, Brett Smith, and Di (Gloria) Zhang as directors of the Company. Resignation as directors were received from Dean Calder, Jaxon Crabb and Stewart McDonald.

On 14 January 2022, there was a consolidation of share capital on a 3 for 4 basis, the Company changed its name from Tethered Goat Pty Ltd to TG Metals Limited and the status of the Company was converted from Proprietary to Public.

On 2 March 2022, further to a second round of capital raising, the Company issued 4,166,664 ordinary shares at an issue price of \$0.12 per share to raise \$500,000.

On 19 May 2022, pursuant to the Company's Prospectus dated 4 April 2022, the Company successfully raised \$6,000,000, before costs, through the issue of 30,000,000 ordinary shares at an issue price of \$0.20 per share.

On 24 May 2022, the Company was admitted to the Official List of the ASX.

### Events Subsequent to Reporting Date

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

### Rounding of Amounts

The Company has applied the relief available to it under ASIC Corporations (*Rounding in Financial/Directors' Reports*) Instrument 2016/191. Accordingly, amounts in the financial statements have been rounded off to the nearest \$1.

### Likely Developments and Expected Results of Operation

Likely developments, future prospects and business strategies of the operations of the Company and the expected results of those operations have not been included in this report as the Directors believe that the inclusion of such information would be likely to result in unreasonable prejudice to the Company.

### Dividends Paid or Recommended

No dividends were paid during the financial year (2021: nil) and no recommendation is made as to payments of future dividends.

### Meetings of Directors

During the financial year, three meetings of Directors were held. Attendances by each director were as follows:

|                 | Number eligible<br>to attend | Number<br>attended |
|-----------------|------------------------------|--------------------|
| Dean Calder     | -                            | -                  |
| Jaxon Crabb     | -                            | -                  |
| Stuart McDonald | -                            | -                  |
| Richard Bevan   | 3                            | 3                  |
| Brett Smith     | 3                            | 3                  |
| Gloria Zhang    | 3                            | 3                  |

### Directors' Security Interests

As at the date of this report, the interests of the Directors in the securities of the Company were:

| Director      | Ordinary<br>Shares | Unlisted<br>Options | Performance<br>Rights |
|---------------|--------------------|---------------------|-----------------------|
| Richard Bevan | 791,667            | 600,000             | 1,400,000             |
| Brett Smith   | 2,300,000          | 1,388,706           | 880,000               |
| Gloria Zhang  | 468,750            | 775,645             | 880,000               |

## Directors' Report (continued)

### Share Options

As at the date of this report, the unissued ordinary shares of the Company under option are as follows:

| Options              | Grant Date    | Expiry Date  | Exercise Price | Number under Option | Balance vested at 30 June 2022 |
|----------------------|---------------|--------------|----------------|---------------------|--------------------------------|
| Founder Options      | 10 March 2022 | 24 May 2025  | \$0.20         | 5,218,606           | 5,218,606                      |
| Seed Options         | 10 March 2022 | 24 May 2025  | \$0.25         | 3,042,181           | 3,042,181                      |
| Management Options   | 15 March 2022 | 24 May 2027  | \$0.30         | 1,800,000           | 1,800,000                      |
| Management Options   | 30 March 2022 | 24 May 2027  | \$0.30         | 1,200,000           | 1,200,000                      |
| Lead Manager Options | 19 May 2022   | 30 June 2024 | \$0.30         | 3,225,000           | 3,225,000                      |
|                      |               |              |                | <b>14,485,787</b>   | <b>14,485,787</b>              |

All options on issue are unlisted.

### Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for the key management personnel of TG Metals Limited (the "Company") 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 ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly.

The board policy is to remunerate Non-Executive Directors at a level which provides the Company with the ability to attract and retain directors with the experience and qualification appropriate to the development strategy of the Company. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders at a General Meeting. The current maximum amount of remuneration that may be paid to all Non-Executive Directors has been set at \$500,000 per annum as per the Company's Constitution. The remuneration of Directors is reviewed annually by the Company.

Non-Executive Director fees are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

During the financial year, the Company did not employ the use of remuneration consultants.

## Directors' Report (continued)

### Remuneration Report (continued)

#### Key Management Personnel

The key management personnel of the Company are considered to be the Directors and Mr David Selfe, who was appointed as Chief Executive Officer on 30 March 2022. There are no other individuals who have the authority and responsibility for planning, directing and controlling the activities of the Company.

The following table discloses the contractual arrangements with the Company's key management personnel that were in place as at 30 June 2022.

| Component            | Non-Executive Chair – Mr Richard Bevan  |
|----------------------|---|
| Fixed remuneration   | \$60,000 per annum plus statutory superannuation and excluding any GST.   |
| Long term incentives | <p><b>Options</b></p> <p>600,000 options to acquire shares on a 1 for 1 basis, each with an exercise price of \$0.30 and expiring 24 May 2027.</p> <p><b>Performance Rights</b></p> <p>1,400,000 rights to acquire shares on a 1 for 1 basis, vesting on the date of achievement of certain performance milestones and expiring 24 May 2027, comprising:</p> <ul style="list-style-type: none"> <li>(i) 466,667 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.40 (<b>Class A Performance Rights</b>);</li> <li>(ii) 466,667 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.60 (<b>Class B Performance Rights</b>); and</li> <li>(iii) 466,666 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.70 (<b>Class C Performance Rights</b>).</li> </ul> |
| Component            | Non-Executive Director – Mr Brett Smith   |
| Fixed remuneration   | \$45,000 per annum plus statutory superannuation and excluding any GST.   |
| Long term incentives | <p><b>Options</b></p> <p>600,000 options to acquire shares on a 1 for 1 basis, each with an exercise price of \$0.30 and expiring 24 May 2027.</p> <p><b>Performance Rights</b></p> <p>880,000 rights to acquire shares on a 1 for 1 basis, vesting on the date of achievement of certain performance milestones and expiring 24 May 2027, comprising:</p> <ul style="list-style-type: none"> <li>(i) 293,334 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.40 (<b>Class A Performance Rights</b>);</li> <li>(ii) 293,333 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.60 (<b>Class B Performance Rights</b>); and</li> <li>(iii) 293,333 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.70 (<b>Class C Performance Rights</b>).</li> </ul>   |

## Directors' Report (continued)

## Remuneration Report (continued)

| Component            | Non-Executive Director – Ms Gloria Zhang  |
|----------------------|---|
| Fixed remuneration   | \$45,000 per annum plus statutory superannuation and excluding any GST.   |
| Long term incentives | <p><b>Options</b></p> <p>600,000 options to acquire shares on a 1 for 1 basis, each with an exercise price of \$0.30 and expiring 24 May 2027.</p> <p><b>Performance Rights</b></p> <p>880,000 rights to acquire shares on a 1 for 1 basis, vesting on the date of achievement of certain performance milestones and expiring 24 May 2027, comprising:</p> <ul style="list-style-type: none"> <li>(i) 293,334 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.40 (<b>Class A Performance Rights</b>);</li> <li>(ii) 293,333 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.60 (<b>Class B Performance Rights</b>); and</li> <li>(iii) 293,333 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.70 (<b>Class C Performance Rights</b>).</li> </ul> |

| Component                                    | Chief Executive Officer – Mr David Selfe  |
|--|---|
| Fixed remuneration                           | \$220,000 per annum plus statutory superannuation.  |
| Long term incentives                         | <p><b>Options</b></p> <p>1,200,000 options to acquire shares on a 1 for 1 basis, each with an exercise price of \$0.30 and expiring 24 May 2027.</p> <p><b>Performance Rights</b></p> <p>1,950,000 rights to acquire shares on a 1 for 1 basis, vesting on the date of achievement of certain performance milestones and expiring 24 May 2027, comprising:</p> <ul style="list-style-type: none"> <li>(i) 650,000 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.40 (<b>Class A Performance Rights</b>);</li> <li>(ii) 650,000 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.60 (<b>Class B Performance Rights</b>); and</li> <li>(iii) 650,000 performance rights automatically vesting on the Company achieving a 20-day volume weighted average price (VWAP) of at least \$0.70 (<b>Class C Performance Rights</b>).</li> </ul> |
| Other entitlements                           | Annual leave, personal/carer's leave, long service and parental leave.  |
| Termination notice by the individual/company | 6 months.   |

## Directors' Report (continued)

### Remuneration Report (continued)

#### Relationship between the Remuneration Policy and Company Performance

Aside from the matters described above, no other Director held or holds any contract for performance-based remuneration with the Company.

#### Remuneration Expense for the Year Ended 30 June 2022

The following amounts were paid as compensation for services as key management personnel of the Company during the year:

| 2022                          | Short-term employee benefits |          |          | Post-employment benefits | Share-based payments                 |                | Performance based remuneration % |
|-------------------------------|------------------------------|----------|----------|--------------------------|--------------------------------------|----------------|----------------------------------|
|                               | Salary & Fees \$             | Bonus \$ | Other \$ |                          | Equity-settled Options and Rights \$ | Total \$       |                                  |
| <b>Directors</b>              |                              |          |          |                          |                                      |                |                                  |
| Dean Calder <sup>1</sup>      | -                            | -        | -        | -                        | -                                    | -              | -                                |
| Jaxon Crabb <sup>1</sup>      | -                            | -        | -        | -                        | -                                    | -              | -                                |
| Stewart McDonald <sup>1</sup> | -                            | -        | -        | -                        | -                                    | -              | -                                |
| Richard Bevan <sup>2</sup>    | 5,968                        | -        | -        | 500                      | 98,503                               | <b>104,971</b> | 13.03%                           |
| Brett Smith <sup>2</sup>      | 4,476                        | -        | -        | 448                      | 194,346                              | <b>199,270</b> | 4.31%                            |
| Gloria Zhang <sup>2</sup>     | 4,476                        | -        | -        | 448                      | 114,432                              | <b>119,356</b> | 7.20%                            |
| <b>Senior Management</b>      |                              |          |          |                          |                                      |                |                                  |
| David Selfe                   | 21,882                       | -        | -        | 2,188                    | 186,351                              | <b>210,421</b> | 7.85%                            |
| <b>Total</b>                  | <b>36,802</b>                | <b>-</b> | <b>-</b> | <b>3,584</b>             | <b>593,632</b>                       | <b>634,018</b> | <b>7.52%</b>                     |

<sup>1</sup> Represents remuneration from 1 July 2021 to date of resignation, being 23 December 2021.

<sup>2</sup> Represents remuneration from date of appointment, being 23 December 2021, to 30 June 2022.

#### Remuneration Expense for the Year Ended 30 June 2021

No remuneration was paid to key management personnel during the year ended 30 June 2021.

#### Options and Rights Issued

##### Founder Options

In or about November 2020, the Company raised \$60,000 from the issue of 14,887,500 ordinary shares (post-consolidation) at \$0.004 per share, as well as 5,218,606 options (post-consolidation), to the Company's initial investors ('Founder Raising').

The total fair value of the options granted to key management personnel who participated in the Founder Raising was \$100,923 which was recognised as a share based payment as at 30 June 2022.

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

|   |               |
|---|---------------|
| Weighted average exercise price         | \$0.20        |
| Weighted average life of the options    | 3.21 years    |
| Weighted average underlying share price | \$0.20        |
| Expected share price volatility         | 100%          |
| Risk-free interest rate                 | 1.74%         |
| Grant date                              | 10 March 2022 |
| Expiry date                             | 24 May 2025   |
| Value per option                        | \$0.12796     |

**Directors' Report (continued)****Remuneration Report (continued)**

The following table summarises the equity-settled share options issued to key management personnel and other investors:

|                            | Mr Smith      | Other Investors | Total     |
|----------------------------|---------------|-----------------|-----------|
| Number Issued <sup>1</sup> | 788,706       | 4,429,900       | 5,218,606 |
| Grant Date                 | 10 March 2022 | 10 March 2022   |           |
| Value per Option           | \$0.12796     | \$0.12796       |           |
| Total Value per Option     | \$100,923     | \$566,853       | \$667,776 |

<sup>1</sup> All options issued have fully vested and are escrowed for a period of 24 months from the date of quotation.

**Seed Options**

In or about January 2021, the Company raised \$427,000 from the issue of 8,118,750 ordinary shares (post-consolidation) at \$0.053 per share, as well as 3,042,181 options (post-consolidation), to investors ('First Seed Raising').

The total fair value of the options granted to key management personnel who participated in the First Seed Raising was \$21,009 which was recognised as a share based payment for the year ended 30 June 2022.

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

|   |               |
|---|---------------|
| Weighted average exercise price         | \$0.25        |
| Weighted average life of the options    | 3.21 years    |
| Weighted average underlying share price | \$0.20        |
| Expected share price volatility         | 100%          |
| Risk-free interest rate                 | 1.74%         |
| Grant date                              | 10 March 2022 |
| Expiry date                             | 24 May 2025   |
| Value per option                        | \$0.11961     |

The following table summarises the equity-settled share options issued to key management personnel and other investors:

|                        | Ms Zhang             | Other Investors        | Total     |
|------------------------|----------------------|------------------------|-----------|
| Number Issued          | 175,645 <sup>1</sup> | 2,866,536 <sup>2</sup> | 3,042,181 |
| Grant Date             | 10 March 2022        | 10 March 2022          |           |
| Value per Option       | \$0.11961            | \$0.11961              |           |
| Total Value per Option | \$21,009             | \$342,867              | \$363,876 |

<sup>1</sup> Options have fully vested and are escrowed for a period of 24 months from the date of quotation.

<sup>2</sup> All options issued have fully vested however the following escrow restrictions apply:

- 751,762 options are escrowed for a period of 24 months from the date of quotation; and
- 2,114,774 options are escrowed for a period of 12 months to 30 March 2023.

**Management Options**

Pursuant to the Company's Prospectus dated 4 April 2022 and its successful Initial Public Offering, the Company issued 3,000,000 unlisted options to key management personnel, being the Directors and Mr David Selfe, in May 2022.

The total fair value of the options granted to key management personnel was \$424,308 which was recognised as a share based payment as at 30 June 2022.

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

## Directors' Report (continued)

## Remuneration Report (continued)

|   | Directors     | CEO           |
|---|---------------|---------------|
| Weighted average exercise price         | \$0.30        | \$0.30        |
| Weighted average life of the options    | 5.19 years    | 5.15 years    |
| Weighted average underlying share price | \$0.20        | \$0.20        |
| Expected share price volatility         | 100%          | 100%          |
| Risk-free interest rate                 | 2.18%         | 2.61%         |
| Grant date                              | 15 March 2022 | 30 March 2022 |
| Expiry date                             | 24 May 2027   | 24 May 2027   |
| Value per option                        | \$0.14137     | \$0.14153     |

The following table summarises the equity-settled share options issued to key management personnel:

|                            | Mr Bevan      | Mr Smith      | Ms Zhang      | Mr Selfe      | Total     |
|----------------------------|---------------|---------------|---------------|---------------|-----------|
| Number Issued <sup>1</sup> | 600,000       | 600,000       | 600,000       | 1,200,000     | 3,000,000 |
| Grant Date                 | 15 March 2022 | 15 March 2022 | 15 March 2022 | 30 March 2022 |           |
| Value per Option           | \$0.14137     | \$0.14137     | \$0.14137     | \$0.14153     |           |
| Total Value per Option     | \$84,825      | \$84,825      | \$84,825      | \$169,833     | \$424,308 |

<sup>1</sup> All options issued have fully vested and are escrowed for a period of 24 months from the date of quotation.

Performance Rights

Pursuant to the Company's Prospectus dated 4 April 2022 and its successful Initial Public Offering, the Company issued 5,110,000 performance rights to key management personnel, being the Directors and Mr David Selfe, in May 2022.

The performance rights were granted at nil consideration, do not have an exercise price and expire on 24 May 2027.

Each performance right will vest and convert to one fully paid ordinary share subject to the satisfaction of the following vesting conditions:

| Tranche | Vesting Conditions   |
|---------|--|
| Class A | The Class A Performance Rights will vest subject to the Company's shares as traded on the ASX achieving a VWAP of at least \$0.40 over a period of 20 consecutive trading days within 5 years from the date of the Company's listing on the ASX. |
| Class B | The Class B Performance Rights will vest subject to the Company's shares as traded on the ASX achieving a VWAP of at least \$0.60 over a period of 20 consecutive trading days within 5 years from the date of the Company's listing on the ASX. |
| Class C | The Class C Performance Rights will vest subject to the Company's shares as traded on the ASX achieving a VWAP of at least \$0.70 over a period of 20 consecutive trading days within 5 years from the date of the Company's listing on the ASX. |

The fair value of the performance rights granted is estimated as at the date of grant using a barrier up-and-in trinomial option pricing model taking into account the terms and conditions upon which the performance rights were granted.

The total fair value of the performance rights granted to key management personnel was \$882,456. Based on the vesting conditions of the rights, \$47,392 has been recognised as a share based payment as at 30 June 2022.

## Directors' Report (continued)

## Remuneration Report (continued)

## Directors

|                                       | Class A<br>Performance Rights | Class B<br>Performance Rights | Class C<br>Performance Rights | Total     |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|
| Number Issued                         | 1,053,335                     | 1,053,333                     | 1,053,332                     | 3,160,000 |
| Grant Date                            | 15 March 2022                 | 15 March 2022                 | 15 March 2022                 |           |
| Vesting Date                          | 18 May 2027                   | 18 May 2027                   | 18 May 2027                   |           |
| Vesting Period (days)                 | 1,891                         | 1,891                         | 1,891                         |           |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$191,496                     | \$179,593                     | \$174,537                     | \$545,626 |
| Amount Expensed in Current Year       | \$10,837                      | \$10,162                      | \$9,875                       | \$30,874  |
| Amount to be Expensed in Future Years | \$180,659                     | \$169,431                     | \$164,662                     | \$514,752 |
| <b>Mr Bevan</b>                       |                               |                               |                               |           |
| Number Issued                         | 466,667                       | 466,667                       | 466,666                       | 1,400,000 |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$84,840                      | \$79,567                      | \$77,327                      | \$241,734 |
| Amount Expensed in Current Year       | \$4,801                       | \$4,502                       | \$4,375                       | \$13,678  |
| Amount to be Expensed in Future Years | \$80,039                      | \$75,065                      | \$72,952                      | \$228,056 |
| <b>Mr Smith</b>                       |                               |                               |                               |           |
| Number Issued                         | 293,334                       | 293,333                       | 293,333                       | 880,000   |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$53,328                      | \$50,013                      | \$48,605                      | \$151,946 |
| Amount Expensed in Current Year       | \$3,018                       | \$2,830                       | \$2,750                       | \$8,598   |
| Amount to be Expensed in Future Years | \$50,310                      | \$47,183                      | \$45,855                      | \$143,348 |
| <b>Ms Zhang</b>                       |                               |                               |                               |           |
| Number Issued                         | 293,334                       | 293,333                       | 293,333                       | 880,000   |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$53,328                      | \$50,013                      | \$48,605                      | \$151,946 |
| Amount Expensed in Current Year       | \$3,018                       | \$2,830                       | \$2,750                       | \$8,598   |
| Amount to be Expensed in Future Years | \$50,310                      | \$47,183                      | \$45,855                      | \$143,348 |

## Chief Executive Officer (Mr Selfe)

|                                       | Class A<br>Performance Rights | Class B<br>Performance Rights | Class C<br>Performance Rights | Total     |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|
| Number Issued                         | 650,000                       | 650,000                       | 650,000                       | 1,950,000 |
| Grant Date                            | 30 March 2022                 | 30 March 2022                 | 30 March 2022                 |           |
| Vesting Date                          | 18 May 2027                   | 18 May 2027                   | 18 May 2027                   |           |
| Vesting Period (days)                 | 1,876                         | 1,876                         | 1,876                         |           |
| Value per Right                       | \$0.1818                      | \$0.1706                      | \$0.1658                      |           |
| Total Value of Rights                 | \$118,170                     | \$110,890                     | \$107,770                     | \$336,830 |
| Amount Expensed in Current Year       | \$5,795                       | \$5,438                       | \$5,285                       | \$16,518  |
| Amount to be Expensed in Future Years | \$112,375                     | \$105,452                     | \$102,485                     | \$320,312 |



**Directors' Report (continued)****Remuneration Report (continued)****Key Management Personnel Shareholdings**Shares

The number of ordinary shares in TG Metals Limited held by each key management personnel of the Company during the financial year is as follows:

| Ordinary Shares<br>2022              | Balance at<br>1 July 2021 or<br>on date of<br>appointment | Acquired during<br>the year | Net other<br>changes during<br>the year | Balance at 30 June<br>2022 or on date of<br>resignation |
|--------------------------------------|---|-----------------------------|---|---|
| <b>Directors</b>                     |   |                             |   |   |
| Dean Calder (resigned 23/12/21)      | 468,750   | -                           | -                                       | 468,750   |
| Jaxon Crabb (resigned 23/12/21)      | 1,249,500   | -                           | -                                       | 1,249,500   |
| Stewart McDonald (resigned 23/12/21) | 5,718,750   | -                           | -                                       | 5,718,750   |
| Richard Bevan (appointed 23/12/21)   | 416,667   | 375,000                     | -                                       | 791,667   |
| Brett Smith (appointed 23/12/21)     | 2,250,000   | 50,000                      | -                                       | 2,300,000   |
| Gloria Zhang (appointed 23/12/21)    | 468,750   | -                           | -                                       | 468,750   |
| <b>Senior Management</b>             |   |                             |   |   |
| David Selfe                          | -   | 183,333                     | -                                       | 183,333   |
|                                      | <b>10,572,417</b>   | <b>608,333</b>              | -                                       | <b>11,180,750</b>                                       |

Options

The number of unlisted options in TG Metals Limited held by each key management personnel of the Company during the financial year is as follows:

| Unlisted Options<br>2022             | Balance at<br>1 July 2021 or<br>on date of<br>appointment | Allotted during<br>the year | Balance at 30 June<br>2022 or on date of<br>resignation | Balance vested<br>at 30 June 2022 |
|--------------------------------------|---|-----------------------------|---|-----------------------------------|
| <b>Directors</b>                     |   |                             |   |                                   |
| Dean Calder (resigned 23/12/21)      | -   | -                           | -   | -                                 |
| Jaxon Crabb (resigned 23/12/21)      | -   | -                           | -   | -                                 |
| Stewart McDonald (resigned 23/12/21) | -   | -                           | -   | -                                 |
| Richard Bevan (appointed 23/12/21)   | -   | 600,000                     | 600,000   | 600,000                           |
| Brett Smith (appointed 23/12/21)     | -   | 1,388,706                   | 1,388,706   | 1,388,706                         |
| Gloria Zhang (appointed 23/12/21)    | -   | 775,645                     | 775,645   | 775,645                           |
| <b>Senior Management</b>             |   |                             |   |                                   |
| David Selfe                          | -   | 1,200,000                   | 1,200,000   | 1,200,000                         |
|                                      | -   | <b>3,964,351</b>            | <b>3,964,351</b>  | <b>3,964,351</b>                  |

**Directors' Report (continued)****Remuneration Report (continued)**Performance Rights

The number of performance rights in TG Metals Limited held by each key management personnel of the Company during the financial year is as follows:

| Performance Rights<br>2022           | Balance at<br>1 July 2021 or<br>on date of<br>appointment | Allotted during<br>the year | Balance at 30 June<br>2022 or on date of<br>resignation | Balance vested at<br>30 June 2022 |
|--------------------------------------|---|-----------------------------|---|-----------------------------------|
| <b>Directors</b>                     |   |                             |   |                                   |
| Dean Calder (resigned 23/12/21)      | -   | -                           | -   | -                                 |
| Jaxon Crabb (resigned 23/12/21)      | -   | -                           | -   | -                                 |
| Stewart McDonald (resigned 23/12/21) | -   | -                           | -   | -                                 |
| Richard Bevan (appointed 23/12/21)   | -   | 1,400,000                   | 1,400,000   | -                                 |
| Brett Smith (appointed 23/12/21)     | -   | 880,000                     | 880,000   | -                                 |
| Gloria Zhang (appointed 23/12/21)    | -   | 880,000                     | 880,000   | -                                 |
| <b>Senior Management</b>             |   |                             |   |                                   |
| David Selfe                          | -   | 1,950,000                   | 1,950,000   | -                                 |
|                                      | -   | <b>5,110,000</b>            | <b>5,110,000</b>  | -                                 |

**Other Transactions with Key Management Personnel**

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

|  | 2022<br>\$ | 2021<br>\$ |
|--|------------|------------|
| (i) Payments to Calder Roth & Co, a firm of which Dean Calder is associated with, for accounting, taxation, company secretarial and general administrative services provided prior to resignation as Director and Company Secretary.   | 35,660     | 23,758     |
| (ii) Payments to David Selfe Enterprises Pty Ltd, a company of which David Selfe is a Director, for consultancy services provided.   | 37,859     | -          |
| (iii) During the year ended 30 June 2022, prior to his resignation as a Non-Executive Director on 23 December 2021, Stewart McDonald participated in the Founder Raising and First Seed Raising to acquire 5,240,000 Founder shares and 468,750 Seed shares respectively. The total consideration paid for the shares was \$33,000 and \$25,000 respectively.<br><br>In March 2022, the Company subsequently granted Mr McDonald 1,840,314 Founder options (post-consolidation) and 175,645 Seed options (post-consolidation) as part of his participation in the Founder Raising and First Seed Raising. The fair value of the options granted was \$235,488 and \$21,009 respectively and was calculated using the Black-Scholes option valuation model taking into account the terms and conditions of the options (refer to Notes 10(a) and 10(b)).<br><br>Although the options were granted to Mr McDonald subsequent to his resignation as a Director, he is considered a related party as he is the spouse of Ms Zhang. |            |            |
| (iv) During the year ended 30 June 2022, the Company issued 150,000 shares to Mining 2000 Pty Ltd at \$0.20 per share in reimbursement of \$30,000 in option fees, being \$10,000 paid to Black Resources Pty Ltd and \$20,000 paid to Matlock Geological Services Pty Ltd, which was paid on behalf of the Company.<br><br>Mining 2000 Pty Ltd is an entity that is controlled by Stewart McDonald who is considered a related party as he is the spouse of Ms Zhang.   |            |            |

**Directors' Report (continued)****Other Transactions with Key Management Personnel (continued)**

|   | 2022<br>\$ | 2021<br>\$ |
|---|------------|------------|
| <u>Amounts outstanding at reporting date</u>  |            |            |
| Aggregates amount payable to key management personnel and their related entities at reporting date: |            |            |
| (i) Director remuneration   | 9,551      | -          |
| (ii) Other transactions   | -          | 2,970      |
|   | 9,551      | 2,970      |

**End of Remuneration Report (Audited)****Environmental Regulations**

The Company's operations are not currently subject to any other significant environmental regulations in the jurisdictions it operates in, namely Australia.

**Indemnity and insurance of officers**

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

During the financial year, the Company paid a premium in respect of a contract of insurance to insure the Directors and officers of the Company against certain liabilities specified in the contract. The contract prohibits disclosure of the nature of the liabilities insured and the amount of the premium.

**Non-Audit Services**

The Company may decide to employ the auditors on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor or a related practice of the auditor is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

Non-audit services provided by the Company's auditors and related entities for the year ended 30 June 2022 is detailed in Note 13 of this report.

**Proceedings on behalf of the Company**

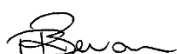
No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

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

**Auditor's Independence Declaration**

The auditor's independence declaration under section 307C of the *Corporations Act 2001* for the period ended 30 June 2022 has been received and can be found on page 20.

This Report of the Directors complies with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and is signed in accordance with a resolution of directors made pursuant to s.298(2) of the *Corporations Act 2001*.


**RICHARD BEVAN**

Director

Dated this 30<sup>th</sup> day of September 2022



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Australia

## DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF TG METALS LIMITED

As lead auditor of TG Metals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'P. Murdoch', with a long horizontal flourish extending to the right.

Phillip Murdoch  
Director

BDO Audit (WA) Pty Ltd  
Perth  
30 September 2022

**Statement of Profit or Loss and Other Comprehensive Income**

For the year ended 30 June 2022

|  | Note | 30 June 2022<br>\$ | 16 October 2020 -<br>30 June 2021<br>\$ |
|--|------|--------------------|---|
| <b>Continuing operations</b>   |      |                    |   |
| Revenue  |      | -                  | -                                       |
| Tenement expenses  |      | -                  | (566)                                   |
| Consulting and professional fees   | 2    | (232,052)          | (38,964)                                |
| Employee and contractor expenses   |      | (159,992)          | -                                       |
| Other expenses   |      | (131,201)          | (2,444)                                 |
| Share based payments   | 10   | (1,503,352)        | -                                       |
| <b>Loss before tax</b>   |      | <b>(2,026,597)</b> | <b>(41,974)</b>                         |
| Income tax expense   | 4    | -                  | -                                       |
| <b>Loss after income tax</b>   |      | <b>(2,026,597)</b> | <b>(41,974)</b>                         |
| <b>Other comprehensive income, net of income tax</b>   |      |                    |   |
| Items that will not be reclassified subsequently to profit or loss                             |      | -                  | -                                       |
| Items that may be reclassified subsequently to profit or loss                                  |      | -                  | -                                       |
| <b>Other comprehensive income for the year, net of tax</b>                                     |      | <b>-</b>           | <b>-</b>                                |
| <b>Total comprehensive loss for the year</b>   |      | <b>(2,026,597)</b> | <b>(41,974)</b>                         |
| <b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b> |      |                    |   |
|  |      | Cents              | Cents                                   |
| Basic and diluted earnings per share   | 11   | (7.25)             | (0.28)                                  |

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

**Statement of Financial Position**

As at 30 June 2022

|  | Note | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|------|--------------------|--------------------|
| <b>Current Assets</b>                  |      |                    |                    |
| Cash and Cash Equivalents              | 5(a) | 5,707,866          | 184,726            |
| Trade and Other Receivables            |      | 28,739             | 1,129              |
| <b>Total Current Assets</b>            |      | <b>5,736,605</b>   | <b>185,855</b>     |
| <b>Non-Current Assets</b>              |      |                    |                    |
| Exploration and Evaluation Expenditure | 6    | 467,596            | 270,480            |
| <b>Total Non-Current Assets</b>        |      | <b>467,596</b>     | <b>270,480</b>     |
| <b>Total Assets</b>                    |      | <b>6,204,201</b>   | <b>456,335</b>     |
| <b>Current Liabilities</b>             |      |                    |                    |
| Trade Payables and Other Payables      | 7    | 96,363             | 15,968             |
| Provisions                             |      | 1,716              | -                  |
| <b>Total Current Liabilities</b>       |      | <b>98,079</b>      | <b>15,968</b>      |
| <b>Total Liabilities</b>               |      | <b>98,079</b>      | <b>15,968</b>      |
| <b>Net Assets</b>                      |      | <b>6,106,122</b>   | <b>440,367</b>     |
| <b>Equity</b>                          |      |                    |                    |
| Issued Capital                         | 8(a) | 6,380,823          | 482,341            |
| Reserves                               | 9(b) | 1,793,870          | -                  |
| Accumulated Losses                     | 9(a) | (2,068,571)        | (41,974)           |
| <b>Total Equity</b>                    |      | <b>6,106,122</b>   | <b>440,367</b>     |

The Statement of Financial Position is to be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**

For the year ended 30 June 2022

|   | Note | Issued<br>Capital<br>\$ | Reserves<br>\$   | Accumulated<br>Losses<br>\$ | Total<br>\$        |
|---|------|-------------------------|------------------|-----------------------------|--------------------|
| <b>Balance as at 16 October 2020</b>                |      | 1                       | -                | -                           | 1                  |
| Loss for the period                                 |      | -                       | -                | (41,974)                    | (41,974)           |
| Other comprehensive income for the period           |      | -                       | -                | -                           | -                  |
| <b>Total comprehensive loss for the period</b>      |      | -                       | -                | <b>(41,974)</b>             | <b>(41,974)</b>    |
| <i>Transactions with owners, directly in equity</i> |      |                         |                  |                             |                    |
| Share application funds received                    | 8(a) | 487,000                 | -                | -                           | 487,000            |
| Share issue costs                                   | 8(a) | (4,660)                 | -                | -                           | (4,660)            |
| <b>Balance at 30 June 2021</b>                      |      | <b>482,341</b>          | -                | <b>(41,974)</b>             | <b>440,367</b>     |
| <b>Balance as at 1 July 2021</b>                    |      | 482,341                 | -                | (41,974)                    | 440,367            |
| Loss for the period                                 |      | -                       | -                | (2,026,597)                 | (2,026,597)        |
| Other comprehensive income for the period           |      | -                       | -                | -                           | -                  |
| <b>Total comprehensive loss for the period</b>      |      | -                       | -                | <b>(2,026,597)</b>          | <b>(2,026,597)</b> |
| <i>Transactions with owners, directly in equity</i> |      |                         |                  |                             |                    |
| Shares issued                                       | 8(a) | 6,530,000               | -                | -                           | 6,530,000          |
| Share issue costs                                   | 8(a) | (631,518)               | -                | -                           | (631,518)          |
| Share based payments                                | 10   | -                       | 1,793,870        | -                           | 1,793,870          |
| <b>Balance at 30 June 2022</b>                      |      | <b>6,380,823</b>        | <b>1,793,870</b> | <b>(2,068,571)</b>          | <b>6,106,122</b>   |

The Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

**Statement of Cash Flows**

For the year ended 30 June 2022

|   | Note        | 30 June 2022<br>\$ | 16 October 2020 -<br>30 June 2021<br>\$ |
|---|-------------|--------------------|---|
| <b>Cash flows from operating activities</b>               |             |                    |   |
| Payments to suppliers and employees                       |             | (468,744)          | (27,135)                                |
| <b>Net cash used in operating activities</b>              | <b>5(b)</b> | <b>(468,744)</b>   | <b>(27,135)</b>                         |
| <b>Cash flows from investing activities</b>               |             |                    |   |
| Payments for acquisition of tenements                     |             | (75,000)           | (270,480)                               |
| Payments for exploration and evaluation                   |             | (92,116)           | -                                       |
| <b>Net cash used in investing activities</b>              |             | <b>(167,116)</b>   | <b>(270,480)</b>                        |
| <b>Cash flows from financing activities</b>               |             |                    |   |
| Proceeds from issue of shares                             |             | 6,500,000          | 487,001                                 |
| Share issue transaction costs                             |             | (341,000)          | (4,660)                                 |
| <b>Net cash provided from financing activities</b>        |             | <b>6,159,000</b>   | <b>482,341</b>                          |
| <b>Net increase in cash held</b>                          |             | <b>5,523,140</b>   | <b>184,726</b>                          |
| Cash and cash equivalents at the beginning of the period  |             | 184,726            | -                                       |
| <b>Cash and cash equivalents at the end of the period</b> | <b>5(a)</b> | <b>5,707,866</b>   | <b>184,726</b>                          |

The Statement of Cash Flows is to be read in conjunction with the accompanying notes.



## Notes to the Financial Statements

For the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies

#### (a) Basis of preparation

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

The accounting policies detailed below have been consistently applied to all of the years presented unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The Company has applied the relief available to it under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. Accordingly, amounts in the financial statements have been rounded off to the nearest \$1.

#### (b) Statement of compliance

The financial report was authorised for issue on 30 September 2022.

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

#### (c) Going concern

This report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

For the year ended 30 June 2022 the Company recorded a loss of \$2,026,597 (2021: \$41,974) and had net cash outflows from operating and investing activities of \$635,860 (2021: \$297,615). At 30 June 2022, the Company had a working capital surplus of \$5,638,526 (2021: \$169,887).

#### (d) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for future reporting periods. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and therefore, no change will be necessary to Company accounting policies.

#### (e) Exploration and evaluation expenditure

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

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

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 1. Summary of Significant Accounting Policies (continued)****(f) Income Tax**

The income tax expense or benefit for the year is the tax payable on the current year'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 year. 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 years 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
- 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 utilized, 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
- 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 recognised.

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 recognised.

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 recognised 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.

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.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 1. Summary of Significant Accounting Policies (continued)****(g) Other taxes**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Government. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Government is included as part of receivables or payables in the statement of financial position. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the Government, are disclosed as operating cash flows.

**(h) Impairment of non-financial assets other than goodwill**

The Company 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 Company 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 Company 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 years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**(i) Cash and cash equivalents**

Cash comprises cash at bank and in 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.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies (continued)

#### (j) Financial Instruments

##### *Recognition, initial measurement and derecognition*

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

##### **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 upon initial recognition:

- amortised cost;
- fair value through other comprehensive income ('FVOCI'); and
- fair value through profit or loss ('FVPL').

Classifications are determined by both:

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

##### Financial assets at amortised cost

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

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; 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.

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 Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

##### **Financial liabilities**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value that are recognised in profit or loss.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 1. Summary of Significant Accounting Policies (continued)****(j) Financial Instruments (continued)****Impairment**

The Company assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

**(k) Provisions**

Provisions are recognised when the Company 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 Company 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 year.

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.

**(l) 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.

**(m) Current and Non-Current Classification**

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

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

**(n) Share-based payment transactions**

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The model uses assumptions and estimates as inputs.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### Note 1. Summary of Significant Accounting Policies (continued)

#### (n) Share-based payment transactions (continued)

No adjustment is made for the likelihood of the 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 year represents the movement in cumulative expense recognised at the beginning and end of the year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where 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 increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the 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 cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted.

#### (o) Earnings per share

##### *Basic earnings per share*

Basic earnings per share is calculated as a net profit attributable to members, 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*

Diluted earnings per share is calculated as net profit attributable to members, 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.

#### (p) Operating Segments

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

#### (q) Critical accounting estimates and judgements

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

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 1. Summary of Significant Accounting Policies (continued)****(q) Critical accounting estimates and judgements (continued)***Exploration and evaluation expenditure*

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at 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 relating to, the area of interest are continuing.

*Share-based payment transactions*

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





**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 4. Income Tax Expense (continued)**

|   | 30 June 2022   | 16 October 2020 -<br>30 June 2021 |
|---|----------------|-----------------------------------|
|   | \$             | \$                                |
| (b) Unrecognised deferred tax balances:                             |                |                                   |
| The following deferred tax assets have not been brought to account: |                |                                   |
| Unrecognised deferred tax asset – tax losses                        | 119,319        | 10,913                            |
| Unrecognised deferred tax asset – other temporary differences       | 12,252         | -                                 |
| <b>Net deferred tax assets not brought to account</b>               | <b>131,571</b> | <b>10,913</b>                     |

The taxation benefits of tax losses and timing not brought to account will only be obtained if:

- (a) assessable income is derived of a nature and of amount sufficient to enable the benefit from the deductions to be realised;
- (b) conditions for deductibility imposed by the law are complied with; and
- (c) no changes in tax legislation adversely affect the realisation of the benefit from the deductions.

**Note 5. Cash and Cash Equivalents***(a) Reconciliation of cash*

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the statement of financial position, as follows:

|                          | 30 June 2022 | 30 June 2021 |
|--------------------------|--------------|--------------|
|                          | \$           | \$           |
| Cash at Bank and in Hand | 5,707,866    | 184,726      |

*(b) Reconciliation of operating loss after income tax to net cash flow from operations*

|                      |             |          |
|----------------------|-------------|----------|
| Loss for the year    | (2,026,597) | (41,974) |
| Share based payments | 1,503,352   | -        |

**Changes in assets and liabilities**

|                             |          |         |
|-----------------------------|----------|---------|
| Trade and other receivables | (27,610) | (1,129) |
| Trade and other payables    | 80,395   | 15,968  |
| Provisions                  | 1,716    | -       |

**Net cash used in operating activities**

|  |                  |                 |
|--|------------------|-----------------|
|  | <b>(468,744)</b> | <b>(27,135)</b> |
|--|------------------|-----------------|

*(c) Non-cash financing and investing activities*

|   |               |          |
|---|---------------|----------|
| Issue of shares to satisfy trade and other payables | 30,000        | -        |
|   | <b>30,000</b> | <b>-</b> |

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 6. Exploration and Evaluation Expenditure**

Exploration and evaluation

| 30 June 2022 | 30 June 2021 |
|--------------|--------------|
| \$           | \$           |

|         |         |
|---------|---------|
| 467,596 | 270,480 |
|---------|---------|

*Reconciliations*

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

|                             |                     |                |
|-----------------------------|---------------------|----------------|
| Balance at 1 July           | 270,480             | -              |
| Additions during the year   | 75,000 <sup>1</sup> | 241,240        |
| Expenditure during the year | 122,116             | 29,240         |
| Balance at 30 June          | <b>467,596</b>      | <b>270,480</b> |

<sup>1</sup> Pursuant to the exercise of the Option Purchase Agreement with Matlock Geological Services Pty Ltd (Matlock Services), the Company cash settled the contingent consideration of \$75,000 payable to Matlock Services upon the Company's official quotation on the ASX.

The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

As at the date of this report, Management has not identified any geological indicators of impairment.

| 30 June 2022 | 30 June 2021 |
|--------------|--------------|
| \$           | \$           |

**Note 7. Trade and Other Payables**

|                |               |               |
|----------------|---------------|---------------|
| Trade payables | 3,968         | 3,968         |
| Other payables | 14,645        | -             |
| Accruals       | 77,750        | 12,000        |
|                | <b>96,363</b> | <b>15,968</b> |

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 8. Issued Capital***(a) Issued capital*

|                            | 2022<br>Shares    | 2021<br>Shares    | 2022<br>\$       | 2021<br>\$     |
|----------------------------|-------------------|-------------------|------------------|----------------|
| Fully paid ordinary shares | 57,322,914        | 30,675,001        | 6,380,823        | 482,341        |
|                            | <b>57,322,914</b> | <b>30,675,001</b> | <b>6,380,823</b> | <b>482,341</b> |

| Year ended 30 June 2022                         | Issue<br>Price | Fully Paid<br>Ordinary Shares | \$               |
|---|----------------|-------------------------------|------------------|
| Balance as at 1 July 2021                       |                | 30,675,001                    | 482,341          |
| Consolidation of shares on 3:4 basis            |                | (7,668,751)                   | -                |
| Issue of shares pursuant to Second Seed raising | \$0.12         | 4,166,664                     | 500,000          |
| Issue of shares to settle trade payables        | \$0.20         | 150,000                       | 30,000           |
| Issue of shares pursuant to IPO                 | \$0.20         | 30,000,000                    | 6,000,000        |
| Share issue costs                               |                | -                             | (631,518)        |
| Balance as at 30 June 2022                      |                | <b>57,322,914</b>             | <b>6,380,823</b> |

| Period ended 30 June 2021  | Issue<br>Price | Fully Paid<br>Ordinary Shares | \$             |
|--|----------------|-------------------------------|----------------|
| Balance as at 16 October 2020                                      |                | 1                             | 1              |
| Issue of shares pursuant to Founder Raising (pre-consolidation)    | \$0.003        | 19,850,000                    | 60,000         |
| Issue of shares pursuant to First Seed Raising (pre-consolidation) | \$0.039        | 10,825,000                    | 427,000        |
| Share issue costs  |                | -                             | (4,660)        |
| Balance as at 30 June 2021   |                | <b>30,675,001</b>             | <b>482,341</b> |

*(b) Options*

The following unlisted options were on issue during the year ended 30 June 2022:

| Exercise price         | 30c              | 20c              | 25c              | 30c              |
|------------------------|------------------|------------------|------------------|------------------|
| Expiry date            | 30 June 2024     | 24 May 2025      | 24 May 2025      | 24 May 2027      |
| Opening balance        | -                | -                | -                | -                |
| Issued during the year | 3,225,000        | 5,218,606        | 3,042,181        | 3,000,000        |
| Closing balance        | <b>3,225,000</b> | <b>5,218,606</b> | <b>3,042,181</b> | <b>3,000,000</b> |

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

There were unlisted options on issue during the year ended 30 June 2021.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 9. Reserves and Accumulated Losses***(a) Accumulated Losses*

Accumulated losses at the beginning of the year

Net loss for the year

**Accumulated Losses at the end of the year***(b) Reserves*

Share based payments reserve

|  | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|--|--------------------|--------------------|
|  |                    |                    |
|  | (41,974)           | -                  |
|  | (2,026,597)        | (41,974)           |
|  | <b>(2,068,571)</b> | <b>(41,974)</b>    |
|  |                    |                    |
|  | 1,793,870          | -                  |
|  | <b>1,793,870</b>   | -                  |

|                             | Options<br>\$    | Rights<br>\$  | Total<br>\$      |
|-----------------------------|------------------|---------------|------------------|
| Balance at 16 October 2020  | -                | -             | -                |
| Balance at 30 June 2021     | -                | -             | -                |
| Issue of options            | 1,746,478        | -             | 1,746,478        |
| Issue of performance rights | -                | 47,392        | 47,392           |
| Balance at 30 June 2022     | <b>1,746,478</b> | <b>47,392</b> | <b>1,793,870</b> |

*Share based payments reserve*

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

**Note 10. Share Based Payments****Year ended 30 June 2022**

During the year ended 30 June 2022, the following transactions were recognised as share based payments by the Company:

|   | Value<br>\$      |
|---|------------------|
| Founder options (Note 10(a))                        | 667,776          |
| Seed options (Note 10(b))                           | 363,876          |
| Management options (Note 10(c))                     | 424,308          |
| Performance rights (Note 10(e))                     | 47,392           |
| Amount expensed to profit or loss                   | 1,503,352        |
| Lead manager options (Note 10(d)) charged to equity | 290,518          |
| <b>Total share based payments</b>                   | <b>1,793,870</b> |

*(a) Founder Options*

In or about November 2020, the Company raised \$60,000 from the issue of 14,887,500 ordinary shares (post-consolidation) at \$0.004 per share, as well as 5,218,606 options (post-consolidation), to the Company's initial investors ('Founder Raising').

The total fair value of the options granted to key management personnel who participated in the Founder Raising was \$100,923 which was recognised as a share based payment as at 30 June 2022.

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

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 10 Share Based Payments (continued)***(a) Founder Options (continued)*

|   |               |
|---|---------------|
| Weighted average exercise price         | \$0.20        |
| Weighted average life of the options    | 3.21 years    |
| Weighted average underlying share price | \$0.20        |
| Expected share price volatility         | 100%          |
| Risk-free interest rate                 | 1.74%         |
| Grant date                              | 10 March 2022 |
| Expiry date                             | 24 May 2025   |
| Value per option                        | \$0.12796     |

The following table summarises the equity-settled share options issued to key management personnel and other investors:

|                            | Mr Smith      | Other Investors | Total     |
|----------------------------|---------------|-----------------|-----------|
| Number Issued <sup>1</sup> | 788,706       | 4,429,900       | 5,218,606 |
| Grant Date                 | 10 March 2022 | 10 March 2022   |           |
| Value per Option           | \$0.12796     | \$0.12796       |           |
| Total Value per Option     | \$100,923     | \$566,853       | \$667,776 |

<sup>1</sup> All options issued have fully vested and are escrowed for a period of 24 months from the date of quotation.

*(b) Seed Options*

In or about January 2021, the Company raised \$427,000 from the issue of 8,118,750 ordinary shares (post-consolidation) at \$0.053 per share, as well as 3,042,181 options (post-consolidation), to investors ('First Seed Raising').

The total fair value of the options granted to key management personnel who participated in the First Seed Raising was \$21,009 which was recognised as a share based payment as at 30 June 2022.

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

|   |               |
|---|---------------|
| Weighted average exercise price         | \$0.25        |
| Weighted average life of the options    | 3.21 years    |
| Weighted average underlying share price | \$0.20        |
| Expected share price volatility         | 100%          |
| Risk-free interest rate                 | 1.74%         |
| Grant date                              | 10 March 2022 |
| Expiry date                             | 24 May 2025   |
| Value per option                        | \$0.11961     |

The following table summarises the equity-settled share options issued to key management personnel and other investors:

|                        | Ms Zhang             | Other Investors        | Total     |
|------------------------|----------------------|------------------------|-----------|
| Number Issued          | 175,645 <sup>1</sup> | 2,866,536 <sup>2</sup> | 3,042,181 |
| Grant Date             | 10 March 2022        | 10 March 2022          |           |
| Value per Option       | \$0.11961            | \$0.11961              |           |
| Total Value per Option | \$21,009             | \$342,867              | \$363,876 |

<sup>1</sup> Options have fully vested and are escrowed for a period of 24 months from the date of quotation.

<sup>2</sup> All options issued have fully vested however the following escrow restrictions apply:

- 751,762 options are escrowed for a period of 24 months from the date of quotation; and
- 2,114,774 options are escrowed for a period of 12 months to 30 March 2023.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 10 Share Based Payments (continued)***(c) Management Options*

Pursuant to the Company's Prospectus dated 4 April 2022 and its successful Initial Public Offering, the Company issued 3,000,000 unlisted options to key management personnel, being the Directors and Mr David Selfe, in May 2022.

The total fair value of the options granted to key management personnel was \$424,308 which was recognised as a share based payment as at 30 June 2022.

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

|   | Directors     | CEO           |
|---|---------------|---------------|
| Weighted average exercise price         | \$0.30        | \$0.30        |
| Weighted average life of the options    | 5.19 years    | 5.15 years    |
| Weighted average underlying share price | \$0.20        | \$0.20        |
| Expected share price volatility         | 100%          | 100%          |
| Risk-free interest rate                 | 2.18%         | 2.61%         |
| Grant date                              | 15 March 2022 | 30 March 2022 |
| Expiry date                             | 24 May 2027   | 24 May 2027   |
| Value per option                        | \$0.14137     | \$0.14153     |

The following table summarises the equity-settled share options issued to key management personnel:

|                            | Mr Bevan      | Mr Smith      | Ms Zhang      | Mr Selfe      | Total     |
|----------------------------|---------------|---------------|---------------|---------------|-----------|
| Number Issued <sup>1</sup> | 600,000       | 600,000       | 600,000       | 1,200,000     | 3,000,000 |
| Grant Date                 | 15 March 2022 | 15 March 2022 | 15 March 2022 | 30 March 2022 |           |
| Value per Option           | \$0.14137     | \$0.14137     | \$0.14137     | \$0.14153     |           |
| Total Value per Option     | \$84,825      | \$84,825      | \$84,825      | \$169,833     | \$424,308 |

<sup>1</sup> All options issued have fully vested and are escrowed for a period of 24 months from the date of quotation.

*(d) Lead Manager Options*

Pursuant to the Company's Prospectus dated 4 April 2022 and its successful Initial Public Offering, the Company issued 3,225,000 unlisted options to the lead manager under the Prospectus as partial consideration for services. For the year ended 30 June 2022, \$290,518 was charged to share issue costs.

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

|   |              |
|---|--------------|
| Weighted average exercise price         | \$0.30       |
| Weighted average life of the options    | 2.12 years   |
| Weighted average underlying share price | \$0.20       |
| Expected share price volatility         | 100%         |
| Risk-free interest rate                 | 2.57%        |
| Grant date                              | 19 May 2022  |
| Expiry date                             | 30 June 2024 |
| Value per option                        | \$0.09008    |

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 10 Share Based Payments (continued)***(e) Performance Rights*

Pursuant to the Company's Prospectus dated 4 April 2022 and its successful Initial Public Offering, the Company issued 5,110,000 performance rights to key management personnel, being the Directors and Mr David Selfe, in May 2022.

The performance rights were granted at nil consideration, do not have an exercise price and expire on 24 May 2027.

Each performance right will vest and convert to one fully paid ordinary share subject to the satisfaction of the following vesting conditions:

| Tranche | Vesting Conditions   |
|---------|--|
| Class A | The Class A Performance Rights will vest subject to the Company's shares as traded on the ASX achieving a VWAP of at least \$0.40 over a period of 20 consecutive trading days within 5 years from the date of the Company's listing on the ASX. |
| Class B | The Class B Performance Rights will vest subject to the Company's shares as traded on the ASX achieving a VWAP of at least \$0.60 over a period of 20 consecutive trading days within 5 years from the date of the Company's listing on the ASX. |
| Class C | The Class C Performance Rights will vest subject to the Company's shares as traded on the ASX achieving a VWAP of at least \$0.70 over a period of 20 consecutive trading days within 5 years from the date of the Company's listing on the ASX. |

The fair value of the performance rights granted is estimated as at the date of grant using a barrier up-and-in trinomial option pricing model taking into account the terms and conditions upon which the performance rights were granted.

The total fair value of the performance rights granted to key management personnel was \$882,456. Based on the vesting conditions of the rights, \$47,392 has been recognised as a share based payment as at 30 June 2022.

**Directors**

|                                       | Class A<br>Performance Rights | Class B<br>Performance Rights | Class C<br>Performance Rights | Total     |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|
| Number Issued                         | 1,053,335                     | 1,053,333                     | 1,053,332                     | 3,160,000 |
| Grant Date                            | 15 March 2022                 | 15 March 2022                 | 15 March 2022                 |           |
| Vesting Date                          | 18 May 2027                   | 18 May 2027                   | 18 May 2027                   |           |
| Vesting Period (days)                 | 1,891                         | 1,891                         | 1,891                         |           |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$191,496                     | \$179,593                     | \$174,537                     | \$545,626 |
| Amount Expensed in Current Year       | \$10,837                      | \$10,162                      | \$9,875                       | \$30,874  |
| Amount to be Expensed in Future Years | \$180,659                     | \$169,431                     | \$164,662                     | \$514,752 |

|                                       | Class A<br>Performance Rights | Class B<br>Performance Rights | Class C<br>Performance Rights | Total     |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|
| <b>Mr Bevan</b>                       |                               |                               |                               |           |
| Number Issued                         | 466,667                       | 466,667                       | 466,666                       | 1,400,000 |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$84,840                      | \$79,567                      | \$77,327                      | \$241,734 |
| Amount Expensed in Current Year       | \$4,801                       | \$4,502                       | \$4,375                       | \$13,678  |
| Amount to be Expensed in Future Years | \$80,039                      | \$75,065                      | \$72,952                      | \$228,056 |

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

## Note 10 Share Based Payments (continued)

(e) Performance Rights (continued)

|                                       | Class A<br>Performance Rights | Class B<br>Performance Rights | Class C<br>Performance Rights | Total     |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|
| <b>Mr Smith</b>                       |                               |                               |                               |           |
| Number Issued                         | 293,334                       | 293,333                       | 293,333                       | 880,000   |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$53,328                      | \$50,013                      | \$48,605                      | \$151,946 |
| Amount Expensed in Current Year       | \$3,018                       | \$2,830                       | \$2,750                       | \$8,598   |
| Amount to be Expensed in Future Years | \$50,310                      | \$47,183                      | \$45,855                      | \$143,348 |
| <b>Ms Zhang</b>                       |                               |                               |                               |           |
| Number Issued                         | 293,334                       | 293,333                       | 293,333                       | 880,000   |
| Value per Right                       | \$0.1818                      | \$0.1705                      | \$0.1657                      |           |
| Total Value of Rights                 | \$53,328                      | \$50,013                      | \$48,605                      | \$151,946 |
| Amount Expensed in Current Year       | \$3,018                       | \$2,830                       | \$2,750                       | \$8,598   |
| Amount to be Expensed in Future Years | \$50,310                      | \$47,183                      | \$45,855                      | \$143,348 |

## Chief Executive Officer (Mr Selfe)

|                                       | Class A<br>Performance Rights | Class B<br>Performance Rights | Class C<br>Performance Rights | Total     |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------|
| Number Issued                         | 650,000                       | 650,000                       | 650,000                       | 1,950,000 |
| Grant Date                            | 30 March 2022                 | 30 March 2022                 | 30 March 2022                 |           |
| Vesting Date                          | 18 May 2027                   | 18 May 2027                   | 18 May 2027                   |           |
| Vesting Period (days)                 | 1,876                         | 1,876                         | 1,876                         |           |
| Value per Right                       | \$0.1818                      | \$0.1706                      | \$0.1658                      |           |
| Total Value of Rights                 | \$118,170                     | \$110,890                     | \$107,770                     | \$336,830 |
| Amount Expensed in Current Year       | \$5,795                       | \$5,438                       | \$5,285                       | \$16,518  |
| Amount to be Expensed in Future Years | \$112,375                     | \$105,452                     | \$102,485                     | \$320,312 |

## Year ended 30 June 2021

There were no share based payments made during the year.

## Note 11. Earnings per Share

|                            | 2022<br>Cents per<br>Share | 2021<br>Cents per<br>Share |
|----------------------------|----------------------------|----------------------------|
| Basic earnings per share   | (7.25)                     | (0.28)                     |
| Diluted earnings per share | (7.25)                     | (0.28)                     |

The loss for the year and the weighted average number of ordinary shares used in the calculation of basic loss per share are as follows:

|   | 2022<br>\$  | 2021<br>\$  |
|---|-------------|-------------|
| Loss for the year after income tax  | (2,026,597) | (41,975)    |
|   | 2022<br>No. | 2021<br>No. |
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 27,959,993  | 15,054,603  |



**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 12. Key Management Personnel Disclosures and Related Party Transactions****Directors**

The following persons were directors of TG Metals Limited during the financial year:

Dean Calder  
 Jaxon Crabb  
 Stewart McDonald  
 Richard Bevan  
 Brett Smith  
 Di (Gloria) Zhang

*Other key management personnel*

Other persons who had authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, during the financial year, was the Chief Executive Officer, David Selfe.

*Remuneration*

Refer to the audited Remuneration Report in the Directors' Report regarding remuneration paid or payable to key management personnel during the year ended 30 June 2022.

|                              | 30 June 2022   | 16 October 2020 -<br>30 June 2021 |
|------------------------------|----------------|-----------------------------------|
|                              | \$             | \$                                |
| Short term employee benefits | 36,802         | -                                 |
| Post-employment benefits     | 3,584          | -                                 |
| Share based payments         | 593,632        | -                                 |
|                              | <b>634,018</b> | <b>-</b>                          |

*Transactions with related parties*

Transactions with key management personnel related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

|   | 30 June 2022 | 16 October 2020 -<br>30 June 2021 |
|---|--------------|-----------------------------------|
|   | \$           | \$                                |
| (i) Payments to Calder Roth & Co, a firm of which Dean Calder is associated with, for accounting, taxation, company secretarial and general administrative services provided prior to resignation as Director and Company Secretary.  | 35,660       | 23,758                            |
| (ii) Payments to David Selfe Enterprises Pty Ltd, a company of which David Selfe is a Director, for consultancy services provided.  | 37,859       | -                                 |
| (iii) During the year ended 30 June 2022, prior to his resignation as a Non-Executive Director on 23 December 2021, Stewart McDonald participated in the Founder Raising and First Seed Raising to acquire 5,240,000 Founder shares and 468,750 Seed shares respectively. The total consideration paid for the shares was \$33,000 and \$25,000 respectively. |              |                                   |

In March 2022, the Company subsequently granted Mr McDonald 1,840,314 Founder options (post-consolidation) and 175,645 Seed options (post-consolidation) as part of his participation in the Founder Raising and First Seed Raising. The fair value of the options granted was \$235,488 and \$21,009 respectively and was calculated using the Black-Scholes option valuation model taking into account the terms and conditions of the options (refer to Notes 10(a) and 10(b)).

Although the options were granted to Mr McDonald subsequent to his resignation as a Director, he is considered a related party as he is the spouse of Ms Zhang.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 12. Key Management Personnel Disclosures and Related Party Transactions (continued)**

- (iv) During the year ended 30 June 2022, the Company issued 150,000 shares to Mining 2000 Pty Ltd at \$0.20 per share in reimbursement of \$30,000 in option fees, being \$10,000 paid to Black Resources Pty Ltd and \$20,000 paid to Matlock Geological Services Pty Ltd, which was paid on behalf of the Company.

Mining 2000 Pty Ltd is an entity that is controlled by Stewart McDonald who is considered a related party as he is the spouse of Ms Zhang.

Amounts outstanding at reporting date

Aggregates amount payable to key management personnel and their related entities at reporting date:

- (i) Director remuneration  
(ii) Other transactions

|                           | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|---------------------------|--------------------|--------------------|
| (i) Director remuneration | 9,551              | -                  |
| (ii) Other transactions   | -                  | 2,970              |
|                           | <b>9,551</b>       | <b>2,970</b>       |

*Loans to key management personnel*

No loans existed during the year and as at reporting date between the Company and with key management personnel.

*Loans from key management personnel*

No funds were advanced to the Company by the Directors or their related parties during the year ended 30 June 2022.

**Note 13. Remuneration of Auditors**

*Audit services - BDO Audit (WA) Pty Ltd*  
Audit or review of the financial statements

*Other services - BDO Audit (WA) Pty Ltd and its related entities*  
Independent Limited Assurance Report

|   | 30 June 2022<br>\$ | 16 October 2020 -<br>30 June 2021<br>\$ |
|---|--------------------|---|
| Audit or review of the financial statements | 51,153             | 12,000                                  |
| Independent Limited Assurance Report        | 15,000             | -                                       |
|   | <b>66,153</b>      | <b>12,000</b>                           |

The auditor of TG Metals Limited is BDO Audit (WA) Pty Ltd.

**Note 14. Commitments for Expenditure***Exploration and evaluation assets*

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements.

Committed at the reporting date but not recognised as liabilities, payable:

Within one year  
One to five years

|                   | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|-------------------|--------------------|--------------------|
| Within one year   | 161,841            | -                  |
| One to five years | 421,686            | -                  |
|                   | <b>583,527</b>     | <b>-</b>           |

## Notes to the Financial Statements (continued)

For the year ended 30 June 2022

### Note 15. Contingent Assets and Liabilities

Pursuant to the exercise of the Option Purchase Agreement with Matlock Geological Services Pty Ltd (Matlock Services), the Company settled the contingent consideration of \$75,000 payable to Matlock Services upon the Company's official quotation on the ASX.

There were no other changes to contingent assets or contingent liabilities during the year ended 30 June 2022.

### Note 16. Events Subsequent to Reporting Date

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

### Note 17. Financial Risk Management

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Company's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the Company where such impacts may be material. The Board receives monthly financial reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

#### *Financial risk management and policies*

The Company's exploration activities are being funded by equity and are not exposed to significant financial risks. There are no speculative or financial derivative instruments.

The Company holds the following financial instruments, all of which are measured at amortised cost:

|                              | 30 June 2022<br>\$ | 30 June 2021<br>\$ |
|------------------------------|--------------------|--------------------|
| <b>Financial assets</b>      |                    |                    |
| Cash and cash equivalents    | 5,707,866          | 184,726            |
| Trade and other receivables  | 28,739             | 1,129              |
|                              | <b>5,736,605</b>   | <b>185,855</b>     |
| <b>Financial liabilities</b> |                    |                    |
| Trade and other payables     | 96,363             | 15,968             |
|                              | <b>96,363</b>      | <b>15,968</b>      |

The Company's principal financial instruments comprise of cash.

The main purpose of these financial instruments is to fund the Company's operations.

The main risks arising from the Company are credit risk, capital risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are recognised below.

#### (a) Credit risk

Cash at bank is held with internationally regulated banks. As at 30 June 2022, all cash and cash equivalents were held with AA rated banks.

No provisions have been made against trade and other receivables as the full balance is expected to be recovered.

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 17 Financial Risk Management (continued)****(b) Capital risk**

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

During the year ended 30 June 2022, the Company's strategy was to keep borrowings to a minimum. The Company's equity management is determined by funds required to undertake exploration activities and meet its corporate and other costs

**(c) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash balances and access to equity funding.

The Company's exposure to the risk of changes in market interest rates relate primarily to cash assets and floating interest rates

The Directors monitor the cash-burn rate of the Company on an on-going basis against budget and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

As at reporting date, the Company had sufficient cash reserves to meet its requirements. The Company has no access to credit standby facilities or arrangements for further funding or borrowings in place.

The financial liabilities the Company had at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments.

The following table sets out the carrying amount, by maturity, of the financial instruments including exposure to interest rate risk:

| <b>As at 30 June 2022</b>   | <b>&lt;1 year</b> | <b>1 – 5 years</b> | <b>Over 5 years</b> | <b>Total</b>     | <b>Weighted average<br/>effective interest rate<br/>%</b> |
|-----------------------------|-------------------|--------------------|---------------------|------------------|---|
| Financial Assets:           |                   |                    |                     |                  |   |
| Cash and cash equivalents   | 5,707,866         | -                  | -                   | 5,707,866        | 0.00  |
| Trade and other receivables | 28,739            | -                  | -                   | 28,739           | -   |
|                             | <b>5,736,605</b>  | <b>-</b>           | <b>-</b>            | <b>5,736,605</b> |   |
| Financial Liabilities:      |                   |                    |                     |                  |   |
| Trade and other payables    | 96,363            | -                  | -                   | 96,363           |   |
|                             | <b>96,363</b>     | <b>-</b>           | <b>-</b>            | <b>96,363</b>    |   |

**Notes to the Financial Statements (continued)**

For the year ended 30 June 2022

**Note 17 Financial Risk Management (continued)**

## (c) Liquidity risk (continued)

| As at 30 June 2021          | <1 year        | 1 – 5 years | Over 5 years | Total          | Weighted average<br>effective interest rate<br>% |
|-----------------------------|----------------|-------------|--------------|----------------|--|
| Financial Assets:           |                |             |              |                |  |
| Cash and cash equivalents   | 184,726        | -           | -            | 184,726        | 0.00   |
| Trade and other receivables | 1,129          | -           | -            | 1,129          |  |
|                             | <b>185,855</b> | <b>-</b>    | <b>-</b>     | <b>185,855</b> |  |
| Financial Liabilities:      |                |             |              |                |  |
| Trade and other payables    | 15,968         | -           | -            | 15,968         |  |
|                             | <b>15,968</b>  | <b>-</b>    | <b>-</b>     | <b>15,968</b>  |  |

## (d) Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes. The carrying value less any impairment provision for trade receivables and payables are assumed to approximate their fair values due to their short term nature.

The Company's principal financial instruments consist of cash and deposits with banks, accounts receivable and trade payables. The main purpose of these non-derivative financial instruments is to finance the entity's operations.

**Directors' Declaration**

The Directors of the Company declare that:

- a. the financial statements and notes, as set out on pages 21 to 45, are in accordance with the *Corporations Act 2001* and other mandatory professional reporting requirements;
- b. give a true and fair view of the financial position as at 30 June 2022 and of its performance for the year ended on that date; and
- c. in the Directors' opinion, the financial statements and notes are prepared in accordance with International Financial Reporting Standards and Interpretations as adopted by the International Accounting Standards Board.

In the Directors' opinion:

- i. at the date of the declaration there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- ii. the Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by Section 295A of the Corporations Act for the financial year ending 30 June 2022.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**RICHARD BEVAN**

Director

Dated this 30<sup>th</sup> day of September 2022

## INDEPENDENT AUDITOR'S REPORT

To the members of TG Metals Limited

### Report on the Audit of the Financial Report

#### Opinion

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

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

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

#### Basis for opinion

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

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

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

## Key audit matters

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.

### Accounting for Share Based Payments

| <i>Key audit matter</i>  | <i>How the matter was addressed in our audit</i>  |
|--|---|
| <p>As disclosed in Note 10 to the Financial Report, during the financial year ended 30 June 2022, the Company agreed to issue options and performance rights to key management personnel and consultants, which have been accounted for as share-based payments as disclosed in Note 10 of the Financial Report.</p> <p>Refer to Note 10 of the Financial Report for a description of the accounting policy and significant estimates and judgements applied to these arrangements.</p> <p>Share-based payments are a complex accounting area and due to the complex and judgemental estimates used in determining the fair value of the share-based payments, we consider the accounting for share-based payments to be a key audit matter.</p> | <p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"><li>• Reviewing the relevant agreements to obtain an understanding of the contractual nature and terms and conditions of the share-based payment arrangements;</li><li>• Holding discussions with management to understand the share-based payment transactions in place;</li><li>• Reviewing management's determination of the fair value of the share-based payments granted, considering the appropriateness of the valuation methodology used;</li><li>• Testing key fair value inputs, using internal specialists where required;</li><li>• Assessing the allocation of the share-based payment expense over the relevant vesting period; and</li><li>• Assessing the adequacy of the related disclosures in Note 10 to the Financial Report.</li></ul> |



## Other information

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

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

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

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

## Responsibilities of the directors for the Financial Report

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

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

## Auditor's responsibilities for the audit of the Financial Report

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

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

[https://www.auasb.gov.au/admin/file/content102/c3/ar2\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf)

This description forms part of our auditor's report.



## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 19 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of TG Metals 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.

BDO Audit (WA) Pty Ltd

BDO  
A handwritten signature in black ink, appearing to read 'P. Murdoch', is written over a horizontal line.

Phillip Murdoch

Director

Perth

30 September 2022

## ASX Additional Information

Pursuant to the Listing Rules of the Australian Securities Exchange, the shareholder information set out below was applicable as at 30 August 2022.

## A. Distribution of Equity Securities

Analysis of numbers of shareholders by size of holding:

| Distribution      | Number of Shares  | %              | Number of Shareholders |
|-------------------|-------------------|----------------|------------------------|
| 1 to 1,000        | 2,408             | 0.00%          | 8                      |
| 1,001 to 5,000    | 85,837            | 0.15%          | 23                     |
| 5,001 to 10,000   | 586,653           | 1.02%          | 64                     |
| 10,001 to 100,000 | 13,919,243        | 24.28%         | 291                    |
| 100,001 and Over  | 42,728,773        | 74.54%         | 108                    |
|                   | <b>57,322,914</b> | <b>100.00%</b> | <b>494</b>             |

There were 19 shareholders holding less than a marketable parcel of ordinary shares.

## B. Substantial Shareholders

TG Metals Limited has received the following substantial shareholder notifications. As at 30 August 2022, no other substantial shareholder notice have been received.

| Shareholder Name | Shares held at date of Notice | Percentage held at date of Notice (%) | Date of Notice |
|------------------|-------------------------------|---------------------------------------|----------------|
| Stewart McDonald | 5,868,750                     | 10.24%                                | 27 May 2022    |
| Phillip G Crabb  | 4,366,666                     | 7.62%                                 | 26 May 2022    |

## C. Twenty Largest Shareholders

The names of the twenty largest holders of quoted shares are listed below:

|    | Shareholder   | Number Shares     | %             |
|----|---|-------------------|---------------|
| 1  | Ioma Pty Ltd <Gemini A/C>   | 3,975,000         | 6.93%         |
| 2  | Pubmate Australia Pty Ltd   | 3,000,000         | 5.23%         |
| 3  | Shanghai Holdings Pty Ltd   | 2,250,000         | 3.93%         |
| 3  | Awonga Point Investment Pty Ltd <Wenlock River A/C>                       | 2,250,000         | 3.93%         |
| 4  | Westessa Holdings Pty Ltd   | 1,831,500         | 3.20%         |
| 5  | Mrs Judith Suzanne Piggin & Mr Damien Jaye Piggin <Piggin Family S/F A/C> | 1,480,000         | 2.58%         |
| 6  | Cranport Pty Ltd <No 5 - A/C>   | 1,415,927         | 2.47%         |
| 7  | Chin Nominees Pty Ltd <Chin Nominees No2 S/F A/C>                         | 1,262,500         | 2.20%         |
| 8  | Gemini Holdings Pty Ltd <Demarte Family A/C>                              | 1,250,250         | 2.18%         |
| 9  | Mr Jaxon Trent Crabb  | 1,224,510         | 2.14%         |
| 10 | LDU Pty Ltd <Vesty Super Fund A/C>  | 1,000,000         | 1.74%         |
| 11 | Kobala Investments Pty Ltd <Fernando Edward Family A/C>                   | 800,000           | 1.40%         |
| 12 | Cicchino Pty Ltd <Cicchino Share A/C>                                     | 654,584           | 1.14%         |
| 13 | Mr Richard Bevan & Mrs Sara Bevan <The Slush Fund S/Plan A/C>             | 625,000           | 1.09%         |
| 14 | Mr Raymond Gardener & Miss Hineaka Black <Tumeke Super Fund A/C>          | 593,750           | 1.04%         |
| 15 | Mr Bruce Crabb  | 580,000           | 1.01%         |
| 16 | Mr Terry James Gardiner   | 550,000           | 0.96%         |
| 17 | Peterlyn Pty Ltd <RPC Salmon Super Fund A/C>                              | 500,000           | 0.87%         |
| 17 | Mr Siat Yoon Chin   | 500,000           | 0.87%         |
| 18 | Gloria Zhang  | 468,750           | 0.82%         |
| 18 | Skyclean Management Pty Ltd   | 468,750           | 0.82%         |
| 18 | Salamar Pty Ltd   | 468,750           | 0.82%         |
| 19 | Wahoo Capital Pty Ltd   | 466,667           | 0.81%         |
| 20 | Mr Darren Sanders   | 460,000           | 0.80%         |
|    | <b>TOTAL</b>  | <b>28,075,938</b> | <b>48.98%</b> |

## ASX Additional Information

## D. Listed Options

As at the date of this report there were nil listed options on issue in the Company.

## E. Voting Rights

In accordance with the Company's Constitution, voting rights in respect of ordinary shares are on a show of hands whereby each member present in person or by proxy shall have one vote and upon a poll, each share will have one vote.

## F. Unquoted Securities

**Founders Options - \$0.20; 24 May 2025**

|                            |                                    |
|----------------------------|------------------------------------|
| Number of Founders Options | 5,218,606                          |
| Number of Holders          | 7                                  |
| Holders with more than 20% | Ioma Pty Ltd <Gemini A/C> - 25.19% |

**Seed Options - \$0.25; 24 May 2025**

|                        |           |
|------------------------|-----------|
| Number of Seed Options | 3,042,181 |
| Number of Holders      | 19        |

**Lead Manager Options - \$0.30; 30 June 2024**

|                                |  |
|--------------------------------|--|
| Number of Lead Manager Options | 3,225,000                                  |
| Number of Holders              | 21   |
| Holders with more than 20%     | Barclay Wells Ltd <Nominee 2 A/C> - 24.81% |

**Management Options - \$0.30; 24 May 2027**

|                              |           |
|------------------------------|-----------|
| Number of Management Options | 3,000,000 |
| Number of Holders            | 4         |

**Performance Rights – expiring 19 May 2027**

|                                      |           |
|--------------------------------------|-----------|
| Number of Class A Performance Rights | 1,703,335 |
| Number of Class B Performance Rights | 1,703,333 |
| Number of Class C Performance Rights | 1,703,332 |
| Number of Holders in each Class      | 4         |

## G. On Market Buy-Back

There is no current on market buy-back for any of the Company's securities.

## ASX Additional Information

## H. Restricted Securities

| Security                                       | Number     | Restriction Period   |
|--|------------|--|
| Ordinary Shares                                | 17,021,373 | Escrowed until 26 May 2024<br>(24 months from the date of quotation) |
| Ordinary Shares                                | 1,204,166  | Escrowed until 2 March 2023<br>(12 months from date of issue)        |
| Founder Options<br>(\$0.20; 24 May 2025)       | 5,218,606  | Escrowed until 26 May 2024<br>(24 months from the date of quotation) |
| Seed Options<br>(\$0.25; 24 May 2025)          | 927,407    | Escrowed until 26 May 2024<br>(24 months from the date of quotation) |
| Seed Options<br>(\$0.25; 24 May 2025)          | 2,114,774  | Escrowed until 30 March 2023<br>(12 months from date of issue)       |
| Lead Manager Options<br>(\$0.30; 30 June 2024) | 3,225,000  | Escrowed until 26 May 2024<br>(24 months from the date of quotation) |
| Management Options<br>(\$0.30; 24 May 2027)    | 3,000,000  | Escrowed until 26 May 2024<br>(24 months from the date of quotation) |
| Performance Rights<br>(Expiring 19 May 2027)   | 5,110,000  | Escrowed until 26 May 2024<br>(24 months from the date of quotation) |

## I. Information pursuant to Listing Rule 4.10.19

Between the date of the Company's admission to the official list of the ASX on 24 May 2022 and the end of the reporting period on 30 June 2022, the Company used its cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.