



# ANNUAL REPORT 2022

**ENOVA MINING LIMITED**

ABN 64 087 595 980 and its controlled entities.



ASX: ENV

**[www.enovamining.com](http://www.enovamining.com)**

## Table of Contents

Board of Directors .....	2
Chairman's Review .....	3
Review of Operations .....	5
Directors Report .....	12
Auditor's Independence Declaration .....	19
Independent Audit Report .....	20
Directors' Declaration .....	24
Statement of Consolidated Profit or Loss and Other Comprehensive Income .....	25
Statement of Consolidated Financial Position .....	26
Statement of Consolidated Changes in Equity .....	27
Statement of Consolidated Cash Flows .....	28
Notes to the Consolidated Financial Statements .....	29
1. Statement of accounting policies .....	29
2. Financial risk management .....	37
3. Critical accounting estimate judgement .....	37
4. Parent company information .....	39
5. Revenue .....	39
6. Loss from ordinary activities .....	40
7. Income tax .....	40
8. Loss per share .....	41
9. Cash and cash equivalents .....	41
10. Trade and other receivables .....	41
11. Other current assets .....	41
12. Other non-current assets .....	42
13. Plant & equipment .....	42
14. Deferred exploration and evaluation expenditure .....	43
15. Current trade and other payables .....	43
16. Current interest-bearing payables .....	43
17. Provisions .....	43
18. Equity – issued capital .....	44
19. Options .....	44
20. Reserve .....	44
21. Particulars relating to controlled entities .....	44
22. Commitments for expenditure .....	45
23. Key management personnel disclosure .....	45
24. Related party disclose .....	46
25. Auditors' remuneration .....	47
26. Financial instrument disclosure .....	48
27. Operating segment .....	53
28. Reconciliation of loss after income tax to net cash from operating activities .....	53
Corporate Register .....	54
Shareholder Information .....	55
Tenement Schedule .....	57

## Board of Directors

### **Dato' Sia Kiang, Non-Executive Chairman**



Dato' Sia is Managing Director of the successful Malaysian private mining Company, Malaco Mining Sdn. Bhd. He is a graduate of the University of Malaya in Applied Geology, an economic geologist with more than 30 years world-wide experience. Mr Sia has a solid business reputation throughout Asia, with useful contacts in several Asian countries. He has extensive experience in bulk alluvial mining in Malaysia, including the extraction of the rare earth minerals xenotime and monazite as by-products of tin mining. Mr Sia's experience is very appropriate for Enova's Charley Creek alluvial rare earth project, which is also based on the extraction of monazite and xenotime from alluvial material. He is currently a director of an advanced technology rare earth separation business in Malaysia. He is an active member of the Malaysian Geological Society and a Council Member of the Malaysian Chamber of Mines.

### **Eric Vesel, Managing Director/Executive Director**



Mr Vesel is a qualified Mining Engineer with 35 years professional experience in the mining industry. His experience spans a range of technical, operations, management, and corporate roles. He has worked for both small and large mining companies in Australia, Namibia, Papua New Guinea, Indonesia, CIS and Malaysia. He was formerly Chief Operating Officer for Avocet Mining PLC with considerable international project experience. He has managed group operations including exploration projects (grassroots through to advanced developments), feasibility, mine development and operating mines. He also has extensive business evaluation and project acquisition skills. He is a mining consultant, business advisor and investor based in Kuala Lumpur. He is currently a director of an advanced technology rare earth separation business in Malaysia. Eric is an active Council Member of the Malaysian Chamber of Mines and Member of the AusIMM.

### **Harun Halim Rasip, Non-Executive Director**



Mr Halim Rasip joined us on the 31 May 2017. Harun is a businessman who brings extensive financial and corporate governance experience to Enova. He is a Fellow of the Institute of Chartered Accountants Australia and a member of the Malaysian Institute of Accountants. He was with Price Waterhouse in Perth, Australia and in Kuala Lumpur, Malaysia for 8 years where after he established Halim Rasip Holdings Sdn Bhd ("HRH") Group and served as its Chairman and Managing Director. HRH was responsible for the conceptualization, promotion, development, funding, construction of Lumut Port in the Straits of Malacca (comprising of Lumut Maritime Terminal and Lekir Bulk Terminal). Harun then served as CEO of Integrax Bhd. which had assumed control of Lumut Port in 2000-2001. Harun has also served as a member of the Executive Committee of the Federation of Public Listed Companies Bhd (FPLC) Malaysia in 2004-2010 and of its Technical & Regulatory Committee and Accounting Standards Sub-Committee 2003-2010, served as Chairman of Landmarks Bhd., a Non-Executive Independent Director of iCapital Biz Bhd. and as a director of several other unlisted Companies in Malaysia. He is currently the President Director of P.T. Tanah Laut Tbk., a Company listed on Bursa Efek Indonesia and based in Jakarta.

### **Stan Wassylko, Non-Executive Director**



Mr Stan Wassylko was appointed to the Board of Directors on 21 March 2016. Stan has extensive experience in the resources sector and has 46 years' experience in businesses servicing the sector, in logistics, shipping, infrastructure, project construction, contract management and marketing. His long and diverse experience will be valuable as Enova steers the Charley Creek Project towards development.

### **Andrew Metcalfe, Company Secretary**

Andrew brings over 20 years Company Secretarial, Governance and CFO experience from a range of ASX and TSX listed and unlisted Public Companies, Government and Not-for-Profit organizations across a broad industry base.

## Chairman's Review

On behalf of the Directors of Enova Mining Limited (Enova), we thank you for your interest in our Company and for taking time to read our annual report. Please visit our website [www.enovamining.com](http://www.enovamining.com) for more information about Enova.

The rare earth mining sector continues to be an exciting investment sector, mixed with explorer hopefuls, companies moving toward production and everything in between. For over a decade Enova has invested in the development of the Charley Creek project. In 2013, we announced our resource estimates and summary of our Scoping Study. In 2019, we redrilled the Cattle Creek area at greater density to update the resource model and revalidate our study. Still outstanding is our need to obtain bulk alluvial sand samples from Cattle Creek and re-test the material through heavy mineral gravity separation equipment. This year a lack of funds held back our work plans. We have a determined talented team, and the Charley Creek project remains a stellar opportunity. We are confident that we will secure funding allowing us to update our test work and complete our technical reports to move Charley Creek forward. More recently, I have engaged the Board to re-consider our potential investment markets to see if we can overcome our financial hurdles for 2023. We will make a concerted effort to broaden our investor base.

The future for rare earth metals remains strong. In 2022, geopolitical tensions raised concerns about relations with trading partners and sanctions. Chinese manufacturing and trade were impacted by harsh "zero COVID" policies. Globally central banks sought cautious fiscal policies and warned about debt levels. For the first time in many years, inflation and rising interest rates are issues of concern, this has weighed on people's spending decisions. We must not be pessimistic, the demand for goods will return to equilibrium. Rare earth prices waned slightly during 2022 but remain well above 2021 prices. Our outlook for demand and strong prices remains extremely bullish.

From a strategic stance, the supply situation is even more serious, as countries seek to secure rare earth supplies for military needs. Australia is well poised with resources and a mature mining industry. Despite this advantage, building new mines is a slow process, as rare earth businesses are unique and technically challenging. Value adding and downstream processing is as important as the mining and extraction. In general, this is an added link that our industry has tended to shy away from. Domestic investors lack the interest in the financial heavy lifting needed for pre-feasibility stage technical assessments. More recently, the federal government recognized this weakness and in 2023 provided a Critical Minerals Grant, particularly suited to small companies like Enova. Our application seeks funding allowing Enova to complete an integrated gravity concentration and leaching project Scoping Study. We are hopeful and await the outcome of our application.

Our August 2022 share holder purchase plan (SPP) was met with partial support receiving \$332,000 and we wish to thank all those that participated. We fell short of our \$700,000 target required to complete a resource statement for the alluvial and weathered rock material at Cattle Creek and requires further funding for development activity. With some re-budgeting, we adjusted plans to focus on the alluvial resource. We experienced some unexpected delays awaiting drilling permits and experienced difficulties procuring a suitable drilling contractor due to demand, and unseasonal weather conditions preventing access. We pride ourselves on some of the lowest company overheads for an ASX company.

As previously stated, our focus is to develop our flagship project at Cattle Creek. Resource delineation drilling was limited to an approximate 10 sq. km area, to define the northern extent of Cattle Creek. This resource delineation drilling can be extended outside this area with more low-cost drilling. This is the next stage of resource development. Our tenements at Charley Creek offer approximately 250 sq.km of similar geological conditions. Cattle Creek will be a template for many similar projects nearby at Charley Creek. Given the geological consistency of the region, large resources can be established by relatively low-cost air core drilling.

In 2019, drilling identified further mineral opportunities below the alluvial sands. Originally the project was only focused on the extraction of rare earth bearing monazite/xenotime minerals from surface alluvial sands. Deeper drilling at Cattle Creek identified weathered rock mineralization that could host an additional operation to extract scandium, aluminum and rare earth metals. On the surface alluvial sand/silt (approx. 15m thick), contains low grade rare earth bearing minerals, monazite and xenotime, which can be recovered and

## Chairman's Review (continued)

concentrated by low-cost industry standard gravity separation methods. These minerals are acid roasted "cracked", to liberate rare earth metals for extraction and separated using solvent extraction. After removing the alluvial over-burden, higher grade saprolite and clays can then be mined to depths of over 60m. Scandium, aluminum and rare earth metals concentrated in the fines, can be separated, and extracted using acid leaching technology, as is extensively used in the mining industry. Rare earth metals can be further separated (refined) using solvent extraction. Our vision is to produce separated rare earth oxides, high purity aluminum and scandium oxide/master metal. Although these are two different metallurgical processes, these operations complement each other by sharing infrastructure and administrative costs. Further synergies could include the production of acid on-site that co-generates electrical power. This is especially important considering the energy required for a large-scale alluvial processing.

The project has completed an extensive amount of field, laboratory, and technical work over the years. We are working to update the 2013 alluvial Scoping Study and resource estimate, however with additional funding our bigger plan would be to broaden the work plan to unify both the alluvial and leaching projects. In 2023, our team will endeavor to secure the finances needed for Enova to pursue the technical work needed to recognize Charley Creek's full commercial potential and asset value. The Operations Report from our Managing Director, Eric Vesel, provides further details on our work program.

Our shareholders have provided much patience and financial support to allow us the opportunity to bring this project to fruition.

We thank you for your continued support and look forward to sharing the prosperous times ahead.

Best wishes,



Dato' Sia Hok Kiang  
Chairman  
**Enova Mining Limited**

## Review of Operations

### Reporting

The Company's operations have been described in detail in our quarterly operations reports to the ASX which are published on the company's website, [www.enovamining.com](http://www.enovamining.com), which is updated and kept current with the most recent announcements and reports.

### Strategic Developments

#### Resource Model

SRK Consultants completed an interim orebody block model for the Cattle Creek area in early 2022. Before resource estimates can be reported, material from the model area must be re-tested using gravity separation to confirm the heavy mineral concentrate yields. Further review of the modelling work in 2022 indicated higher-than-expected aluminum grades which closely correlates with scandium. Based on laboratory acid leach test work in 2021, which at the time focused on scandium and rare earths, it's likely aluminum could also be potentially recovered as a high purity alumina by-product. This would provide feedstock material needed to produce high-value scandium master alloy.

#### Metallurgical Assessment

A technical assessment of the project metallurgical test work was completed in early 2022, by an independent expert (Stantec Brisbane). The assessment identified variability and inconsistency between some key gravity separation and leaching test results which could have significant impact on any scaled-up process concept. Recommendations are to repeat the tests using homogenous samples with other some suggested test improvements. Consistent sample material will eliminate the variations due to sample quality differences, so test variables can be isolated.

Specifically, gravity separation tests completed in 2012 and 2016 are not consistent with the two tests completed in 2020 using drill samples from the 2019 drill programme. The small size and quality of samples used in the 2020 tests are the suspected causes for these discrepancies. Bulk samples of fresh alluvium are needed to complete larger scale validation tests (+5 tonne test sample) for the gravity separation circuit. Testing will also investigate improved recovery by light grinding of the gangue. Large scale testing is required to establish steady state circuit conditions and ensure a representative sample of the orebody is tested. This will unequivocally confirm the gravity separation parameters and allow our current 2013 Scoping Study (updated in 2018) to be further updated. Significant quantities of concentrate can be generated for magnetic separation analysis, mineral quality assessment and solvent extraction tests to separate rare earth metals.

Regarding the saprolite/clay project, early leach "sighter" test work was undertaken in 2020 to understand the beneficiation and leach test character of saprolite/clay. Size beneficiation was not optimized for subsequent leach test work. Leach test work matured over an 18-month period through trial and error. The leaching conditions used in the last three tests (test #14,15,16 in August 2021) are considered practical and feasible. These tests need to be repeated using homogenous samples of beneficiated fines. To date, fines from beneficiation tests have provided a range of product mass and upgrade results. The variance may be due to different test procedures, different material types and particle size ranges and/or small samples. To validate the beneficiation parameters, larger scale sample tests are required. Repeat acid leach tests must be conducted using optimized size product from these scaled beneficiation tests. Other conditions that must be understood are leach feed grinding, benefits of selective resin-in-leach and pH stabilisation. There will also be an opportunity to trial hydrochloric acid and alkali lixiviants which may be more specific to scandium and aluminum.

A Scope of Work for large scale bulk gravity testing of alluvial and weathered meta sediments was developed. IHC Robbins prepared a proposal/quotation to undertake this work. A second work programme for the saprolite leach project was also developed internally. This test work would be less straightforward. Tests conditions would be progressively assessed, to determine the best path going forward. Bulk metallurgical samples from Cattle Creek must be drilled before any of this work can commence. In October 2022, funding of \$332,000 was raised through a Shareholder Purchase Plan. The funding fell short of the \$700,000 needed to undertake the bulk sampling and metallurgical testwork for alluvial and saprolite testing. Based on available.



## Review of Operations (continued)

funds, the work programme was narrowed to focus on the alluvial project, however delays with commencement are reducing the funds available.

### Project Activities

In anticipation of a forthcoming bulk sample drilling programme, the Mine Management Plan (MMP) was updated. Approval for the MMP was received May 2023. The approved MMP can be viewed at our website, [Enova MMP 2022](#).

Following MMP approval, a land access and drilling permit application was submitted to the Central Land Council. Approval was received on the 20<sup>th</sup> December 2022 however it was too late to commence activities until the new year. In late 2022, some difficulty was experienced finding an available machine suitable for bulk sample drilling. Toward the end of the year, rigs were shutting down due to the wet season. The wet season weather also made it difficult to commence work until Q1, 2023. However, exploration demand meant most rigs were booked.

### Project Concept

The Cattle Creek project plans surface mining alluvial and metasediment sand/silt horizons to a depth averaging 15m. Process material would be sized using a combination of vibrating screens and cyclones to beneficiate the ore, by removing oversize gangue, to produce higher grade feed of monazite/xenotime minerals for a spiral gravity separation plant. Conceptually not much has changed from our April 2013 Scoping Study. The process is typical of large scale heavy mineral concentrator operations. Wet spiral gravity separators would perform primary concentration of rare earth bearing minerals monazite and xenotime, would also concentrate heavy mineral by-products of zircon, ilmenite, rutile. This concentrate would be further cleaned and separated using stages of wet magnetic separation (WHIMS/LIMs) and dry electrostatic separation. Monazite/xenotime concentrate is “cracked” by an acid bake. Water quenching/precipitation and ion-exchange removes thorium and uranium. The cleaned liquor undergoes a series of solvent extraction steps to separate rare earth metals. The stripped metals are precipitated, filtered, and oxidized to produce high purity rare earth oxide groups.

Below the alluvial/metasediment horizon is weathered saprolite rock and clays with elevated grade of rare earth and scandium metals. In 2021, our test work confirmed high-value scandium metal concentrates in saprolite fines/slimes and clays could be extracted using ambient pressure acid leaching. Our processing ideas are conceptual, however with some further test work we are confident of advancing our work to recover these metals and scale up our lab work. We anticipate, extraction technology to be similar to leach circuits used for uranium and copper ore processing. We have had the most success acid roasting the concentrate then followed by acid leaching. The flowsheet to separate the scandium, aluminum and rare earth metals needs further work. Metallurgical development work and resource model are key determinants for the Cattle Creek project going forward. The alluvial project is well understood and awaits re-confirmation of the gravity separation to complete the Scoping Study update. The saprolite/clay leach project is in its infancy but our test work to date is encouraging. With funding for our proposed metallurgical test work programme, we can advance this to engineering and formalise the project to include this project with our updated Scoping Study.

### Significant Historical Project Activity

A summary of the history of the exploration project at Cattle Creek and activities undertaken throughout the project are provided for completeness.

## Review of Operations (continued)

### Drilling

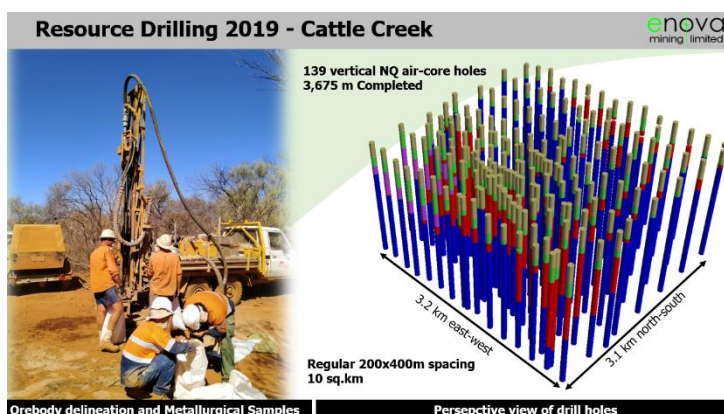
The Charley Creek alluvial outwash area, which is bounded by Mt Hay and the West MacDonnell Ranges, an area extensively explored with reconnaissance drilling since 2008.

A summary of the drilling completed by the Company is summarised in the adjacent table. In 2011/2012 drilling delineated a resource, allowing the Company to announce resources at Cattle Creek and Western Dam in April 2013. Enova was required to update this resource with additional drilling to re-issue these results.

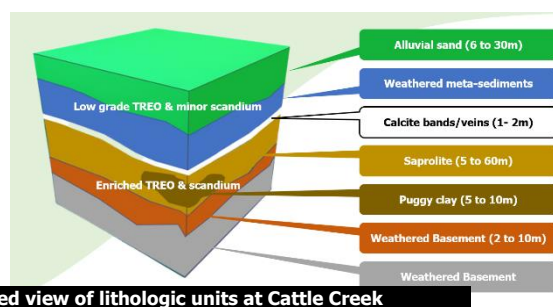
EL/Project Area		Drilling Period
(no. holes)		(m)
<b>Charley Creek</b>		<b>2008 -&gt; 2014</b>
24281	56	1,992.3
25230	375	8,262.9
27358	5	38.0
29789	15	330.7
Sub.	451	10,623.9
<b>Charley Creek (Cattle Creek)</b>		<b>2019</b>
25230	139	3,680.0
Charley Creek Sub.	590	14,303.9
<b>Eastern Tenements</b>		<b>2008 -&gt; 2014</b>
28434	5	79.0
31947	7	64.5
Eastern Tenements Sub.	12	143.5
<b>Total</b>	<b>602</b>	<b>14,447</b>

#### Summary of drilling (project to date)

In 2019, Enova completed air-core drilling at Cattle Creek for greater orebody resolution and delineation, as needed to revise the resource estimate. This program explored mineralised zones below alluvium/sediments at depth (up to 60 metres in depth). The core program consisted of 105 vertical NQ air-holes drilled to bedrock on a regular 15 (east-west) x 7 (north-south) grid, with nominal dimensions of 200m x 400m between each hole respectively. A further 34 holes were drilled as infill and re-drill holes for check purposes in the same program. This provides added drill hole density in the areas of interest. Assays for these infill holes were put on hold due to budget reasons.



Elevated grades of rare earth elements (REE) and scandium (Sc) were identified below the alluvium/sediments at the northern extent of Cattle Creek. The respective lithologic sequence beyond the alluvium, with increasing depth, are weathered meta-sediments, saprolite and weathered bedrock horizons. Enriched clay zones (puggy clay) appear within the saprolite, which can be highly enriched in REE and Sc.



Simplified view of lithologic units at Cattle Creek



## Review of Operations (continued)

### Resource Model

A summary of the reported resources at Charley Creek, as announced to the ASX on the 15<sup>th</sup> March 2013, is tabled:

RESOURCE	Mass	Weighted Average TREO	Contained TREO	Contained Xenotime	Contained Monazite	Contained Zircon
	Tonnes	ppm	kg	kg	kg	kg
Cattle Creek Indicated Resource	249,900,000	280	69,900,000	17,600,000	97,200,000	124,650,000
Western Dam Indicated Resource	136,960,000	323	44,150,000	9,675,000	63,700,000	70,930,000
<b>TOTAL INDICATED RESOURCES</b>	<b>386,860,000</b>	<b>295</b>	<b>114,050,000</b>	<b>27,275,000</b>	<b>160,900,000</b>	<b>195,580,000</b>
Cattle Creek Inferred Resource	353,210,000	291	102,750,000	26,450,000	141,075,000	183,750,000
Western Dam Inferred Resource	65,232,000	282	18,350,000	4,240,000	26,160,000	36,230,000
<b>TOTAL INFERRED RESOURCES</b>	<b>418,442,000</b>	<b>289</b>	<b>121,100,000</b>	<b>30,690,000</b>	<b>167,235,000</b>	<b>219,980,000</b>
<b>Resource Estimates (as announced 15<sup>th</sup> April 2022) Not currently compliant with JORC 2012 requirements</b>						

“This information was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.”

In 2019, Resource industry consultants, SRK Consultants Perth, were engaged as competent persons on behalf of Enova to undertake resource estimation and reporting of mineral resources to JORC reporting standards. As a requirement of the resource reporting process, Enova is still preparing information to establish Reasonable Prospects for Eventual Economic Extraction. Resource reporting is expected in the second half of 2023. We await funding to commence bulk sampling at Cattle Creek for metallurgical testing. This includes gravity separation tests of Cattle Creek material, as needed to re-validate the 2013 Scoping Study material yields.

During Q3 2021, a further 71 sample from the 2019 infill drilling programme were assayed. These samples were used for the latest round of metallurgical testing but also provide added assay information to the drilling database. In Q4 2021, Enova compiled all historic drilling information since 2008, and coupled it with updated data from the 2019 resource drilling programme. SRK consultants Perth are yet to update the resource model with this data.

### Metallurgical Test work

Following on from our 2019 drilling programme, the Company dispatched four samples (totaling 110 kg), representing the four major material types encountered drilling Cattle Creek, for metallurgical testing in September 2019. For each sample, mineral deportment by particle size and tabling tests were completed. The gravity recovery indicated higher than expected tails grades, which was inconsistent with prior tests. These tests were subsequently independently reviewed. The problems may be due to small sample sizes, low head grade and the condition of these samples due to storage, also under question was a range of procedural differences.

Toward the end of March 2020, bulk gravity separation tests were undertaken using 500 kg of drill samples from five complete drill holes (totaling 119 lineal metres of drilling). This work was completed in early May 2020 by IHC Robbins (IHCRC). The test investigated sample properties and gravity recovery performance. Investigations included the following procedures:

- material particle size distribution,
- deportment analysis of screening and desliming of a bulk sample, as feed preparation for gravity separation.
- tabling tests (as an indication of gravity separation performance)

## Review of Operations (continued)

Feed preparation testing by IHCR also indicated higher than expected metal losses to slime and further investigation was needed. Whilst the tests focused on rare earth recovery, deportment analysis results indicated higher than expected scandium levels in the slimes.

Using samples from IHCR's gravity tests, Brisbane Metallurgical Laboratories (BML) commenced 'sighter' leach test-work. During June 2020, leaching tests explored the extraction of higher-grade zones of rare earth element (REE) and scandium minerals not recoverable by gravity separation. Work focused on leach performance tests using different lixiviants and temperatures. In early July 2020, a further 500 kg bulk sample was dispatched from the Charley Creek project site to BML Brisbane. These samples are specifically from five (5) complete holes (totaling 121 lineal metres of drilling) of shallow depth. Hole depths varying from 16 to 33 metres located in a zone of higher-grade REE and scandium. Hydro-cyclone and spiral classifier deportment tests were completed. Based on results from assays, the calcareous material content was too high due to mixing of the high calcareous upper strata (alluvium, weathered meta sediments) with the low calcareous saprolite material. It was decided to not use this sample for further leach tests. Focus was moved to the isolate saprolite for leach testing, as drilling indicated saprolite calcareous mineral content was low.

A considerable proportion of scandium metal is contained in the fine size fractions (below 100 micron). Screening and hydro-cyclone sizing was used to upgrade product for leaching. To obtain uncontaminated saprolite samples, 34 infill and twinned holes that were drilled in 2019 were recovered from the Milton Park site. The samples were received by early November 2020. Groups of samples were selected for assay that represented saprolite zones made up from drill hole intervals passing through the enriched ore zones. Tests aimed to investigate the leach character of specific rock types within the mineralized zone, such as weathered meta-sediments, weathered saprolite variants, clays, and weathered bedrock. By year end 2020, Enova Mining had partially received assays for those samples. A total of 185 assay and nine repeat assays were processed during the 2020 calendar year.

During Q1 2021, Brisbane Metallurgical Laboratories (BML) completed five laboratory screening and hydro-cyclone beneficiation tests using saprolite rock types. Our sizing tests indicated most saprolite material upgraded by beneficiation, as a greater proportion of REE and Sc metals deported to the fine size fractions (below 100 micron). Ferruginous saprolite did not upgrade well. Repeat testing was necessary to check upgrade consistency. Given the long-turn-around for assays, Enova decided to do less sizing tests and proceed to leach testing. Using sample products from prior beneficiation work, two sulphuric acid leach tests were completed in early February 2021. In early March 2021 three further leach tests were completed with roasting pre-treatment. These tests included one ferruginous saprolite sample and two low-iron saprolite sample leach tests. The latter tests investigated roasting with and without sulphuric acid prior to leaching. Encouraging results from these tests were received in April 2021. These tests were repeated. Leach tests #14, #15, #16 were completed, using the 100-micron fraction for samples of roasted saprolite, unroasted saprolite and roasted puggy clay respectively. Further leach optimization test work was halted to allow independent metallurgical review of the metallurgical tests.

In Q4, 2021 Enova compiled a data room of all the metallurgical studies and test work over the last decade:

## Review of Operations (continued)

Year	Test Description	Rocktype	Lab	Location
2011	MLA Analysis	Alluvial	ALS Mineralogy	
2012	Scoping Study Bulk Sample Testwork (as used for 2013 Scoping Study)	Alluvial	AML	Perth
2012	Quantitative Automated Mineralogical Analysis (6 samples)	Concentrate	ALS Amtec	Perth
2015	Milton Park Site Tabling Tests	Alluvial	ENV	Charley Creek
2016	Preliminary Feed Preparation and Primary Concentration Process Metallurgical Testwork	Alluvial	IHC Robbins	Brisbane
2020	Characterisation and Gravity Separation Amenability Testwork on Four Composite Samples	All types	Mineral Technology	Brisbane
2020	Charlie Creek Deposit – Process Scoping Study (bulka bag mixed material)	Mixed	IHC Robbins	Brisbane
2020	Analysis of IHCR Concentrate T7 & Mag. Separation (2020 IHCR test)	Concentrate	BML	Brisbane
2020	Sizing and Screw Classification Testwork (bulka bag mixed material)	Mixed	BML	Brisbane
2020	Spiral separation (-500micron bulka bag mixed material)	Mixed	BML	Brisbane
2020	Sizing analysis	Saprolite	BML	Brisbane
2020	Shaker Leach Test #1,2,3,4,5,6	Saprolite	BML	Brisbane
2020	Cyclone Beneficiation Testwork	Saprolite	BML	Brisbane
2021	Leach Test #7	Saprolite	BML	Brisbane
2021	Leach Test #8	Saprolite	BML	Brisbane
2021	Leach Test #9 Roast	Saprolite	BML	Brisbane
2021	Leach Test #10 Roast	Saprolite	BML	Brisbane
2021	Sizing analysis (2 variants of ferruginous saprolite)	F. Saprolite	BML	Brisbane
2021	Sizing analysis	Saprolite	BML	Brisbane
2021	Leach Test #11 Roast	F. Saprolite	BML	Brisbane
2021	Leach Test #12 Roast	Saprolite	BML	Brisbane
2021	Leach Test #13 Roast	Saprolite	BML	Brisbane
2021	Leach Test #14 Roast	Saprolite	BML	Brisbane
2021	Leach Test #15	Saprolite	BML	Brisbane
2021	Leach Test #16 Roast	Puggy Clay	BML	Brisbane

### Mining

In 2018, Enova reviewed several bulk mining and material handling options for a +20Mtpa mining rate. Our studies included the following options:

- dozer traps,
- continuous mining using overland conveyors for mining and tailings stacking,
- FEL/truck short haul too mining conveyor feeding mobile process plant, and
- truck/shovel operation (diesel and electric drive excavator options)

Our technical assessment concluded owner/operator truck & shovel operation provided greater operational flexibility. The assessment work was completed with information/input from three major mining equipment suppliers.

### Finance

On 31<sup>st</sup> March 2022, Enova announced that an additional loan arrangement amounting to \$100,000 was entered into with EMMCO Sdn. Bhd. (a Malaysian incorporated company). The loan is unsecured with interest of 15% per annum and a maturity date of 30<sup>th</sup> September 2022. On 30<sup>th</sup> May 2022, the Company announced the issue and allotment of 28,556,218 ordinary shares at an issue price of \$0.018 per share to a related party of the Company, with said share issue approved by shareholders on 26<sup>th</sup> May 2022 (pursuant to resolution 6 of the Company's AGM notice dated 14<sup>th</sup> April 2022). Enova Director, Mr Harun Halim Rasip, is a Director and Shareholder of EMMCO. Details of the settled loan amounts, principal plus interest, as of 26<sup>th</sup> May 2022, are tabled below:

Date of Original Loan	Principal \$	Flat Interest Rate per annum Or pro-rata thereof	Interest Applicable to Due Date \$	Due Date
8/10/20	50,000	15%	13,352	8/10/22
19/10/20	50,000	15%	13,071	19/10/22
12/4/21	100,000	15%	17,700	2/10/21
26/7/21	100,000	15%	12,910	26/7/22
22/10/21	50,000	15%	4,513	22/10/22
31/3/22	100,000	15%	2,466	31/9/22
<b>Total Due</b>	<b>450,000</b>		<b>64,012</b>	

## Review of Operations (continued)

On 29<sup>th</sup> August 2022, the Company announced a Share Purchase Plan (SPP) Offer to Shareholders. The SPP duration was extended and closed on the 14<sup>th</sup> October 2022, resulting in the issue of 23,714,278 ordinary securities and 23,714,278 options (ex-price 2.5c, ex-date October 2026). The total funds raised under the SPP was \$332,000. This is a revision to the Company announcement on the 12<sup>th</sup> October 2022 stating \$322,000 was raised.

The Company continues to investigate all available funding options. The Company is actively in discussions with investors in anticipation of funding by way of private placements.

### Tenements

#### Tenement Holdings (period ending December 2022)

Tenement	Name / Location	Group	Owner	AREA (Sub-blocks)	AREA (Km2)
EL 24281	Charley Creek	GR086 Charley Creek 1	CNPL 100%	37	116.60
EL 25230	Cockroach Dam	GR086 Charley Creek 1	CNPL 100%	102	289.00
EL 27358	Hamilton Downs	GR086 Charley Creek 1	CNPL 100%	8	25.17
EL 31947	Cloughs Dam	GR086 Charley Creek 1	CNPL 100%	20	59.57
		<b>Charley Creek 1</b>		<b>167</b>	<b>490.34</b>
EL 28434	Hamilton Homestead	GR339 Charley Creek 2	CNPL 56.28% / EMR 43.72%	4	12.08
EL 29789	Mulga Bore	GR339 Charley Creek 2	CNPL 56.28% / EMR 43.72%	4	12.61
		<b>Charley Creek 2</b>		<b>8</b>	<b>24.69</b>
		<b>TOTAL OF ALL TENEMENTS</b>		<b>175</b>	<b>515.03</b>

*Crossland Nickel Pty Ltd (CNPL) - Wholly owned by Enova*

*Essential Mining Resources Pty. Ltd. (EMR) - Wholly owned by Enova*

The total area of remaining tenements is 515.03 km<sup>2</sup>. No tenement areas were relinquished during the reporting period. A list of tenements, as of 31<sup>st</sup> December 2022, is included at page 57 of this report.

The market will be kept appraised of developments, as required under ASX Listing Rules and in accord with Continuous Disclosure requirements.



Eric Vesel  
CEO and Director  
**Enova Mining Limited**

## Directors Report

The directors of Enova Mining Limited (the Company) submit herewith the annual financial report for the financial year ended 31 December 2022. To comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

The names and positions of the directors and company secretary of the Company during or since the end of the financial year are:

Name	Position
Dato' Sia Hok Kiang	Non-Executive Chairman
Eric Vesel	Executive Director
Stanislaw (Stan) Wassylko	Non-Executive Director
Harun Halim Rasip	Non-Executive Director
Andrew Metcalfe	Company Secretary

### Principal Activities

The principal activities of the consolidated entity are the exploration for rare earth elements (REE) in the Northern Territory. There has been no change in the principal activities during the year.

### Review of Operations

Information on the operation and financial position of the consolidated entity and its business strategies and prospects are set out in the review of operations.

Results The results of the operations of the Company and the consolidated entity during the financial year were as follows:

	Consolidated	
	2022	2021
	\$	\$
Net loss after income tax	(164,424)	(171,180)

### Significant Changes in The State of Affairs

There was no significant change in the state of affairs of the consolidated entity and parent entity other than that referred to in the financial statements or notes thereto.

### Matters subsequent to the end of the financial year

There were at the date of this report no matters or circumstances which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- (i) the operations of the consolidated entity,
- (ii) the results of those operations, or
- (iii) the state of affairs of the consolidated entity in the financial year subsequent to 31 December 2022.

## Directors Report (continued)

### Likely Developments and Expected Results of Operations

This report does not include future developments and the expected results of operations as Directors believe it would likely lead to unreasonable prejudice to the consolidated entity. The Company aims to develop future rare earth metals extraction opportunities and assess opportunities which are perceived to offer outstanding value. At this stage, the Company will resume studies and tests to determine the optimum applications of technology and resources needed to realise the Charley Creek REE Project.

### Directors' Benefits

During the year no Director received or become entitled to receive a benefit (other than a benefit included in the notes to the accounts) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### Environmental Regulations

Enova Mining Limited, through its subsidiaries, holds exploration tenements in Australia that are subject to various governmental statutes and guidelines for environmental impacts in relation to exploration activities. These provide for the satisfactory rehabilitation of the areas of exploration.

There have been no known breaches of the licence conditions.

### Dividends

No dividends have been paid or declared since the start of the financial year. The directors do not recommend the payment of a dividend in respect of the year ended 31 December 2022.

### Share Options

Particulars of options granted over unissued shares:

	2022	2021
Total number of options granted by the Company over unissued ordinary shares	<b>40,000,000</b>	Nil
Options issued during the year (see Remuneration Report below)	<b>Nil</b>	Nil
Shares issued in the year as the result of the exercise of options	<b>Nil</b>	Nil
Options expired during the year	<b>Nil</b>	Nil

Full details of options on issue are shown in Note 19.

### Indemnification of Officers

The Company has not 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. The Company has not been able to secure Directors and Officers Liability insurance.

### Indemnification of Auditors

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor. During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.



## Directors Report (continued)

### Proceeds on Behalf of the Company

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

### Directors' Meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director (while they were a director).

	Board of Directors		Audit Committee	
	Held	Attend	Held	Attend
H K Sia	4	4	-	-
E Vesel	4	4	4	4
S Wassylko	4	4	2	2
H H Rasip	4	4	2	2

### Auditor

John Shute Chartered Accountant holds office in accordance with section 327 of the *Corporations Act 2001*.

### Non-audit services

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

Details of the amounts paid or payable to the company's previous auditor (RSM Australia Partners) for non-audit services provided during the year are set out in Note 25.

The board of directors, in accordance with the advice received from the audit committee, is satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not adversely affect the integrity and objectivity of the auditor,
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

During the year no fees were paid or payable for non-audit services provided by the auditor of the parent entity, its related practices and non-related audit firms.

### Auditors' independence declaration

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

## Directors Report (continued)

### Remuneration Report (Audited)

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

- A. Principles used to determine the nature and amount of remuneration
- B. Service agreements
- C. Details of remuneration
- D. Share based compensation

The information provided under headings A to D includes remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.

#### A. Principles used to determine the nature and amount of remuneration

The objective of the Consolidated entity's executive reward framework is to ensure reward for performance, being the development of the Enova Mining exploration tenements. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and conforms with market best practice for delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

The Consolidated entity has structured an executive remuneration framework that is market competitive and complimentary to the reward strategy of the organization.

Alignment to shareholders' interests:

- has economic profit as a core component of plan design;
- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant return on assets as well as focusing the executive on key non-financial drivers of value;
- and attracts and retains high calibre executives.

Alignment to programme executives' interests:

- rewards capability and experience;
- reflects competitive reward for contribution to growth in shareholder wealth;
- provides a clear structure for earning rewards; and
- provides recognition for contribution.

The framework provides a mix of fixed and variable pay, and a blend of short and long-term incentives. As executives gain seniority with the consolidated entity, the balance of this mix shifts to a higher proportion of "at risk" rewards.

#### Non-executive directors

Fees and payments to non-executive directors reflect the demands, which are made on, and the responsibilities of, the directors. The Board reviews non-executive directors' fees and payments annually. The Board may from time to time seek the advice of independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on

## Directors Report (continued)

comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

### Directors' fees

No Directors fees were awarded for the period of 2022.

Directors are entitled to remuneration out of the funds of the company, but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the company in general meeting for that purpose. Directors are also entitled to be paid reasonable travelling, accommodation and other expenses incurred in consequence of their attendance at Board meetings and otherwise in the execution of their duties as Directors.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$200,000 per year in aggregate.

For the 2022 year, the Board of Directors decided on a moratorium regarding Directors Fees until the Company's financial position improves.

### Executive pay

The executive pays and reward framework has four components:

- base pay and benefits;
- short-term performance incentives;
- long-term incentives through participation in Enova Mining Limited incentive shares, and
- other remuneration such as superannuation.

### Base pay

Structured as a total employment cost package, which may be delivered as a combination of cash and prescribed non-financial benefits at the executives' discretion.

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for senior executives is reviewed annually to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion.

There are no guaranteed base pay increases included in any senior executives' contracts.

### B. Service agreements

There are no service agreements in place.

### C. Details of remuneration

Details of the remuneration of the directors and the key management personnel (as defined in AASB 124 Related Party Disclosures) of Enova Mining Limited and the Enova Mining Limited Consolidated entity are set out in the tables on pages 14 and 15.

The key management personnel of Enova Mining Limited and the Consolidated entity includes the Directors. Remuneration paid to key management personnel of Enova Mining and of the Consolidated entity is reported in the following table:

## Directors Report (continued)

### Payment to Directors

2022	Short-term employee benefits			Post-employment benefits		Share-based payments	
Director/ Name	Salary \$	Directors' Fees \$	Consulting Fees \$	Superannuation \$	Long Service Leave Payments Accrued \$	Options \$	Total \$
<b>Non-Executive Directors</b>							
H K Sia	-	-	-	-	-	-	-
H Halim Rasip	-	-	-	-	-	-	-
S Wassylko	-	-	-	-	-	-	-
<b>Executive Directors</b>							
E Vesel	-	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-	-

2021	Short-term employee benefits			Post-employment benefits		Share-based payments	
Director/ Name	Salary \$	Directors' Fees \$	Consulting Fees \$	Superannuation \$	Long Service Leave Payments Accrued \$	Options \$	Total \$
<b>Non-Executive Directors</b>							
H K Sia	-	-	-	-	-	-	-
H Halim Rasip	-	-	-	-	-	-	-
S Wassylko	-	-	-	-	-	-	-
<b>Executive Directors</b>							
E Vesel	-	-	-	-	-	-	-
<b>Totals</b>	-	-	-	-	-	-	-

#### D. Share-based compensation Options

Options are granted on the recommendation of the Directors. Options are granted for no consideration. Options are granted for a five-year period and are exercisable immediately after the vesting date. Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share. The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange during the five trading days immediately before the options are granted.

Shareholder approval was received for the issue to Mr Eric Vesel of 20,000,000 options, with an exercise price of exercisable at a 5-day VWAP exercise price and expiring 60 months from date of issue (Options). Shareholder approval was received for the issue to Mr Harun Halim Rasip of 10,000,000 options, with an exercise price of exercisable at a 5-day VWAP exercise price and expiring 60 months from date of issue. Shareholder approval was received for the issue to Mr Stan Wassylko of 10,000,000 options, with an exercise price of exercisable at a 5-day VWAP exercise price and expiring 60 months from date of issue.

## Directors Report (continued)

These options are offered, as an incentive for named Directors to continue providing support and invest in the future of the Company. The resolution was passed by shareholders at the AGM on 26<sup>th</sup> May 2022. The vesting date for these options is 26<sup>th</sup> May 2022.

No options over ordinary shares in the company were provided as remuneration to each director of Enova Mining Limited and each of the key management personnel of the Consolidated entity during the financial year.

### Shares provided on exercise of remuneration options

No ordinary shares in the company were provided as a result of the exercise of remuneration options to each director of Enova Mining Limited and other key management personnel of the Consolidated entity.

### Shares under option

No ordinary shares were allocated as options for the 2022 financial year.

### Shares issued on the exercise of options

No ordinary shares of Enova Mining were issued during the year ended 31 December 2022 on the exercise of options granted. No further shares have been issued since that date. No amounts are unpaid on any of the shares.

### Directors' interests in shares and options

The relevant interest of each Director in the share capital of the Company as at the date of this report is as follows:

#### 2022

Directors	H K Sia	E Vesel	S Wassylko	H Halim Rasip
Ordinary Shares	12,773,221	10,993,268	35,391,171 <sup>2</sup>	246,048,249 <sup>2</sup>
Options	Nil	30,000,000	10,000,000	10,000,000

#### 2021

Directors	H K Sia	E Vesel	S Wassylko	H Halim Rasip
Ordinary Shares	10,631,563	8,850,411	33,248,313 <sup>2</sup>	217,492,031 <sup>2</sup>
Options	Nil	10,000,000	Nil	Nil

<sup>2</sup> includes shares held indirectly as joint directors of Atlas Offshore Services Pty Ltd

This report is made in accordance with a resolution of the Directors.



Eric Vesel  
**Director**  
Melbourne, 29<sup>th</sup> March 2023

# Auditor's Independence Declaration

*John Shute*  
Chartered Accountant

## AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Enova Mining Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Enova Mining Limited for the year ended 31 December 2022 there has been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.



John F Shute

*Chartered Accountant*

Dated this 29<sup>th</sup> March 2023

For personal use only



# Independent Audit Report

*John Shute*  
Chartered Accountant

## INDEPENDENT AUDIT REPORT TO THE SHAREHOLDERS OF ENOVA MINING LIMITED

We have audited the accompanying Consolidated Financial Statements of Enova Mining Limited (the "Company") and the subsidiaries (together "the Group") set out on pages **25 to 53**, which comprises of the statement of consolidated profit or loss and other comprehensive income, the statement of consolidated financial position as at 31 December 2022, the statement of consolidated changes in equity and the statement of consolidated cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors declaration.

### ***Directors' responsibilities for the Consolidated Financial Statements***

The Directors of the Company are responsible for the preparation of Consolidated Financial Statements that gives a true and fair view in accordance with Australian Accounting Standards, International 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 statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. We have conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Report are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

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



CHARTERED ACCOUNTANTS  
AUSTRALIA • NEW ZEALAND

ABN: 73 118 831 624  
Suite 605, Level 6, 321 Pitt Street, Sydney NSW 2000  
Postal Address: PO Box A608, Sydney South NSW 1235  
Telephone +61 2 8021 2645; Facsimile +61 2 8021 2745

Liability limited by a scheme approved under Professional Standards Legislation

## Independent Audit Report (continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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. In addition to the matter described in the Matter of Emphasis relating to Going Concern, we have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	How our audit addressed this matter
<b><i>Impairment of Exploration Assets</i></b>  Refer to Note 14 in the Consolidated Financial Statements	
<p>The Consolidated Entity has capitalised exploration and evaluation expenditure, with a carrying value of \$4,601,893 as at 31 December 2022.</p> <p>Under AASB 6 Exploration for and Evaluation of Mineral Resources, the Consolidated Entity is required to test the exploration and evaluation asset for impairment when facts and circumstances suggest that the carrying amount may exceed the recoverable amount. We determined this to be a key audit matter due to the significant management judgement involved in assessing the carrying value of the asset.</p>	<p>Our audit procedures in relation to the carrying value of exploration and evaluation expenditure included:</p> <ul style="list-style-type: none"> <li>• Accepting the opening carrying value of the exploration and evaluation expenditure as audited by the previous auditors at \$4,232,741 as at 30 June 2019.</li> <li>• Obtaining evidence that the Consolidated Entity has valid rights to ongoing exploration and activities to support the continued capitalisation of these assets</li> <li>• Reviewing with management the basis on which they have determined that the exploration and evaluation of mineral resources has not yet reached the stage where it can be concluded that no commercially viable quantities of mineral resources exist;</li> <li>• Enquiring with management and reviewing budgets to determine that the Consolidated Entity will incur expenditure on further exploration and evaluation of mineral resources in the specific areas of interest;</li> <li>• Testing on a sample basis the exploration costs incurred in the period to ensure that they meet the capitalisation criteria under AASB 6.</li> </ul>

## Independent Audit Report (continued)

### **Other Information**

Other Information is financial and non-financial information in Enova Mining Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### **Independence**

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001 and the ethical requirement of the Accounting Professional and Ethical Standards Board (APES 110).

### **Opinion**

In our opinion:

- a) the Consolidated Financial Statements of Enova Mining Limited is in accordance with the Corporations Act 2001, including:
  - i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on that date; and
  - ii. complying with Australian Accounting Standards and the Corporations Act 2001.

### **Emphasis of Matter**

We draw attention to Note 1(f) and Note 14 to the financial statements which describes the basis of evaluation of the Group's mining tenements. The carrying value of these assets is based on the Director's opinion as to the fair market value of the mining tenements.

As stated in Note 1(f) this valuation, if found to be incorrect, indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

## Independent Audit Report (continued)

**John Shute**  
Chartered Accountant

### **Report on the Remuneration Report**

We draw attention to Note 23(c) of the financial statements which disclosures that Key Management personnel are the directors of the Group and have received no remuneration during the year ended 31 December 2022.

JOHN F SHUTE  
Chartered Accountant



John F Shute  
Sydney, 29<sup>th</sup> March 2023

For personal use only

## Directors' Declaration

### ENOVA MINING LIMITED AND CONTROLLED ENTITIES

#### DIRECTORS' DECLARATION

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulation 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with the International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will; be able to pay its debts as and when they become due and payable.

The directors have been given the declaration required by Section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made to Section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the Board of Directors

Harun Halim Rasip,



Kuala Lumpur, 29<sup>th</sup> March 2023

# Statement of Consolidated Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDING 31 DECEMBER 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
<b>Revenue from continuing operations</b>	5	1,526	-
<b>Expenses</b>			
Administration expenses		(131,077)	(128,243)
Borrowing costs	6	(25,685)	(35,101)
Consultant Fees	6	-	-
Depreciation and amortisation expense		(4,236)	(4,236)
Other expenses		(4,952)	(3,600)
<b>Loss before income tax expense</b>		<b>(164,424)</b>	<b>(171,180)</b>
Income tax benefit	7	-	-
<b>Loss after income tax expense for the period</b>	22	<b>(164,424)</b>	<b>(171,180)</b>
<b>Total comprehensive income for the period</b>		<b>(164,424)</b>	<b>(171,180)</b>
Total comprehensive loss attributable to members of Enova Mining Limited		<b>(164,424)</b>	<b>(171,180)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	8	<b>(0.00042)</b>	(0.00051)
Diluted earnings per share	8	<b>(0.00042)</b>	(0.00051)

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



# Statement of Consolidated Financial Position

AS AT 31 DECEMBER 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
<b>Assets</b>			
<u>Current assets</u>			
Cash and cash equivalents	9	226,197	64,638
Trade and other receivables	10	3,260	41,460
Other current assets	11	-	9,511
Total current assets		229,457	115,609
<u>Non-current assets</u>			
Trade and other payables	12	27,900	27,900
Property, plant and equipment	13	5,558	9,794
Exploration expenditure	14	4,601,893	4,442,918
Total non-current assets		4,635,352	4,480,612
<b>Total assets</b>		4,864,809	4,596,221
<b>Liabilities</b>			
<u>Current liabilities</u>			
Trade and other payables	15	15,779	43,476
Interest bearing liabilities	16	-	385,308
Total current liabilities		15,779	428,784
<u>Non-current liabilities</u>			
Provisions	17	20,000	20,000
Total non-current liabilities		20,000	20,000
<b>Total liabilities</b>		35,780	448,784
<b>Net assets</b>		4,829,029	4,147,437
<b>Equity</b>			
Share capital	18	27,188,893	26,342,881
Reserves	20	160,000	160,000
Accumulated losses		(22,519,864)	(22,355,439)
<b>Total equity</b>		4,829,029	4,147,442

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

# Statement of Consolidated Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2022

	Share Capital	Reserve	Accumulated Losses	Total Equity
<b>Consolidated</b>				
Balance 1 January 2022	26,342,881	160,000	(22,355,439)	4,147,442
Loss after income tax expense for the period	-	-	(164,424)	(164,424)
Total comprehensive income for the period	26,342,881	160,000	(22,519,863)	3,983,017
<i>Transactions with owners in the capacity as owners:</i>				
- Share-based payments	-	-	-	-
- Shares issued during the year	846,012	-	-	846,012
- Transferred of expired options	-	-	-	-
Balance at 31 December 2022	27,188,893	160,000	(22,519,863)	4,829,029
	Share Capital	Reserve	Accumulated Losses	Total Equity
<b>Consolidated</b>				
Balance 1 January 2021	26,342,881	160,000	(22,184,259)	4,318,622
Loss after income tax expense for the period	-	-	(171,180)	(171,180)
Total comprehensive income for the period	26,342,881	160,000	(22,355,439)	4,147,442
<i>Transactions with owners in the capacity as owners:</i>				
- Share-based payments	-	-	-	-
- Shares issued during the year	-	-	-	-
- Transferred of expired options	-	-	-	-
Balance at 31 December 2021	26,342,881	160,000	(22,355,439)	4,147,442

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

# Statement of Consolidated Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
<b>Cash flows from operating activities</b>			
Interest and other finance cost received		1,526	-
GST paid to the ATO		(2,588)	2,241
Payments to suppliers and employees		(113,427)	(130,103)
Net cash used in operating activities	28	(114,489)	(127,862)
<b>Cash flow from investing activities</b>			
Purchase of E&E assets		-	-
Purchase of non-financial assets		(158,975)	(106,611)
Sale of non-financial assets		-	-
Net cash used in investing activities		(158,975)	(106,611)
<b>Cash flow from financing activities</b>			
Proceeds from issue of shares		-	-
Loans received from directors and related parties		435,024	250,031
Net cash used in financing activities		435,024	250,031
Net increase / (decrease) in cash and cash equivalents		161,560	15,558
Cash and cash equivalents at the beginning of the financial period		64,638	49,080
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the financial period		226,198	64,638

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

# Notes to the Consolidated Financial Statements

## 1. Statement of accounting policies

### Statement of compliance

These consolidated financial statements and Notes represents those Enova Mining Limited and its Controlled Entities (the 'Consolidated Entity'). Enova Mining Limited is a for profit Company limited by shares, incorporated and domiciled in Australia.

The separate financial statements of the parent entity, Enova Mining Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 16<sup>th</sup> March 2023 by the directors of the Company.

### Significant accounting policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the Consolidated Entity consisting of Enova Mining Limited and its subsidiaries.

Accounting policies are selected and applied in a manner which ensures that the resultant financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The Consolidated Entity has adopted relevant new and revised accounting standards and pronouncements with no material impact.

### New or amended Accounting Standards and Interpretations adopted

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

### Basis of preparation

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

### Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

### Critical account estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Consolidated Entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

#### Going concern

The financial report has been prepared on a going concern bases which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Consolidated Entity recorded a net loss of \$164,424 for the year ended 31<sup>st</sup> December 2021 and the Consolidated Entity's position as of 31<sup>st</sup> December 2022 was as follows:

- The Consolidated Entity had a negative operating cash flow of \$114,489;
- The Consolidated Entity had a negative net current liability of \$213,678; and
- The Consolidated Entity's main activity is exploration and as such it does not have a source of income, rather it is reliant on debt and/or equity raisings to fund its activities.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Consolidated Entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to believe that the Consolidated Entity will be able to continue as a going concern, after consideration of the following factors:

- As of 31<sup>st</sup> December 2022, the Consolidate Entity owe nothing to related parties. The directors of the related parties have agreed to defer settlement of repayment of their loan balance for at least a period of 12 months from the date of this report and have provided an undertaking that they will further support the Consolidated Entity's short-term working capital requirements; and
- The Company will also consider additional capital raising activities through the issue of new share capital to supplement the advances received from related parties.

Accordingly, the Directors believe that the Consolidated Entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the Consolidated Entity does not continue as a going concern.

#### Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Consolidated Entity only. Supplementary information about the parent entity is disclosed in Note 4.

#### 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.

#### Foreign currency translation

The financial statements are presented in Australian dollars, which is Enova Mining Limited's functional and presentation currency.

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### Foreign currency translation (continued)

##### Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit and loss.

##### Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in the other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

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

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

The following significant accounting policies have been adopted in the preparation and presentation of the financial reports:

#### a) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

#### b) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their use or sale.

All other borrowing costs are recognised in income in the periods they are incurred.



## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk or changes in value. For the statement of cash flows presentation purposed, cash and cash equivalents also include bank overdrafts, which are shown within the borrowings in current liabilities on the statement of financial position.

#### d) Earnings per share

##### Basic earnings per share

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

##### Diluted earnings per share

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

#### e) Employee benefits

##### *Short-term employee benefits*

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

##### *Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

##### *Defined contribution superannuation expenses*

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

#### f) Exploration for and evaluation of mineral resources

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

Accumulated costs in relation to the abandoned area are written off in full against the profit or loss in the year in which the decision to abandon the area is made.

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### f) Exploration for and evaluation of mineral resources (continued)

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

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with the local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements, and technology on an undiscounted basis.

Any changes in the estimates for the cost are accounting for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community

Expectations and future legislations. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

#### g) Functional and presentation currency

Items included in the financial statements of each of the Consolidated Entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Enova Mining Limited's functional and presentation currency.

#### h) Goods and service tax

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

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

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authorities is classified as operating cash flows.

#### i) Impairment of assets

At the end of each reporting period, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g., in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*).

Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### i) Impairment of assets (continued)

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

#### j) Income tax

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

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

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

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

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

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

Enova Mining Limited (the 'Company') and its wholly owned Australian subsidiaries have formed an income tax Consolidated Entity under the tax consolidation regime. The Company and each subsidiary in the tax Consolidated

Entity continues to account for their own current and deferred tax amounts. The tax Consolidated Entity has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax Consolidated Entity.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax Consolidated Entity.

For personal use only

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### j) Income tax (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax Consolidated Entity. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax Consolidated Entity member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the Company.

#### k) Plant and equipment

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

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

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

The cost of fixed assets constructed within the Consolidated Entity includes the cost of materials, direct labor, borrowing costs and an appropriate proportion of fixed and variable overheads.

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

Depreciation is provided on a straight-line basis on all plant and equipment at rates calculated to write off the cost, less estimated residual value at the end of the useful lives of the assets, over those estimated useful lives.

The following estimated useful lives are used in the calculation of depreciation.

Plant and equipment	5-8 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to the profit or loss. Any revaluation surplus reserve relating to the item disposed of its transferred directly to retained profits.

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### l) Principles of consolidation

The consolidated financial statements incorporate all the assets, liabilities, and results of the parent, Crossland Strategic Metals Limited, and all of its subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to or has rights to variable returns from its involvement with the entity and has the ability affect those returns through its power over the entity. A list of the subsidiaries is contained in Note 21 to the financial statements.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Consolidated Entity from the date on which control is obtained by the Consolidated Entity. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Consolidated Entity entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Consolidated Entity.

Equity interests in a subsidiary not attributable, directly, or indirectly, to the Consolidated Entity are presented as “non-controlling interests”. The Consolidated Entity initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

#### m) Provisions

Provisions are recognised when the Consolidated Entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

#### n) Revenue recognition

The Consolidated Entity recognises revenue as follows:

##### Interest income

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

##### Other income

Other revenue is recognised when it is received or when the right to receive payment is established. All revenue is stated net of the amount of goods and services tax.

#### o) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Consolidated Entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been consolidated entities based on days overdue.

## Notes to the Consolidated Financial Statements (continued)

### 1. Statement of accounting policies (continued)

#### **o) Trade and other receivables (continued)**

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

#### **p) Trade and other payable**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

#### **q) Rounding of amounts**

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

### 2. Financial Risk Management

The Consolidated Entity's activities expose it to a variety of financial risks; market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Consolidated Entity's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity.

#### **a) Credit risk**

Credit risk arises from the potential failure of counterparties to meet their obligations under the respective contracts at maturity. There is negligible credit risk on financial assets of the Consolidated Entity since there is limited exposure to individual customers and the economic entity's exposure is limited to the amount of cash, short-term deposits and receivables which have been recognised in the balance sheet. The parent entity has exposure to credit risk in the amount's receivable from subsidiaries, but this is limited as these amounts have been fully provided for.

#### **b) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed finance facilities.

#### **c) Cash flow and fair value interest rate risk**

As the Consolidated Entity has no significant interest-bearing assets, the Consolidated Entity's income and operating cash flows are not materially exposed to changes in market interest rates.

The Consolidated Entity has no interest rate risk as its loans are at fixed rates.

### 3. Critical accounting estimate judgement

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Consolidated Entity makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## Notes to the Consolidated Financial Statements (continued)

### 3. Critical accounting estimate judgement

The following critical estimates and judgements have been made in respect of the following items:

**a) Income taxes**

The Consolidated Entity is subject to income taxes in Australia. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Consolidated Entity recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**b) Exploration and evaluation expenditure**

The Consolidated Entity capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at \$4,601,893.

**c) Rehabilitation provision**

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Consolidated Entity's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Consolidated Entity recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates.

Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

**d) Estimation of useful lives of assets**

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



# Notes to the Consolidated Financial Statements (continued)

## 4. Parent company information

The following information has been extracted from the books and records of the parent Company and has been prepared in accordance with Accounting Standards.

	2022	2021
	\$	\$
<b>STATEMENT OF FINANCIAL POSITION</b>		
<b>ASSETS</b>		
Current assets	228,924	75,143
Non current assets	9,278,517	9,159,071
<b>TOTAL ASSETS</b>	<b>9,507,441</b>	<b>9,234,215</b>
<b>LIABILITIES</b>		
Current liabilities	15,779	428,778
Non current liabilities	15,000	15,000
<b>TOTAL LIABILITIES</b>	<b>30,779</b>	<b>443,778</b>
<b>NET ASSETS</b>	<b>9,476,662</b>	<b>8,790,436</b>
<b>EQUITY</b>		
Issued capital	27,188,893	26,342,881
Share based payments reserve	160,000	160,000
Accumulated losses	(17,872,231)	(17,712,444)
<b>TOTAL EQUITY</b>	<b>9,476,662</b>	<b>8,790,436</b>
	-	-
<b>STATEMENT OF COMPREHENSIVE INCOME</b>		
Total loss	(159,786)	(166,911)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(159,786)</b>	<b>(166,911)</b>

### Guarantees

Enova Mining Limited has not entered any guarantees, in the current financial period, in relation to the debts of any of its subsidiaries.

### Contingent liabilities

At 31st December 2022, Enova Mining Limited had no contingent liabilities.

### Contractual commitments

At 31st December 2022, Enova Mining Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment.

## 5. Revenue

	Consolidated	
	2022	2021
	\$	\$
Other income		
Interest - other entities	1,526	-
Other income	-	-
	<b>1,526</b>	<b>-</b>

# Notes to the Consolidated Financial Statements (continued)

## 6. Loss from ordinary activities

	Consolidated	
	2022	2021
	\$	\$
Expenses		
Depreciation	4,236	4,236
Interest paid	25,685	35,101
	<u>29,921</u>	<u>39,337</u>

## 7. Income tax

- (a) The prima facie income tax benefits on pre-tax accounting loss reconciles to the income tax benefit in the financial statements as follows:

	Consolidated	
	2022	2021
	\$	\$
Losses for year before income tax benefit	(164,424)	(171,179)
Income tax benefit calculated at 25%	(42,750)	(44,507)*
Temporary differences and tax losses not recognised	42,750	44,507
Other permanent differences		
Non-deductible expenses	-	-
Income tax benefit attributable to loss	<u>-</u>	<u>-</u>
*income tax benefit calculated at 26%	<u>-</u>	<u>-</u>

- (b) Tax losses

	Consolidated	
	2022	2021
	\$	\$
Unused tax losses for which no deferred tax has been recognised	(6,312,170)	(6,147,746)
	<u>(6,312,170)</u>	<u>(6,147,746)</u>

# Notes to the Consolidated Financial Statements (continued)

## 8. Loss per share

	Consolidated	
	2022 Cent	2021 Cent
a) Basic and diluted loss per share		
Loss attributed to the ordinary equity holders for the Company	<u>(0.00042)</u>	<u>(0.00051)</u>
	<u>(0.00042)</u>	<u>(0.00051)</u>
	2022 \$	2021 \$
b) Reconciliation of loss used in calculating loss per share		
<i>Basic and diluted loss per share</i>		
Loss attributed to the ordinary equity holders of the Company used in calculating basic and diluted loss per share	(164,424)	(171,179)
	2022 Number	2021 Number
c) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted loss per share	390,929,340	338,658,844

## 9. Cash and cash equivalents

	Consolidated	
	2022 \$	2021 \$
Cash at bank and on hand	<u>226,197</u>	<u>64,638</u>
	<u>226,197</u>	<u>64,638</u>

## 10. Trade and other receivables

	Consolidated	
	2022 \$	2021 \$
GST receivable	5,138	2,550
Other debtors	<u>(1,878)</u>	<u>38,910</u>
	<u>3,260</u>	<u>41,460</u>

## 11. Other current assets

	Consolidated	
	2022 \$	2021 \$
Prepayments	<u>-</u>	<u>9,511</u>
	<u>-</u>	<u>9,511</u>

# Notes to the Consolidated Financial Statements (continued)

## 12. Other non-current assets

	Consolidated	
	2022	2021
	\$	\$
Security deposits	27,900	27,900
	<u>27,900</u>	<u>27,900</u>

## 13. Plant and equipment

	Consolidated	
	2022	2021
	\$	\$
Plant and equipment	414,873	414,873
Less accumulated depreciation	(414,796)	(413,008)
	<u>77</u>	<u>1,865</u>
Buildings	16,334	16,334
Less accumulated depreciation	(10,853)	(8,405)
	<u>5,481</u>	<u>7,929</u>
	5,558	9,794

Reconciliations of the carrying amount of each class of plant and equipment at the beginning and end of the current financial year are set out below:

	Plant & Equipment	Motor Vehicles	Total
	\$	\$	\$
<b>Gross Carrying Amount</b>			
Balance at 31 December 2021	431,207	280,691	711,897
Additions	-	-	-
Balance at 31 December 2022	<u>431,207</u>	<u>280,691</u>	<u>711,897</u>
<b>Accumulated Depreciation</b>			
Balance at 31 December 2021	(421,413)	(280,691)	(702,103)
Depreciation Expenses	(4,236)	-	(4,236)
	<u>(425,649)</u>	<u>-</u>	<u>(706,339)</u>
<b>Net Book Value</b>			
Balance at 31 December 2021	9,794	-	9,794
Balance at 31 December 2022	<u>5,558</u>	<u>-</u>	<u>5,558</u>

	Consolidated	
	2022	2021
	\$	\$
Aggregate depreciation allocation during the year:		
- Plant and equipment	4,236	4,236
	<u>4,236</u>	<u>4,236</u>

# Notes to the Consolidated Financial Statements (continued)

## 14. Deferred exploration and evaluation expenditure

	Consolidated	
	2022	2021
	\$	\$
Deferred exploration expenditure	4,601,893	4,442,918
Movement		
Balance at 1 January 2022	4,442,918	4,336,307
Additions	158,975	106,611
Amounts written off	-	-
Balance at 31 December 2022	4,601,893	4,442,918

Deferred Exploration and evaluation expenditures are capitalised in respect of each identifiable area of interest. Ultimate recoupment of the carrying value of the exploration areas is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest. The areas of interest are exploration licences held by the Company and are detailed in Schedule 1 Tenements at 31st December 2022, shown on page 57.

## 15. Current trade and other payables

	Consolidated	
	2022	2021
	\$	\$
Unused		
Trade payables	(291)	832
Other payables and accruals	16,070	19,320
GST payable	-	23,324
	15,779	43,476

## 16. Current interest-bearing payables

	Consolidated	
	2022	2021
	\$	\$
Loans from associates of directors	-	388,327
Other payables	-	(3,024)
	-	385,303

## 17. Provisions

	Consolidated	
	2022	2021
	\$	\$
Non-current provisions		
Site restoration	20,000	20,000
	20,000	20,000

### Provision for site restoration

A provision has been recognised for the costs to be incurred for the restoration of the sites used for exploration of minerals. It is anticipated that the sites will require restoration within 10 years. The carrying amounts of the Consolidated Entity's current and non-current provisions are a reasonable approximation of their fair values.

## Notes to the Consolidated Financial Statements (continued)

### 18. Equity – issued capital

	2022 Shares	2021 Shares	2022 \$	2021 \$
Ordinary Shares - Fully paid	<b>390,929,340</b>	338,658,844	<b>27,188,893</b>	26,342,881
Movement in share capital				
	Date	Shares	Issued Price \$	\$
Balance at beginning of financial year	01.01.2022	338,658,844	-	26,342,881
EEMCO Mining Sdn Bhd	31.02.2022	28,556,218	0.018	514,012
Share Purchase Plan	14.10.2022	23,714,278	0.014	332,000
Balance at end of financial year	31.12.2022	<b>390,929,340</b>	-	<b>27,188,893</b>

Based upon the terms of issue contained in the Share Purchase Plan (SPP) offer booklet announced to the market on 31<sup>st</sup> August 2022, 23,714,279 ordinary shares were issued by the Company of 14 October 2022. Additionally, subscribing shareholders also received options (refer to note 19).

### 19. Options

On 14<sup>th</sup> October 2022 subscribing shareholders received 23,714,278 options issued as free attaching, ex price \$0.025 and vesting 24 months after issue date and expiring 48 months after issue date.

### 20. Reserve

	Consolidated	
	2022 \$	2021 \$
Share based payment reserve	<b>160,000</b>	160,000
	<b>160,000</b>	160,000
Share based payment reserve		
Balance at beginning of financial year	<b>160,000</b>	160,000
Value of options expenses during year	-	-
Transfer of expired options	-	-
Balance at end of financial year	-	160,000

#### Nature and purpose of reserve

The share-based payments reserve records the value of the options issued to employees, consultants and Directors, as part of the remuneration of their services.

### 21. Particulars relating to controlled entities

	Country of Incorporation	Ownership Interest 2022 %	Ownership Interest 2021 %
Crossland Diamonds Pty Ltd	Australia	100	100
Crossland Mines Pty Ltd	Australia	100	100
Crossland Nickel Pty Ltd	Australia	100	100
Essential Mining Resources Pty Ltd	Australia	100	100
Paradigm Mexico Pty Ltd	Australia	100	100

## Notes to the Consolidated Financial Statements (continued)

### 22. Commitments for expenditure

#### (a) Exploration tenement expenditure requirements

In order to maintain the Consolidated Entity's tenements in good standing condition with Australian mining authorities, the Consolidated Entity will be required to incur exploration expenditure under the terms of each claim.

	Consolidated	
	2022	2021
	\$	\$
Payable not later than one year	144,582	191,073
Payable later than one year, but not later than two	2,151,573	2,050,000
	<u>2,296,155</u>	<u>2,241,073</u>

It is likely that variations to the terms of the current and future tenement holdings, the granting of new tenements and changes in tenement areas at renewal or expiry, will change the expenditure commitment to the Consolidated Entity from time to time.

If funds are not available to meet required expenditure on a tenement the relevant Australian mining authority would be contacted to negotiate a reduction of expenditure. Should the negotiations not be satisfactory then the Consolidated Entity would withdraw from the tenement.

### 23. Key management personnel disclosure

#### (a) The directors of Enova Mining Limited during the year were:

- Sia Hok Kiang (Chairman)
- Eric Vesel (Executive Director)
- Stanislaw (Stan) Wassylko (Non-Executive Director)
- Harun Halim Rasip (Non-Executive Director)

#### (b) Other key management personnel

All directors are identified as key management personnel under AASB 124 "Related Party Disclosures".

There are no other staff that meet the definition of key management personnel.

#### (c) Key management personnel compensation

There was no fee paid or payable to any key management personnel in the year

#### (d) Equity instrument disclosure relating to key management personnel

##### i. Shareholding

The number of shares in the company held at the end of the financial year by each Director of the consolidated entities and other key management personnel of the consolidated entity, including their personally related parties, are set out below.



# Notes to the Consolidated Financial Statements (continued)

## 23. Key management personnel disclosure (continued)

### Ordinary Shares

#### Directors of Enova Mining Limited

2022 Name	Balance at the start of the year	Received during the year as conversion of debt shares	Other changes during the year	Balance at the end of the year
Sia Hok Kiang	10,631,563	-	2,142,858	12,773,221
Stanislaw Wassylko	33,248,313 <sup>2</sup>	-	2,142,858	35,391,171 <sup>2</sup>
Eric Vesel	8,850,411	-	2,142,857	10,993,268
Harun Halim Rasip	217,492,031 <sup>2</sup>	-	28,556,218	246,048,249 <sup>2</sup>

<sup>2</sup> includes shares held indirectly as joint directors of Atlas Offshore Services Pty Ltd

### ii. Options provided as remuneration and shares issued on exercise such options

No options were provided as remuneration and no shares were issued on the exercise of such options.

## 24. Related party disclosure

### (a) Directors

The directors of Enova Mining Limited during the year were:

- Sia Hok Kiang (Chairman)
- Eric Vesel (Executive Director)
- Stanislaw (Stan) Wassylko (Non-Executive Director)
- Harun Halim Rasip (Non-Executive Director)

Company Secretary

- Andrew Metcalf

### (b) Remuneration of directors and key management personnel

Details of remuneration of directors are disclosed in Note 23 to the financial statements.

At 31 December 2022 there were no key management personnel other than directors.

### (c) Directors interests

Interest in shares and options of the consolidated entity held by current directors and their director related entities are shown in Note 23.

### (d) Associates of directors

No Director Fees were paid to Directors for 2022

Directors	Associated Company
Sia Hok Kiang	HK Rare Earth Sdn Bhd
Stanislaw Wassylko	Atlas Offshore Services Pty Limited
Harun Halim Rasip	EMMCO Mining Sdn Bhd Essential Mining Resources Pty Limited

## Notes to the Consolidated Financial Statements (continued)

### 24. Related party disclosure (continued)

#### (e) Loans from associates of directors as at 31 December

	Consolidated	
	2022	2021
	\$	\$
Atlas Offshore Services Pty Ltd (Stanislaw Wassylko) (15% interest per annum)	-	-
EMMCO Mining Sdn Bhd (Harun Halim Rasip) (15% interest per annum)	-	338,327

#### (f) Interest accrued on loans from associates of directors as at 31 December

Atlas Offshore Services Pty Ltd (Stanislaw Wassylko) *	-	-
EMMCO Mining Sdn Bhd (Harun Halim Rasip) *	25,562	38,327
	<u>25,562</u>	<u>38,327</u>

#### (g) Additional loans received from directors and associates as at 31 December

	Consolidated	
	2022	2021
	\$	\$
EMMCO Mining Sdn Bhd (Harun Halim Rasip) *	100,000	250,000
	<u>100,000</u>	<u>250,000</u>

\*All transactions were made on normal commercial terms and conditions and at market rate.

### 25. Auditors' remuneration

	Consolidated	
	2022	2021
	\$	\$
Remuneration of auditor's fees for:		
Audit and review of financial report	15,235	18,350
	<u>15,235</u>	<u>18,350</u>

## Notes to the Consolidated Financial Statements (continued)

### 26. Financial instrument disclosure

#### (a) Capital management

The consolidated entity considers its capital to comprise its ordinary share capital and accumulated retained earnings.

In managing its capital, the consolidated entity's primary objective is to ensure its continued ability to provide a consistent return for its equity shareholders through a combination of capital growth and distributions. In order to achieve this objective, the consolidated entity seeks to maintain a gearing ratio that balances risks and returns at an acceptable level and also to maintain a sufficient funding base to enable the consolidated entity to meet its working capital and strategic investment needs. In making decisions to adjust its capital structure to achieve these aims, either through altering its dividend policy, new share issues, or reduction of debt, the consolidated entity considers not only its short-term position but also its long-term operational and strategic objectives.

It is the consolidated entity's policy to maintain its gearing ratio within the range of 0-25%. The consolidated entity's gearing ratio at the end of the financial year is shown below:

	Consolidated	
	2022	2021
	\$	\$
Cash and cash equivalents	226,197	64,638
Loans	-	(385,303)
Net debt	226,197	(320,665)
Share capital	27,188,893	26,342,881
Reserves	160,000	160,000
Accumulated losses	(22,519,864)	(23,355,439)
Total capital	4,829,029	4,147,442
Gearing ratio	-	7.73

#### (b) Financial instrument risk exposure and management

In common with all other businesses, the consolidated entity is exposed to risks that arise from its use of financial instruments. This note describes the consolidated entity's objectives, policies and processes for managing those risks and the methods used to measure them.

Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the consolidated entity's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

## Notes to the Consolidated Financial Statements (continued)

### 26. Financial instrument disclosure (continued)

#### (c) Principal financial instruments

The principal financial instruments used by the consolidated entity, from which financial instrument risk arises, are as follows:

- Other receivables;
- Cash at bank;
- Trade and other payable; and
- Loans.

#### (d) General objectives, policies and processes

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective implementation of the objectives and policies to the consolidated entity's finance function. The Board receives monthly 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 consolidated entity's competitiveness and flexibility. Further details regarding these policies are set out below:

##### i. Credit risk

Credit risk arises principally from the consolidated entity's trade receivables and investments in corporate bonds. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

Other receivables

Other receivables comprise GST receivable.

The maximum exposure to credit risk at balance date is as follows:

	Consolidated	
	2022	2021
	\$	\$
Deposits	27,900	27,900
Other receivables	(1,878)	38,910
GST receivables	5,138	2,550
	<u>31,161</u>	<u>69,360</u>

##### ii. Liquidity risk

Liquidity risk arises from the consolidated entity's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the consolidated entity will encounter difficulty in meeting its financial obligations as they fall due.

The consolidated entity's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected to meet expected requirements for

## Notes to the Consolidated Financial Statements (continued)

### 26. Financial instrument disclosure (continued)

#### (d) General objectives, policies and processes (continued)

a period of at least 45 days. The Board receives cash flow projections in a monthly basis as well as information regarding cash balances. At the balance sheet date, these projections indicated that the consolidated entity expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The Board noted the intention of directors and other related parties not to require payment for the next twelve months or until a capital raising of sufficient funds is made.

The consolidated entity does not have any financing facilities in place and does not have a bank overdraft.

Maturity analysis of financial assets and liability based on contractual obligations.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital (e.g., trade receivables). These assets are considered in the consolidated entity's overall liquidity risk.

Maturity Analysis - Consolidated	2022	Weighted Average Interest Rate %	Carrying Amount \$	Contractual Cash Flows			
				1 Year or Less	Between 1 and 2 Years	Between 2 and 5 years	Remaining Contractual Maturities
				\$	\$	\$	\$
<b>Financial Liabilities</b>							
Trade payables	0		(291)	(291)	-	-	-
Other payables and accruals	0		16,070	-	-	-	16,070
Loans	15		-	-	-	-	-
<b>TOTAL</b>			<b>15,779</b>	<b>(291)</b>	<b>-</b>	<b>-</b>	<b>16,070</b>
	2021						
<b>Financial Liabilities</b>							
Trade payables	0		832	832	-	-	-
Other payables and accruals	0		42,644	-	-	-	42,644
Loans	15		385,303	-	-	-	385,303
<b>TOTAL</b>			<b>428,778</b>	<b>832</b>	<b>-</b>	<b>-</b>	<b>427,947</b>

#### iii. Market risk

Market risk does not arise as the consolidated entity does not use interest bearing, tradable and foreign currency financial instruments.

#### iv. Interest rate risk

a) The Company receives inters on its cash balance and at balance date was exposed to a floating weird average interest rate on cash balances of 1.00% (2017 – 1.00%). As surplus funds become available, they are deposited in its cash management account and are exposed to receiving a floating rate, which varies according to the amount of funds deposited. All other financial asserts are non-interest bearing.

## Notes to the Consolidated Financial Statements (continued)

### 26. Financial instrument disclosure (continued)

#### (d) General objectives, policies and processes (continued)

- b) Net fair value of financial assets and liabilities: the net fair value of cash and cash equivalents and non-interest-bearing financial assets and financial liabilities approximates their carrying value.
- c) The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out in the following table:

#### Sensitivity Analysis

	Carrying Amount	+1% interest rate Profit & Loss	-1% interest rate Profit & Loss
Consolidated -2022			
Cash at bank	226,197	2,262	(2,262)
	226,197	2,262	(2,262)
Tax charge of 25%		(565)	565
Post tax profit increase / (decrease)		1,696	(1,696)
Consolidated -2021			
Cash at bank	64,638	646	(646)
	64,638	646	(646)
Tax charge of 26%		(168)	168
Post tax profit increase / (decrease)		478	(478)

#### (e) Currency risk

The consolidated entity's policy is, where possible, to allow consolidated entity entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where consolidated entity entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the consolidated entity.

The consolidated entity's exposure to foreign currency risk is nil.

#### (f) Sovereign risk

Country or sovereign risk relates to the likelihood that changes in the business environment will occur that reduce the profitability of doing business in a country. These changes can adversely affect operating profits as well as the value of assets. Types of country risk include:

- *Political changes*  
Governments may change economic policies. Changes in the ruling party in Australia (brought about by elections, coups or wars) may results in major policy changes. This could result in expropriation of the consolidated entity's exploration leases, inability to repatriate future profits, higher taxes, higher tariffs and import costs
- *Macroeconomics mismanagement*  
The Australian government may pursue unsound monetary and fiscal policies which may lead to inflation, higher interest rates, recession and hard currency shortage.

## Notes to the Consolidated Financial Statements (continued)

### 26. Financial instrument disclosure (continued)

#### (f) Sovereign risk (continued)

The consolidated entity has maintained a working policy of keeping all relevant Government offices informed and updated on activities to allow clear avenues of communication with Government authorities and an understanding of any policy changes and any affects that they may have on the consolidated entity's work.

#### (g) Accounting Policies

##### i. **Financial assets**

The consolidated entity's financial assets fall into the categories discussed below, with the allocation depending to an extent on the purpose for which the asset was acquired. The consolidated entity does not use derivative financial instruments in economic hedges of currency or interest rate risk. The consolidated entity has not classified any of its financial assets as held to maturity.

Unless otherwise indicated, the carrying amounts of the consolidated entity's financial assets are a reasonable approximation of their fair values.

##### ii. **Other receivables**

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the sale of assets and GST receivable. They are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition or issue and subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The effect of discounting on these financial instruments is not considered to be material.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the consolidated entity will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the income statement. On confirmation that the trade receivable will not be.

##### iii. **Financial liabilities**

The consolidated entity classifies its financial liabilities as measured at amortised cost. The consolidated entity does not use derivative financial instruments in economic hedges of currency or interest rate risk.

Unless otherwise indicated, the carrying amounts of the consolidated entity's financial liabilities are a reasonable approximation of their fair values.

These financial liabilities include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

##### iv. **Share capital**

Financial instruments issued by the consolidated entity are treated as equity only to the extent that they do not meet the definition of a financial liability. The consolidated entity's ordinary shares are classified as equity instruments.

For personal use only



## Notes to the Consolidated Financial Statements (continued)

### 26. Financial instrument disclosure (continued)

#### (g) Accounting Policies (continued)

For the purposes of these disclosures, the consolidated entity considers its capital to comprise its ordinary share capital and accumulated retained earnings. Neither the available for sale reserve nor the translation reserve is considered as capital. There have been no changes in what the consolidated entity considers to be capital since the previous period.

The consolidated entity is not subject to any externally imposed capital requirements.

### 27. Operating segments

#### *Identification of reportable operating segments*

The consolidated entity is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

### 28. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated	
	2022	2021
	\$	\$
Reconciliation of loss from ordinary activities after income tax to net cash outflows from operating activities as follows:		
Operating (loss) after income tax	(168,335)	(171,179)
Depreciation	4,236	4,236
Exploration expenditure written off	-	-
Share based payments	-	-
Change in operation assets and liabilities:		
- Decrease Interest payable	25,685	35,101
- Decrease Receivables	47,711	3,776
- Decrease Payable	(27,697)	205
Net cash outflow from operating activities	(114,489)	(127,862)

## Corporate Register

### Company Secretary

Andrew Metcalf  
Accosec & Associates  
PO Box 255, Seddon  
VIC 3011, Australia  
Tel: +61 3 9867 7199

### Registered Office

Level 26, 360 Collins Street  
Melbourne VIC 3000, Australia  
Tel: +61 3 9867 7199  
Fax: +61 3 9867 8597

### Mail

PO Box 783, Berwick,  
VIC 3806, Australia  
General Email: [contact@enovamining.com](mailto:contact@enovamining.com)  
Accounts: [accounts@enovamining.com](mailto:accounts@enovamining.com)

### Banking

NAB Business Banking  
71 Smith Street  
Darwin NT 0880, Australia

### Australian Legal

HWL Ebsworth Lawyers  
Level 14, Australia Square  
264-278 George Street  
Sydney NSW 2000, AUSTRALIA  
Postal: GPO Box 5408, Sydney  
NSW 2000, Australia  
Tel: + 61 2 9334 8555  
Fax: + 1300 369 656  
Website: [www.hwlebsworth.com.au](http://www.hwlebsworth.com.au)

### Notice of Annual General Meeting

Refer to website (in April)

### Share Registry

Boardroom Pty Limited  
Level 8, 210 George Street  
Sydney NSW 2000, Australia  
Postal: GPO Box 3993, Sydney  
NSW 2001, Australia  
Tel: +61 2 9290 9600  
Fax: + 61 2 9279 0664  
Email: [enquires@boardroomlimited.com.au](mailto:enquires@boardroomlimited.com.au)  
Website: [www.boardroomlimited.com.au](http://www.boardroomlimited.com.au)

### Stock Exchange Listing

Australian Stock Exchange (ASX)  
Website: [www.asx.com.au](http://www.asx.com.au)

ASX Code; ENV

### Accountants

A E Soliman & Associates  
5B/8 Station Street  
Moorabbin VIC 3189, Australia  
Tel: +61 3 9555 5944  
Email: [info@aesoliman.com.au](mailto:info@aesoliman.com.au)  
Website: [www.aesoliman.com.au](http://www.aesoliman.com.au)

### Auditor

John. F. Shute  
Suite 605, Level 6, 321 Pitt Street  
Sydney NSW 2000 , Australia  
Postal: PO Box A605, Sydney South NSW 1235 ,  
Australia  
Tel: +61 2 8021 2645  
Fax: +61 2 8021 2745

### Company Website

[www.enovamining.com.au](http://www.enovamining.com.au)

## Enova Mining Limited Shareholder Information

The shareholder information set out below was applicable as at 13<sup>th</sup> March 2023

### A. Distribution of Ordinary Shareholders – Analysis of Holdings

Class of equity security	Number of shareholders	Number of shares	Percentage
1 - 1,000	227	106,968	0.030
1,001 - 5,000	326	880,467	0.230
5,001 - 10,000	106	804,200	0.210
10,001 - 100,000	251	8,677,246	2.220
100,001 and over	125	380,460,459	97.320
<b>Totals</b>	<b>1,035</b>	<b>390,929,340</b>	<b>100.000</b>

Holders of less than a marketable parcel: 842 holders, holding 5,858,344 ordinary shares representing 1.5% of total issued capital.

### B. Top 20 Holdings of Ordinary Shares (ENV)

	Ordinary shares number held	Percentage of issued shares
EMMCO Mining Sdn Bhd	216,118,964	55.283
Atlas Offshore Services Pty Ltd	29,929,285	7.656
HSBC Custody Nominees (Australia) Limited	17,500,000	4.477
HK Tin Sdn Bhd	12,773,221	3.267
Asia Infra Partner Ltd	11,514,286	2.945
Mr Eric Vesel	10,993,268	2.812
Mr Huzair Onn Harun Rasip	8,466,471	2.166
Stainslaw Wassylko	5,461,886	1.397
HSBC Custody Nominees (Australia) Limited	5,411,465	1.384
Amburla Nominees Pty Ltd	4,655,547	1.191
Hock Hee Sia	4,000,000	1.023
Chris Connellan	3,000,000	0.767
Yeronda Nominees Pty Ltd	2,281,905	0.584
Dewi Retno Andriani	2,212,603	0.566
Mrs Yvonne Ruth Vereyken	2,171,257	0.555
Aerobotic Pty Ltd	2,000,000	0.512
Ms Yi Qing Zhao	1,800,000	0.460
Miss Huong Thanh Thi Pham	1,769,950	0.453
Gaden Nominees Pty Ltd	1,424,959	0.365
Superhero Securities Limited	1,221,420	0.312
	<b>344,706,487</b>	<b>88.176</b>
Other shareholders	46,222,853	11.824
Total of securities	<b>390,929,340</b>	<b>100.000</b>

## Enova Mining Limited Shareholder Information (continued)

### C. Substantial Shareholders

	Number of shares held	Shareholding percentage
EMMCO Mining Sdn Bhd	216,118,964	55.283
Atlas Offshore Services Pty Ltd	29,929,285	7.656

### D. Voting Rights

#### Ordinary shares

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

#### Options

There are no voting rights attached to the options.

## Schedule 1 Tenements at 31st December 2022

The consolidated entity held the following tenements at 31<sup>st</sup> December 2022:

Tenement	Name / Location	Owner	Area (Km <sup>2</sup> )
EL 24281	Charley Creek	CNPL 100%	116.60
EL 25230	Cockroach Dam	CNPL 100%	289.00
EL 27358	Hamilton Downs	CNPL 100%	25.17
EL 31947	Cloughs Dam	CNPL 100%	59.57
<b>Charley Creek 1</b>			<b>490.34</b>
EL 28434	Hamilton Homestead	CNPL 56.28% / EMR 43.72%	12.08
EL 29789	Mulga Bore	CNPL 56.28% / EMR 43.72%	12.61
<b>Charley Creek 2</b>			<b>24.69</b>
<b>TOTAL OF ALL TENEMENTS</b>			<b>515.03</b>