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**REACH RESOURCES LTD
A.B.N. 79 097 982 235
AND CONTROLLED ENTITIES
FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2023**



Corporate Directory

Board of Directors

Robert Downey

Non-Executive Chairman

Matthew O’Kane

Non-Executive Director

Sam Wright

Non-Executive Director

Solicitors

AGH Law

1/50 Kings Park Rd

West Perth WA 6005

Auditors

Rothsay Audit & Assurance Pty Ltd

Level 1 Lincoln House 4 Ventnor Avenue

West Perth WA 6005

Company Secretary

Chris Achurch

Share Registry

Advanced Share Registry

150 Stirling Highway

Nedlands WA 6009

Registered Office

Level 4, 216 St Georges Terrace

Perth WA 6000

Stock Exchange Listing

Australian Securities Exchange

(Home Exchange: Perth Western Australia)

152-158 St George Terrace,

Perth WA 6000

ASX Code: RR1 & RR10

Contact Details

Reach Resources Ltd

Level 4, 216 St George Terrace

Perth WA 6000

Tel: +61 8 6268 2641

Email: admin@reachresources.com.au

Website: www.reachresources.com.au

Bankers

National Australia Bank Ltd

Capital Office

100 St Georges Terrace

Perth WA 6000

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

Your Directors present their report, together with the financial statements of the Group, being the Company and its controlled entity, for the year ended 30 June 2023.

Principal Activities and Significant Change in Nature of Activities

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

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

Operating Results and Review of Operations for the Year

Operating Results

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

Year ended 30 June 2023	Year ended 30 June 2022
\$	\$
(2,659,800)	(451,487)

Review of Operations

The 2023 Financial year has been transformative and pivotal for the Company.

Focus was shifted to our tenement package in the Gascoyne and significant effort was applied to a systematic geophysical assessment followed by two reconnaissance field visits including the collection of rock chip samples to gain an initial understanding of prospectivity for rare earth elements (REE).

Results returned were encouraging across all three tenements with anomalous assays >500ppm in all three tenements and the best result from rock chips 25,652ppm at Wabli Creek as noted during ASX announcements.

The Company sought to expand its landholding in the area and was successful in acquiring two tenements in the Yinnetharra area prospective for lithium and REE to complement its tenements held by subsidiary Critical Elements Pty Ltd.

In addition, the Company successfully applied for a further three tenements adjacent to its Skyline block and acquired Kouzan Pty Ltd which held two tenements adjoining these new applications. The expansion in this area, named the Wanna Projects after the station upon which they cover are prospective for REE, manganese and base metals.

With confidence in the prospectivity of our Gascoyne projects, the Company sought the services of an experienced geologist to lead the future exploration programs. On 1 March 2023 Mr. Steve Vallance was employed as Exploration Manager on a full-time basis.

Operations for the remainder of the financial year revolved around further reconnaissance rock chip sampling of the Yinnetharra projects, mainly with a focus on the Morrissey Hill Lithium project and the Wabli Creek Niobium/REE project.

To date we have collated some significant lithium rock chip assays up to 2.3% Li₂O at Morrissey Hill and high-grade niobium rock chip assays at Wabli Creek up to 14.3% Nb₂O₅.

The Company continues to progress its Primrose Gold project in Payne's Find and to that end was granted a Mining Lease over the resource area which consolidated a number of prospecting licenses and small mining leases. In addition, drilling at the Primrose project during the financial year intersected pegmatites which will be a source of follow up work for the 2024 financial year.

However, the focus for the foreseeable future will be our Gascoyne projects and particularly the Morrissey Hill Lithium project which is the most advanced of the Company's projects.

The Future is within Reach.

Financial Position

The net assets of the Group have increased by \$498,708 at 30 June 2023 to \$6,026,853. The increase was predominantly as a result of the Company's exploration and evaluation expenditure incurred which was capitalised during the year.

Significant Changes in the State of Affairs

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

Dividends Paid or Recommended

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

Events after the Reporting Date

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

- On the 1st and 4th of August 2023, the Company announced it had raised \$4 million via the issue of 400 million fully paid ordinary shares at \$0.01 per share. Participants in the Placement received a 1:3, free attaching unlisted option, exercisable at \$0.01 and expiring 4 August 2025. Funds raised will be primarily used to fund exploration and evaluation at the Company's projects in the Gascoyne, Western Australia.

Future Developments, Prospects and Business Strategies

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

Environmental Issues

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

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

Greenhouse gas and energy data reporting requirements

The Directors have considered compliance with both the Energy Efficiency Opportunity Act 2006 and the National Greenhouse and Energy Reporting Act 2007 which require entities to report annual greenhouse gas emissions and energy use. The Directors have assessed that there are no current reporting requirements for the year ended 30 June 2023, however reporting requirements may change in the future.

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

Information on Current Directors

Robert Downey

Qualifications

CHAIRMAN (Non-Executive)

B.Ed, LLB (Honors)

Experience

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

Interest in shares and options

Nil

Interest in performance rights

6,000,000 performance rights

Special responsibilities

Mr Downey is a member of the audit committee.

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

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

Matthew O’Kane

Qualifications

DIRECTOR (Non-Executive)

Bachelor (Econ. Finance), MBA, CPA, Graduate Dip. Mineral Exploration Geoscience (Distinction)

Experience

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

Interest in shares and options

Nil

Interest in performance rights

6,000,000 performance rights

Special responsibilities

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

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

Mr O’Kane is currently a director of Comet Resources Ltd (ASX: CRL) and International Graphite Ltd (ASX: IG6). He was previously a director of RotoGro International Ltd (resigned 19 October 2021), Azarga Uranium Corporation (resigned 31 December 2021), Pursuit Minerals Ltd (resigned 28 April 2021) and Orinoco Gold Ltd (resigned 18 October 2019).

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Sam Wright	DIRECTOR (Non-Executive)
Qualifications	AFin DipAcc ACIS MAICD
Experience	Mr Wright has 20 years' experience in the administration of ASX listed companies, corporate governance and corporate finance. He is a member of the Australian Institute of Company Directors, the Financial Services Institute of Australasia, and the Chartered Secretaries of Australia. Mr Wright was appointed to the Board on 30 November 2021.
Interest in shares and options	Nil
Interest in performance rights	6,000,000 performance rights
Special responsibilities	Mr Wright is a member of the audit committee.
Directorships held in other listed entities during the three years prior to the current year	Mr Wright is currently the Finance Director and Company Secretary of PharmAust Limited (ASX: PAA) and Non-Executive Director & Company Secretary of Structural Monitoring Systems plc (ASX: SMN).

Company Secretary

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

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

Meetings of Directors

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

	Directors' Meetings	
	Number eligible to attend	Number attended
Robert Downey	4	4
Matthew O'Kane	4	4
Sam Wright	4	3

Indemnifying Officers

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

As at the date of this report the Company holds Directors and Officers Indemnity insurance. In accordance with a confidentiality clause under the insurance policy, the amount of the premium paid to the insurers for 2023 has not been disclosed. This is permitted under Section 300(9) of the Corporations Act 2001.

Corporate Governance Statement

The Company's 2023 Corporate Governance Statement has been released as a separate document and is located on the Company's website at www.reachresources.com.au

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Proceedings on Behalf of Company

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

Non-Audit Services

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

Rothsay Auditing or Rothsay Audit & Assurance Pty Ltd, the Company's auditors, did not provide non-audit services to the Group during the 2023 financial year.

Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 46 of the financial report.

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REMUNERATION REPORT (AUDITED)

Remuneration Policy

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

Fixed Remuneration

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

Performance Linked Remuneration and Entitlements

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

Director Remuneration and Incentives

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

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

Post-Employment Benefits

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

Nomination and Remuneration Committee

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

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

Employment Details of Members of Key Personnel and Other Executives

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

Group Key Management Personnel	Position held as at 30 June 2023 and any change during the year	Proportion of elements of remuneration related to performance			Proportions of elements of remuneration not related to performance	
		Non-salary cash-based incentives %	Shares/Units %	Options/Rights %	Fixed Salary/Fees %	Total %
Robert Downey	Chairman (Non-Executive) Appointed 20 May 2021	-	-	3	97	100
Mathew O’Kane	Director (Non-Executive) Appointed 20 May 2021	-	-	4	96	100
Sam Wright	Director (Non-Executive) Appointed 30 November 2021	-	-	4	96	100
Jeremy Bower	Chief Executive Officer Appointed 23 March 2022	-	24	5	71	100

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

Service Agreements

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

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

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

1. \$200,000 per annum on an FTE basis, plus superannuation. At the reporting date, Mr Jeremy Bower currently works 5 days per week (100% FTE).
2. 5,000,000 unlisted options exercisable at \$0.015 (Tranche A) and 5,000,000 options exercisable at \$0.02 (Tranche B). Both Tranches have an expiry of 3 years from the date of issue. The options were issued on 14 April 2023.
3. There is no fixed term although the Company or Mr Bower may terminate the employment agreement by providing three month’s written notice.

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Share-based Payments

Shares, options and performance rights that were granted as remuneration during the year to key management personnel and other executives are detailed below:

- Mr Jeremy Bower was issued with:
 - 15,000,000 ordinary shares at \$0.004 per share for a total value of \$60,000 on 14 April 2023. Shares issued under the Employee Incentive Share Plan approved by Shareholders at the General Meeting held on 5 April 2023.
 - 5,000,000 options exercisable at \$0.015 expiring 17 April 2026 and 5,000,000 options exercisable at \$0.02 and expiring 17 April 2026. The options were issued on 14 April 2023.
 - 5,000,000 Tranche A (\$25m Market Cap) performance rights were issued on 14 April 2023 under the Employee Incentive Share Plan approved by Shareholders at the General Meeting held on 5 April 2023. Tranche A (\$25m Market Cap) performance rights will vest upon the Company having a market capitalisation of at least \$25,000,000 over 20 consecutive days on which the Company's shares have actually traded. The performance rights expire 3 years from the date of issue.
 - 5,000,000 Tranche B (\$50m Market Cap) performance rights were issued on 14 April 2023 under the Employee Incentive Share Plan approved by Shareholders at the General Meeting held on 5 April 2023. Tranche B (\$50m Market Cap) performance rights will vest upon the Company having a market capitalisation of at least \$50,000,000 over 20 consecutive days on which the Company's shares have actually traded. The performance rights expire 3 years from the date of issue.
- Messrs Robert Downey, Matthew O'Kane and Sam Wright were each issued with:
 - 3,000,000 Tranche A (\$25m Market Cap) performance rights were issued on 14 April 2023 under the Employee Incentive Share Plan approved by Shareholders at the General Meeting held on 5 April 2023. Tranche A (\$25m Market Cap) performance rights will vest upon the Company having a market capitalisation of at least \$25,000,000 over 20 consecutive days on which the Company's shares have actually traded. The performance rights expire 3 years from the date of issue.
 - 3,000,000 Tranche B (\$50m Market Cap) performance rights were issued on 14 April 2023 under the Employee Incentive Share Plan approved by Shareholders at the General Meeting held on 5 April 2023. Tranche B (\$50m Market Cap) performance rights will vest upon the Company having a market capitalisation of at least \$50,000,000 over 20 consecutive days on which the Company's shares have actually traded. The performance rights expire 3 years from the date of issue.

REACH RESOURCES LTD (ABN 79 097 982 235)
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The following table of payments and benefits detail the components of remuneration for each member of the key management personnel of the Group for the financial years ended 30 June 2023 and 30 June 2022.

		Short Term Benefit		Post	Equity-	Options	Total
		Salaries & Fees	Other	Employment	settled share-based payments		
		\$	\$	\$	Shares	/ Rights ^(iv)	\$
		\$	\$	\$	\$	\$	\$
Robert Downey ^(v)	2023	63,000	-	-	-	1,649	64,649
Chairman	2022	36,000	-	-	-	-	36,000
Matthew O’Kane	2023	36,000	-	-	-	1,649	37,649
Non-Executive Director	2022	36,000	-	-	-	-	36,000
Sam Wright ⁽ⁱ⁾	2023	36,000	-	-	-	1,649	37,649
Non-Executive Director	2022	21,000	-	-	-	-	21,000
Jeremy Bower ⁽ⁱⁱ⁾	2023	160,889	-	16,913	60,000	12,535	250,337
Chief Executive Officer	2022	23,333	1,000	2,333	-	-	26,666
Marcus Flis ⁽ⁱⁱⁱ⁾	2023	-	-	-	-	-	-
Non-Executive Director	2022	30,000	14,750	-	-	-	44,750
Total	2023	295,889	-	16,913	60,000	17,482	390,284
Total	2022	146,333	15,750	2,333	-	-	164,416

There were no long-term, Cash settled share-based payments or termination benefits paid to Key Management Personnel or Other Executives other than what is detailed above.

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

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

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

(iv) Per Note 18, performance rights are recognised over multiple periods in accordance with their vesting conditions. Options are fully recognised in the period issued.

(v) Legal fees of \$2,617 (2022: \$4,787) were paid to Dominion Legal, a partnership of which Mr Robert Downey is a Director. The amounts paid were on arm’s length commercial terms.

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REACH RESOURCES LTD (ABN 79 097 982 235)
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Key Management Personal Shareholdings

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

30 June 2023

	Balance at beginning of year	Granted as remuneration during the year	Issued on exercised of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Sam Wright	-	-	-	-	-	-
Jeremy Bower ⁽ⁱ⁾	-	15,000,000	-	4,500,000	-	19,500,000
	-	15,000,000	-	4,500,000	-	19,500,000

30 June 2022

Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Sam Wright	-	-	-	-	-	-
Marcus Flis	-	-	-	-	-	-
Jeremy Bower	-	-	-	-	-	-
	-	-	-	-	-	-

(i) Subsequent to year end, Kristie Anne Bower, a related party of Jeremy Bower (spouse), purchased 2,000,000 shares (August 2023 Placement)

Key Management Personal Options Holdings

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

30 June 2023

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

30 June 2022

Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Sam Wright	-	-	-	-	-	-
Marcus Flis	10,000,000	-	-	-	10,000,000	-
Jeremy Bower	-	-	-	-	-	-
	10,000,000	-	-	-	10,000,000	-

(i) Subsequent to year end, Kristie Anne Bower, a related party of Jeremy Bower (spouse), received 666,667 free attaching options (August 2023 Placement).

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REACH RESOURCES LTD (ABN 79 097 982 235)
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Key Management Personal Performance Rights Holdings

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

30 June 2023

	Balance at beginning of year	Granted as remuneration during the year	Exercise of options during the year	Other changes during the year	Balance on resignation / appointment	Balance at end of year
Robert Downey	-	6,000,000	-	-	-	6,000,000
Matthew O'Kane	-	6,000,000	-	-	-	6,000,000
Sam Wright	-	6,000,000	-	-	-	6,000,000
Jeremy Bower	-	10,000,000	-	-	-	10,000,000
	-	28,000,000	-	-	-	28,000,000

30 June 2022

Robert Downey	-	-	-	-	-	-
Matthew O'Kane	-	-	-	-	-	-
Sam Wright	-	-	-	-	-	-
Marcus Flis	-	-	-	-	-	-
Jeremy Bower	-	-	-	-	-	-
	-	-	-	-	-	-

End of Audited Remuneration Report

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



Robert Downey
Chairman
Dated 20 September 2023

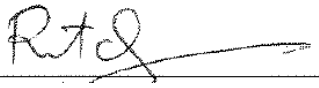
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DIRECTORS DECLARATION

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

- (a) The attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated statement of financial position as at 30 June 2023 and of the performance for the year then ended on that date of the Consolidated Entity; and
 - (ii) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- (b) The financial statements and notes thereto comply with International Financial Reporting Standards, as disclosed in Note 1.
- (c) The Directors have been given the declarations required by s.295A of the *Corporations Act 2001*.
- (d) There are reasonable grounds to believe that Reach Resources Ltd will be able to pay its debts as and when they become due and payable; and
- (e) The remuneration disclosures included in the Director's Report (as part of the audited Remuneration Report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001*.

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



Robert Downey
Chairman

Dated this 20 September 2023

REACH RESOURCES LTD (ABN 79 097 982 235)
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Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	Consolidated Entity	
		2023 \$	2022 \$
Continuing Operations			
Revenue			
Interest income		6,588	-
Forgiveness of debt	15	150,000	-
Other income		-	100,000
		<u>156,588</u>	<u>100,000</u>
Employee benefits expense	4	(320,518)	(149,144)
Fair value adjustment other financial assets		-	(5,450)
Depreciation expense		(5,021)	-
Occupancy expenses		(24,000)	(27,537)
Administration expenses		(504,933)	(363,718)
Tenement surrendered		-	(5,638)
Share based payments expense		(94,416)	-
Impairment of financial assets		(1,867,500)	-
(Loss) before income tax		<u>(2,659,800)</u>	<u>(451,487)</u>
Income tax benefit	6	-	-
(Loss) after income tax		<u>(2,659,800)</u>	<u>(451,487)</u>
Other Comprehensive Income		-	-
Total Comprehensive Income Attributable to Members of Reach Resources Ltd		<u>(2,659,800)</u>	<u>(451,487)</u>
Basic and diluted loss per share attributable to the ordinary equity holders of the Company (cents per share)	7	(0.123)	(0.027)

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

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REACH RESOURCES LTD (ABN 79 097 982 235)
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Statement of Financial Position as at 30 June 2023

	Note	Consolidated Entity	
		2023 \$	2022 \$
Current Assets			
Cash and cash equivalents	8	1,229,665	1,134,288
Trade and other receivables	10	143,254	18,500
Total Current Assets		1,372,919	1,152,788
Non-Current Assets			
Plant and equipment	11	65,999	-
Financial assets	12	-	1,867,500
Exploration assets	13	5,112,488	3,063,306
Total Non-Current Assets		5,178,487	4,930,806
Total Assets		6,551,406	6,083,594
Current Liabilities			
Trade and other payables	14	524,553	105,449
Financial liabilities	15	-	450,000
Total Current Liabilities		524,553	555,449
Total Liabilities		524,553	555,449
Net Assets		6,026,853	5,528,145
Equity			
Issued equity	16	22,466,171	19,342,079
Reserves	16	346,916	312,500
Accumulated losses	17	(16,786,234)	(14,126,434)
Total Equity		6,026,853	5,528,145

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

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Statement of Changes in Equity for the year ended 30 June 2023

Consolidated Entity					
	Issued Equity	Performance Rights Reserve	Options Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2021	16,823,220	-	312,500	(13,674,947)	3,460,773
Shares issued during the year	2,806,100	-	-	-	2,806,100
Transaction costs	(287,241)	-	-	-	(287,241)
Comprehensive income for the year					
Loss for the year	-	-	-	(451,487)	(451,487)
Total Comprehensive Income for the Year	-	-	-	(451,487)	(451,487)
Balance at 30 June 2022	19,342,079	-	312,500	(14,126,434)	5,528,145
Balance at 1 July 2022	19,342,079	-	312,500	(14,126,434)	5,528,145
Shares issued during the year	3,380,000	-	-	-	3,380,000
Options issued during the year	-	-	10,000	-	10,000
Performance rights issued during the year	-	24,416	-	-	24,416
Transaction costs	(255,908)	-	-	-	(255,908)
Comprehensive income for the year					
Loss for the year	-	-	-	(2,659,800)	(2,659,800)
Total Comprehensive Income for the Year	-	-	-	(2,659,800)	(2,659,800)
Balance at 30 June 2023	22,466,171	24,416	322,500	(16,786,234)	6,026,853

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

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Statement of Cash Flows for the year ended 30 June 2023

	Note	Consolidated Entity	
		2023 \$	2022 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(873,960)	(489,481)
Interest received		6,588	-
Net Cash Used in Operating Activities	8b	<u>(867,372)</u>	<u>(489,481)</u>
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(470,323)	(854,862)
Payments for plant and equipment		(71,020)	-
Payments to acquire financial assets		-	(1,867,500)
Payments to acquire tenements		(200,000)	-
Payments to acquire subsidiary		(140,000)	-
Proceeds from exclusivity fee		-	100,000
Net Cash Used in Investing Activities		<u>(881,343)</u>	<u>(2,622,362)</u>
Cash Flows from Financing Activities			
Proceeds from shares issued		2,000,000	2,400,000
Cost of shares issued		<u>(155,908)</u>	<u>(187,242)</u>
Net Cash Provided by Financing Activities		<u>1,844,092</u>	<u>2,212,758</u>
Net Increase / (Decrease) in Cash Held		95,377	(899,085)
Cash and Cash Equivalents at the Beginning of the Financial Year		<u>1,134,288</u>	<u>2,033,373</u>
Cash and Cash Equivalents at the End of the Financial Year	8a	<u>1,229,665</u>	<u>1,134,288</u>

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

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Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT

Reporting Entity

This financial report of Reach Resources Ltd ('the Company'), for the year ended 30 June 2023 comprises the Company and its subsidiaries (collectively referred to as 'the Consolidated Entity' or 'Group'). Reach Resources Ltd is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of Directors dated 20 September 2023.

1a Basis of Preparation

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

New, revised or amending Accounting Standards and Interpretations adopted

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2023. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1b Going Concern

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

The Consolidated Entity incurred a loss of \$2,659,800 and a deficiency in operating cash flows of \$867,372 during the year ended 30 June 2023. Nevertheless, the directors consider it is appropriate to prepare the Consolidated Entity's financial statements on a going concern basis and recognise that additional funding may be required to ensure the Consolidated Entity can continue its operations for the next twelve months and to fund the continued development of the Consolidated Entity's exploration assets. This basis has been determined after consideration of the following factors:

- The ability to issue additional share capital under the Corporations Act 2011, as evidenced by \$2 million raised during the financial year and \$4 million raised subsequent to the reporting date. During August 2023, the Company issued 400 million fully paid ordinary shares at \$0.01 per share, to new and existing sophisticated and institutional investors.

Consequently, the Board considers the Group is a going concern and that it is appropriate to adopt that basis of accounting in the preparation of the financial report. In the event, the Group is unable to continue as a going concern (due to inability to raise future funding requirements), it may be required to realise its assets at amounts different to those currently recognised, settle liabilities other than in the ordinary course of business and make provisions for other costs which may arise as a result of cessation or curtailment of normal business operations.

Notes to the Financial Statements

1 ABOUT THIS FINANCIAL REPORT continued

1c Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of Reach Resources Ltd (the Company) as at 30 June 2023 and the results of its subsidiaries for the year then ended. The Company and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

Subsidiaries are all entities over which the group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The financial statements of the subsidiaries are prepared for the same period as the parent entity, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries has been accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition. Accordingly, the consolidated financial statements include the results of subsidiaries for the period from their acquisition.

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

1d GST

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

Receivables and payables are stated as inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Statement of Financial Position.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2a Historical Cost Convention

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

Critical Accounting Estimates

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

2b Income Tax

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

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

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

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

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2c Revenue Recognition

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

(i) Interest Income

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

(ii) Other Services

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

2d Exploration and Evaluation Expenditure

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

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

Where independent valuations of areas of interest have been obtained, these are brought to account. Subsequent expenditure on re-valued areas of interest is accounted for in accordance with the above principles. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

At 30 June 2023 the Directors considered that the carrying value of the mineral tenement interests of the Consolidated Entity was as shown in the Statement of Financial Position and there have been no indicators of impairments in accordance with AASB 6.

2e Plant and Equipment

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

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

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

2f Depreciation

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

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

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

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

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Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2f Depreciation continued

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

2g Trade Receivables

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

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

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

2h Share-Based Payments

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

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

2i Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

2j Segment Reporting

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

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

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

Notes to the Financial Statements

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

2j Segment Reporting continued

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

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

2k Impairment of Assets

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

2l Cash and Cash Equivalents

Cash and cash equivalents 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 of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the Statement of Financial Position.

2m Provisions

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

2n Contributed Equity

Ordinary shares are classified as equity.

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

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

2o Comparative Figure

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

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Key Judgment – Exploration and Evaluation Expenditure

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

Notes to the Financial Statements

4 (LOSS) FOR THE YEAR

	Consolidated Entity	
	2023	2022
	\$	\$
Employee benefits expenses		
Employee superannuation expenses	16,913	2,333

5 SEGMENT INFORMATION

The Consolidated Entity operates in a single business segment being mineral exploration in Australia.

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

6 INCOME TAX EXPENSE

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

(Loss) before income tax	(2,659,800)	(451,487)
Prima facie income tax at 30.0% (2022: 25.0%)	(797,940)	(112,872)
Non-allowable items		
Fair value adjustment	-	1,363
Allowable items		
Capital raising costs	(181,190)	(152,295)
Exploration expenditure	(647,478)	(878,159)
Tax losses not brought to account	1,626,608	1,141,963
	-	-
Net Deferred Tax Assets	5,906,107	5,151,955

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

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

Notes to the Financial Statements

6 INCOME TAX EXPENSE continued

6b Unrecognised temporary differences

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

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

7 (LOSS) PER SHARE	2023 Cents Per Share	2022 Cents Per Share
Basic and diluted (loss) per share	(0.123)	(0.027)

	2023 \$	2022 \$
The (loss) for the year and the weighted average number of ordinary shares used in the calculation of basic (loss) per share are as follows: Loss for the year after income tax	(2,659,800)	(451,487)

	2023 No.	2022 No.
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,164,947,899	1,659,907,645
Weighted average number of options outstanding	1,317,092,486	1,193,368,513

8 CASH AND CASH EQUIVALENTS

8a Reconciliation of Cash

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

Cash and short term deposits

Consolidated Entity	
2023	2022
\$	\$
1,229,665	1,134,288

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

Notes to the Financial Statements

8 CASH AND CASH EQUIVALENTS continued

	Consolidated Entity	
	2023	2022
	\$	\$
8b Reconciliation of Net Cash used In Operating Activities to Operating (Loss) after Income Tax		
Loss for the year	(2,659,800)	(451,487)
Fair value adjustment	-	5,450
Deferred exploration expenditure written off	-	5,638
Depreciation expense	5,021	-
Forgiveness of debt	(150,000)	-
Impairment of financial assets	1,867,500	-
Share based payments expense	94,416	-
Change in assets and liabilities during the financial year:		
Receivables	(124,754)	(2,344)
Payables	100,245	(46,738)
Net cash (outflow) from operating activities	(867,372)	(489,481)

9 FINANCIAL RISK MANAGEMENT

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

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

	Note	Consolidated Entity	
		2023	2022
		\$	\$
Financial Assets			
Cash and cash equivalents	8	1,229,665	1,134,288
Trade and other receivables	10	143,254	18,500
Investments	12	-	1,867,500
Total Financial Assets		1,372,919	3,020,288
Financial Liabilities			
Trade and other payables	14	524,553	105,449
Financial liabilities	15	-	450,000
Total Financial Liabilities		524,553	555,449

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

9a Market Risk

(i) Cash Flow Interest Rate Risk

Refer to (d) below.

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Notes to the Financial Statements

9 FINANCIAL RISK MANAGEMENT continued

9b Credit Risk

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

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

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

	Consolidated Entity	
	2023	2022
	\$	\$
Cash and cash equivalents		
‘AA’ S&P rating	1,229,665	1,134,288

9c Liquidity Risk

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

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

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

9d Cash Flow Risk

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

Based on the year-end balances, a 1% increase in interest rates would have reduced the consolidated loss by \$12,297 (2022: Loss \$11,343) and increased the cash balances by the corresponding amount. There were no other amounts included in Net Assets subject to material interest rate risks.

10 TRADE AND OTHER RECEIVABLES

Prepayments	12,346	722
GST refundable	130,908	17,778
	<u>143,254</u>	<u>18,500</u>

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

REACH RESOURCES LTD (ABN 79 097 982 235)
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Notes to the Financial Statements

11 PLANT AND EQUIPMENT

	Consolidated Entity	
	2023	2022
	\$	\$
Plant and Equipment		
Cost	71,020	-
Accumulated depreciation	(5,021)	-
	65,999	-
Plant and Equipment		
Opening net book amount	-	-
Additions	71,020	-
Depreciation charge	(5,021)	-
	65,999	-
	65,999	-

12 FINANCIAL ASSETS

	Consolidated Entity	
	2023	2022
	\$	\$
Investments at fair value through profit and loss and other comprehensive income		
Investment in REEgenerate Pty Ltd	1,867,500	1,867,500
Provision for impairment	(1,867,500)	-
	-	1,867,500
	-	1,867,500

During the 2022 financial year, the Company announced its strategic investment into REEgenerate Pty Ltd ("REEgenerate").

The Company's investment in REEgenerate Pty Ltd has been impaired in full at the reporting date. REEgenerate is still in the process of raising its next round of capital to fund the upscaling of its plant (from a 75kg demonstration plant to a 400kg commercial scale pilot plant). Whilst there has been no fundamental change to the REEcycle technology and its effectiveness, the Company is unable to determine a fair value for the REEcycle technology at the reporting date. The technology is novel and there is no such similar technology for the purposes of comparability in order to form the basis of a valuation thesis. At the date of signing this report, the Company remains fully supportive of REEgenerate and its novel REEcycle technology.

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REACH RESOURCES LTD (ABN 79 097 982 235)
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Notes to the Financial Statements

13 EXPLORATION & EVALUATION

	Consolidated Entity	
	2023	2022
	\$	\$
Balance at beginning of year	3,063,306	1,890,784
Tenements acquired – Skyline Resources Corporation Pty Ltd (i)	-	20,000
Tenements acquired – Critical Elements Pty Ltd (ii)	-	280,000
Tenements acquired – E09/2388 and E09/2375 (iii)	1,000,000	-
Tenements acquired – Kouzan Pty Ltd (iv)	260,000	-
Stamp duty on tenements acquired – E09/2388 and E09/2375 (iii)	48,960	-
Exploration expenditure capitalised	740,222	878,160
Tenement surrendered	-	(5,638)
	5,112,488	3,063,306

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

(ii) On 16 December 2021, the Company announced the acquisition of 100% of the issued capital of Critical Elements Pty Ltd by the issue of 40 million fully paid ordinary shares to the vendors.

(iii) On 13 February 2023, the Company announced the acquisition of 100% of the Western Australian exploration licenses E09/2388 and E09/2375 from Tasex Geological Services Pty Ltd for \$200,000 cash and 200 million fully paid ordinary shares at an issue price of \$0.004 per share (\$800,000). Stamp Duty payable on the acquisition is \$48,960.

(iv) On 13 February 2023, the Company announced the acquisition of 100% of the issued capital of Kouzan Pty Ltd which holds 100% of the Western Australian licenses E09/2539 and E09/2542 for \$140,000 cash and 30 million fully paid ordinary shares at an issue price of \$0.004 per share (\$120,000). Refer Note 20 for further details.

14 TRADE AND OTHER PAYABLES

	Consolidated Entity	
	2023	2022
	\$	\$
Trade payables	519,145	105,449
Provision for annual leave	5,408	-
	524,553	105,449

15 FINANCIAL LIABILITIES

Current

Amounts payable to:

Unsecured borrowings (1)	-	450,000
	-	450,000

(1) Unsecured Borrowings

As announced on 13 February 2023, the Company and its major creditor, Bath Resources Pty Ltd (“Bath”), agreed to a settlement of the \$450,000 owed by the Company to Bath through the issue of 75,000,000 shares in the Company which represents \$300,000 worth of shares at a deemed issue price of \$0.004, with the balance of the debt of \$150,000 forgiven. Repayment on the above terms was subject to shareholder approval which was obtained on 5 April 2023, with the shares issued the following day on 6 April 2023.

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REACH RESOURCES LTD (ABN 79 097 982 235)
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Notes to the Financial Statements

16 ISSUED EQUITY AND RESERVES

	Consolidated Entity	
	2022	2022
	\$	\$
16a Issued Equity		
Issued Equity at the beginning of the financial year	19,342,079	16,823,220
Share issue: 20 Dec 2021: Critical Elements Pty Ltd acquisition	-	280,000
Share issue: 24 Mar 2022: Placement	-	2,400,000
Share issue: 24 Mar 2022: Placement fee	-	100,000
Share issue: 24 Mar 2022: Provision of marketing services	-	26,100
Share issue: 16 Feb 2023: Placement tranche 1	950,000	-
Share issue: 16 Feb 2023: Tenement acquisition from TasEx Geological Services Pty Ltd	800,000	-
Share issue: 16 Feb 2023: Kouzan Pty Ltd acquisition	120,000	-
Share issue: 7 Apr 2023: Placement fee	100,000	-
Share issue: 7 Apr 2023: In lieu of debt owed	300,000	-
Share issue: 12 Apr 2023: Placement tranche 2	1,050,000	-
Share issue: 14 Apr 2023: Issued to CEO	60,000	-
Transaction costs	(255,908)	(287,241)
	22,466,171	19,342,079

16b Share capital

	2023	2022
	No. Shares	No. Shares
Ordinary Shares		
At the beginning of the financial year	1,910,050,639	1,554,012,464
Issued 20 Dec 2021	-	40,000,000
Issued 24 Mar 2022	-	316,038,175
Issued 16 Feb 2023	467,500,000	-
Issued 7 Apr 2023	100,000,000	-
Issued 12 Apr 2023	262,500,000	-
Issued 14 Apr 2023	15,000,000	-
	2,755,050,639	1,910,050,639

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

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

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Notes to the Financial Statements

16 ISSUED EQUITY AND RESERVES continued

	Consolidated Entity	
	2022 \$	2022 \$
16c Reserves		
Performance Rights Reserve		
Performance Rights Reserve at the beginning of the financial year	-	-
Performance rights issue: 14 Apr 2023 ⁽ⁱ⁾	9,003	-
Performance rights issue: 8 May 2023 ⁽ⁱ⁾	15,413	-
At the End of the Financial Year	24,416	-
Options Reserve		
Options Reserve at the beginning of the financial year	312,500	312,500
Options issue: 14 Apr 2023: Sign on terms from CEO's service agreement	10,000	-
At the End of the Financial Year	322,500	312,500
Total Reserves	346,916	312,500

⁽ⁱ⁾ Per Note 18, performance rights are recognised over multiple periods in accordance with their vesting conditions.

16d Options

	2023 No. Options	2022 No. Options
Options		
At the beginning of the financial year	1,327,752,075	1,177,752,075
Number of options issued during the year	10,000,000	150,000,000
Number of options expired during the period	(25,750,000)	-
At the End of the Financial Year	1,312,002,075	1,327,752,075

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

- 25,750,000 (unlisted, ex \$0.01 on or before 31 December 2022)
- 18,000,000 (unlisted, ex \$0.01 on or before 31 December 2023)
- 1,134,002,075 (listed, ex \$0.01 on or before 20 May 2024)
- 150,000,000 (listed, ex \$0.01 on or before 20 May 2024)

During the financial year the Company issued the following options:

- 5,000,000 (unlisted CEO Options, ex \$0.015 on or before 17 April 2026)
- 5,000,000 (unlisted CEO Options, ex \$0.02 on or before 17 April 2026)

During the financial year the following options expired:

- 25,750,000 (unlisted, ex \$0.01 on or before 31 December 2022)

Notes to the Financial Statements

16 ISSUED EQUITY AND RESERVES continued

16e Performance rights

	2023 No. Performance Rights	2022 No. Performance Rights
Performance Rights		
At the beginning of the financial year	-	-
Number of performance rights issued during the year	46,000,000	-
At the End of the Financial Year	46,000,000	-

During the financial year the Company issued the following:

- 17,000,000 Performance Rights – Tranche A (\$25m Market Cap), expiring 17 April 2026
- 5,000,000 Performance Rights – Tranche A (\$25m Market Cap), expiring 7 May 2026
- 17,000,000 Performance Rights – Tranche B (\$50m Market Cap), expiring 17 April 2026
- 5,000,000 Performance Rights – Tranche C (JORC Inferred Li2O and TREO), expiring 7 May 2025
- 2,000,000 Performance Rights – Tranche D (JORC Inferred MnO), expiring 7 May 2025

16f Capital Risk Management

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

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

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

17 ACCUMULATED LOSSES

	Consolidated Entity	
	2023 \$	2022 \$
Accumulated losses at the beginning of the year	14,126,434	13,674,947
Net loss for the year	2,659,800	451,487
Accumulated Losses at the end of the year	16,786,234	14,126,434

Notes to the Financial Statements

18 SHARE-BASED PAYMENTS

18a Share based payments to unrelated parties

Performance Rights

On 14 April 2023, the Company issued 3,000,000 Tranche A (\$25m Market Cap) and 3,000,000 Tranche B (\$50m Market Cap) performance rights to the Company Secretary (or his respective nominees) as remuneration for his service as Company Secretary of the Company under the Employee Incentive Share Plan.

On 8 May 2023, the Company issued 5,000,000 Tranche A (\$25m Market Cap), 5,000,000 Tranche C (JORC Inferred Li20 and TREO) and 2,000,000 Tranche D (JORC Inferred MnO) performance rights to the Exploration Manager (or his respective nominees) as remuneration for his service as Exploration Manager of the Company under the Employee Incentive Share Plan.

18b Share based payments to related parties

Shares

On 14 April 2023, the Company issued 15,000,000 ordinary shares at \$0.004 per share for a total value of \$60,000 under the Employee Incentive Share Plan to Mr Jeremy Bower (or his respective nominees) as a non-cash bonus.

Options

On 14 April 2023, the Company issued 5,000,000 unlisted options exercisable at \$0.015 and expiring on 17 April 2026 and 5,000,000 unlisted options exercisable at \$0.02 and expiring on 17 April 2026 to Mr Jeremy Bower (or his respective nominees) as part of the terms of his appointment under his service agreement.

Performance Rights

On 14 April 2023, the Company issued 5,000,000 Tranche A (\$25m Market Cap) and 5,000,000 Tranche B (\$50m Market Cap) performance rights to Mr Jeremy Bower (or his respective nominees) as remuneration for his service as CEO of the Company under the Employee Incentive Share Plan.

On 14 April 2023, the Company issued 9,000,000 Tranche A (\$25m Market Cap) and 9,000,000 Tranche B (\$50m Market Cap) performance rights to Messrs Robert Downey, Matthew O’Kane and Sam Wright (or their respective nominees) as remuneration for their service as directors of the Company under the Employee Incentive Share Plan.

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

These share based payments to directors were approved at the General Meeting of the Company held on 5 April 2023.

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Notes to the Financial Statements

18 SHARE-BASED PAYMENTS continued

18c Options

	Consolidated Group							
	2023			2022				
	Number of Options	Weighted Average Fair Value	Weighted Average Ex Price	Weighted Average Remaining Life	Number of Options	Weighted Average Fair Value	Weighted Average Ex Price	Weighted Average Remaining Life
Outstanding at beginning of the year	25,000,000	0.001	0.010	2	25,000,000	0.001	0.010	1
Granted	10,000,000	0.001	0.0175	3	-	-	-	-
Forfeited	-	-	-	-	-	-	-	-
Exercised	-	-	-	-	-	-	-	-
Expired	<u>(7,000,000)</u>	0.002	<u>0.010</u>	-	-	-	-	-
Outstanding at year end	<u>28,000,000</u>	0.001	<u>0.013</u>	1	<u>25,000,000</u>	0.001	<u>0.010</u>	2
Exercisable at year-end	<u>28,000,000</u>	0.001	<u>0.013</u>	1	<u>25,000,000</u>	0.001	<u>0.010</u>	2

The range of the exercise prices at 30 June 2023 is \$0.01 to \$0.02 (2022: \$0.01)

The weighted average fair value of the options granted during financial year was \$0.001 (2022: \$nil).

This price for the options was calculated using a binomial option pricing model applying the following inputs:

Weighted average exercise price	\$0.0175
Weighted average life of the option	3 years
Underlying share price	\$0.004
Expected share price volatility	100.0 %
Risk free interest rate	2.99 %

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

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

Included under share based payments expenses in the statement of profit or loss is \$10,000 (2022: \$nil).

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Notes to the Financial Statements

18 SHARE-BASED PAYMENTS continued

18d Performance rights

There were 46,000,000 (2022: nil) performance rights issued to directors, employees and consultants during the financial year which are detailed below.

Performance Rights	Quantity	Issue Date	Expiry Date	Recipient
Tranche A (\$25m Market Cap) 1	9,000,000	14 April 2023	17 April 2026	Directors
Tranche A (\$25m Market Cap) 2	8,000,000	14 April 2023	17 April 2026	CEO and Company Secretary
Tranche A (\$25m Market Cap) 5	5,000,000	7 May 2023	7 May 2026	Exploration Manager
Tranche B (\$50m Market Cap) 3	9,000,000	14 April 2023	17 April 2026	Directors
Tranche B (\$50m Market Cap) 4	8,000,000	14 April 2023	17 April 2026	CEO and Company Secretary
Tranche C (JORC Inferred Li2O and TREO) 6	5,000,000	7 May 2023	7 May 2025	Exploration Manager
Tranche D (JORC Inferred MnO) 7	2,000,000	7 May 2023	7 May 2025	Exploration Manager

1. Tranche A (\$25m Market Cap) performance rights will vest upon the Company having a market capitalisation of at least \$25,000,000 over 20 consecutive days on which the Company's shares have actually traded and expire 3 years from the date of issue.

2. Tranche B (\$50m Market Cap) performance rights will vest upon the Company having a market capitalisation of at least \$50,000,000 over 20 consecutive days on which the Company's shares have actually traded and expire 3 years from the date of issue.

3. Tranche C (JORC Inferred Li2O and TREO) performance rights will vest upon the Company delineating a JORC Code 2012 compliant Indicated and Inferred Mineral resource with a minimum tonnage of 10MT of equal to or greater than 0.8% Li2O and/or 0.8% TREO at the Company's projects, as verified by an independent competent person under the JORC Code 2012, within two years from the date of issue.

4. Tranche D (JORC Inferred MnO) performance rights will vest upon the Company delineating a JORC Code 2012 compliant Indicated and Inferred Mineral resource with a minimum tonnage of 10MT of equal to or greater than 10% MnO at the Company's projects, as verified by an independent competent person under the JORC Code 2012, within two years from the date of issue.

The fair value of the market based performance rights granted during the financial year are determined using a trinomial options pricing model with the following inputs.

Performance Rights	Quantity	Grant Date	Share price at Grant Date	Expiry Date	Risk Free Interest Rate	Volatility	Fair Value Estimate at Grant Date	Value Recognised During Year	Value Recognised in Future Years
Tranche A (\$25m Market Cap) 1	9,000,000	5 April 2023	\$0.0045	17 April 2026	3.00%	100%	\$0.0039	\$2,757	\$32,343
Tranche A (\$25m Market Cap) 2	8,000,000	31 March 2023	\$0.004	17 April 2026	3.00%	100%	\$0.0034	\$2,260	\$24,940
Tranche A (\$25m Market Cap) 5	5,000,000	31 March 2023	\$0.004	7 May 2026	3.00%	100%	0.0034	\$1,795	\$19,805
Tranche B (\$50m Market Cap) 3	9,000,000	5 April 2023	\$0.0045	17 April 2026	3.00%	100%	\$0.0031	\$1,413	\$15,587
Tranche B (\$50m Market Cap) 4	8,000,000	31 March 2023	\$0.004	17 April 2026	3.00%	100%	0.0027	\$2,191	\$25,709

The fair value of the non-market based performance rights granted during the financial year are determined using a the following inputs.

Performance Rights	Quantity	Grant Date	Share Price on Grant Date	Probability of Vesting	Fair Value Estimate at Grant Date	Value Recognised During the Year
Tranche C (JORC Inferred Li2O and TREO) 6	5,000,000	31 March 2023	\$0.004	50%	\$0.002	\$10,000
Tranche D (JORC Inferred MnO) 7	2,000,000	31 March 2023	\$0.004	50%	\$0.002	\$4,000

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19 PARENT ENTITY INFORMATION

19a Summary Financial Information

The following information relates to the parent entity, Reach Resources Limited, at 30 June 2023. The information presented here has been prepared using accounting policies consistent with those presented in Note 1.

	Parent	
Financial Position	2023	2022
	\$	\$
Assets		
Current assets	5,044,913	4,041,831
Total assets	6,628,369	6,022,845
Liabilities		
Current liabilities	524,553	509,541
Total liabilities	524,553	509,541
Equity		
Issued capital	22,466,171	19,342,079
Reserves	346,916	312,500
Accumulated losses	(16,709,271)	(14,141,275)
Total equity	6,103,816	5,513,304
Financial Performance		
(Loss) for the year	(2,567,996)	(467,794)
Other comprehensive income	(2,567,996)	(467,794)
Total comprehensive income for the year	(2,567,996)	(467,794)

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19 PARENT ENTITY INFORMATION continued

19b Guarantees

Reach Resources Ltd has not entered into any guarantees in relation to the debts of its subsidiaries.

19c Other Commitments and Contingencies

Reach Resources Ltd has no commitments to acquire property, plant and equipment. Refer to Note 24 and Note 25 for the Company's other commitments and contingent liabilities.

20 ACQUISITION OF CONTROLLED ENTITY – KOUZAN PTY LTD

On 13 February 2023, the Company announced the acquisition of 100% of the issued capital of Kouzan Pty Ltd which holds 100% of the Western Australian licenses E09/2539 and E09/2542 for \$140,000 cash and the issue of 30 million fully paid ordinary shares at an issue price of \$0.004 per share (\$120,000) (Note 16). This acquisition has been accounted for as an asset acquisition, as the acquisition of Kouzan Pty Ltd does not meet the definition of a business in accordance with AASB 3.

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

Fair value consideration transferred

Cash	140,000
Issue of shares in Reach Resources Ltd to vendor at \$0.004	<u>120,000</u>
	<u>260,000</u>

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

Recognised amounts of identifiable net assets on acquisition

Exploration assets	260,000
	<u>260,000</u>
Fair value on acquisition – exploration assets	<u>260,000</u>

Acquisition related costs

Acquisition related costs of \$1,100 have been expensed during the period.

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Notes to the Financial Statements

21 INVESTMENT IN CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Class of Shares	Equity Holding	
			2023 %	2022 %
Cervantes Gold Pty Ltd	Australia	Ordinary	100	100
Skyline Resources Corporation Pty Ltd	Australia	Ordinary	100	100
Critical Elements Pty Ltd	Australia	Ordinary	100	100
Kouzan Pty Ltd	Australia	Ordinary	100	Nil

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

	Consolidated Entity	
	2023 \$	2022 \$
22a Details of Remuneration of Key Management Personnel		
Short-term benefits	295,889	162,083
Post-employment benefits	16,913	2,333
Share-based payments	77,482	-
	390,284	164,416

22b Aggregate Amount Payable to Directors and their Director Related Entities

Legal fees of \$2,617 (2022: \$4,787) were paid to Dominion Legal, a partnership of which Mr Robert Downey is a Director. The amounts paid were on arm's length commercial terms.

22c Aggregate Amount Payable to Directors and their Director Related Entities at Balance Date

Current liabilities	11,250	10,100
	11,250	10,100

Detailed remuneration disclosures are provided in the remuneration report on pages 7 – 12.

23 REMUNERATION OF AUDITORS

	Consolidated Entity	
	2023 \$	2022 \$
Remuneration for audit and review of the financial reports of the Group:		
Audit and review of the financial statements	36,000	45,000
	36,000	45,000

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

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Notes to the Financial Statements

24 COMMITMENTS FOR EXPENDITURE

Exploration commitments

Under the requirements of the Western Australian Department of Mines and Petroleum, the Company has an annual minimum expenditure of \$328,040 on the granted tenements. As at 30 June 2023 the Company had met the minimum expenditure requirement on all granted tenements.

Tenement	Date Acquired	Annual Expenditure Commitment \$
L59/184	31 July 2020	-
M59/662	2 August 2019	10,000
M59/769	15 August 2022	23,800
P59/2130	11 April 2017	2,000
P59/2159	28 May 2018	7,360
P59/2160	28 May 2018	5,120
P59/2161	28 May 2018	4,720
P59/2076	24 June 2019	2,000
P59/2094	24 June 2019	2,040
E09/2377	16 December 2021	20,000
E09/2354	16 December 2021	20,000
E09/2646	12 November 2021	79,000
E09/2539	13 April 2023	74,000
E09/2542	13 April 2023	23,000
E09/2375	13 April 2023	20,000
E09/2388	13 April 2023	40,000
E09/2733 ⁽ⁱⁱ⁾	7 October 2022	20,000
E07/2748 ⁽ⁱⁱ⁾	18 October 2022	15,000
E09/2750 ⁽ⁱⁱⁱ⁾	20 October 2022	-
E09/2751 ⁽ⁱⁱⁱ⁾	20 October 2022	24,000
E09/2805 ⁽ⁱ⁾	27 February 2023	-
E09/2807 ⁽ⁱ⁾	27 February 2023	-
E09/2897 ⁽ⁱ⁾	19 June 2023	-
E09/2902 ⁽ⁱ⁾	19 June 2023	-
E09/2906 ⁽ⁱ⁾	19 June 2023	-
E09/2909 ⁽ⁱ⁾	19 June 2023	-
Total		<u>392,040</u>

(i) Tenement application pending.

(ii) Granted post 30 June 2023.

(iii) Tenement application withdrawn post 30 June 2023.

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Notes to the Financial Statements

24 COMMITMENTS FOR EXPENDITURE continued

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

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

	\$
Not later than 1 year	392,040
Later than 1 year but not later than 5 years	1,095,600
Later than 5 years	<u>377,000</u>
Total	<u><u>1,864,640</u></u>

25 CONTINGENCIES

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

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

26 EVENTS OCCURRING AFTER REPORTING DATE

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

- On the 1st and 4th of August 2023, the Company announced it had raised \$4 million via the issue of 400 million fully paid ordinary shares at \$0.01 per share. Participants in the Placement received a 1:3, free attaching unlisted option, exercisable at \$0.01 and expiring 4 August 2025. Funds raised will be primarily used to fund exploration and evaluation at the Company's projects in the Gascoyne, Western Australia.

SHAREHOLDER INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current at 31 August 2023.

A. Distribution of Holders of Equity Securities

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

	Ordinary Shares (RR1)	
Spread of Holdings	# of Shareholders	# of Ordinary Shares
1 1,000	23	5,596
1,001 - 5,000	46	176,391
5,001 - 10,000	168	1,622,331
10,001 - 100,000	831	49,094,153
100,001 - and over	1,467	3,104,152,168
TOTAL	2,535	3,155,050,639

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

	Options (RR10)	
Spread of Holdings	# of Option holders	# of Options
1 1,000	1	1
1,001 - 5,000	27	83,946
5,001 - 10,000	3	20,082
10,001 - 100,000	46	3,180,306
100,001 - and over	319	1,280,717,740
TOTAL	396	1,284,002,075

B. Twenty Largest Holders of Quoted Equity Securities

Fully Paid Ordinary Shares

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

		Number of Ordinary Shares Held	%
1	TASEX GEOLOGICAL SERVICES PTY LTD	200,000,000	6.34
2	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	145,193,548	4.60
3	ZERO NOMINEES PTY LTD	113,876,590	3.61
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	110,000,000	3.49
5	GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	75,000,000	2.38
6	GOLDFIRE ENTERPRISES PTY LTD	67,600,000	2.14
7	CAPRETTI INVESTMENTS PTY LTD <CASTELLO A/C>	51,350,000	1.63
8	MANDEVILLA PTY LTD	48,938,077	1.55
9	NEW YORK HOLDINGS PTY LTD <CV SUPERANNUATION FUND A/C>	46,069,168	1.46
10	ANGKOR IMPERIAL RESOURCES PTY LTD <TURKISH BREAD S/F A/C>	41,646,639	1.32
11	BNP PARIBAS NOMS PTY LTD <DRP A/C>	36,333,253	1.15
12	CHARLTON WA PTY LTD <TINAMARA SUPER FUND A/C>	36,000,000	1.14
13	SOLEQUEST PTY LTD	35,500,000	1.13
14	UBS NOMINEES PTY LTD	27,600,000	0.87
15	MR ENSHENG LIANG	27,317,199	0.87
16	RATDOG PTY LTD	27,000,000	0.86
17	MR SYED KHALIL BIN SYED IBRAHIM	25,000,000	0.79
18	GAB SUPERANNUATION FUND PTY LTD <GAB SUPERANNUATION FUND A/C>	25,000,000	0.79
19	CORRIDOR NOMINEES PTY LTD	24,000,000	0.76
20	COMSEC NOMINEES PTY LIMITED	23,712,375	0.75
		<u>1,187,136,849</u>	<u>37.63</u>

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Options

The names of the 20 largest holders of quoted options (ASX:RR1O) are listed below:

		Number of Options	
		Held	%
1	CAPRETTI INVESTMENTS PTY LTD <CASTELLO A/C>	135,817,124	10.58
2	DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C>	100,000,000	7.79
3	MANDEVILLA PTY LTD	50,000,000	3.89
4	MR DAVID BRIAN ARGYLE	46,938,295	3.66
5	GOLDFIRE ENTERPRISES PTY LTD	40,000,000	3.12
6	GONDWANA INVESTMENT GROUP PTY LTD <KUMOVA FAMILY SUPER FUND A/C>	40,000,000	3.12
7	AVOST HOLDINGS PTY LTD	37,500,000	2.92
8	RICHSHAM NOMINEES PTY LTD	35,000,000	2.73
9	NEW YORK SECURITIES PTY LTD	33,000,000	2.57
10	MR JAGDISH MANJI VARSANI <PINDORIA FAMILY AC A/C>	32,500,000	2.53
11	SISU INTERNATIONAL PTY LTD	30,000,000	2.34
12	MANDEVILLA PTY LTD	20,594,039	1.60
13	MR SIMON GILBERT ESLER <ESLER FAMILY A/C>	20,000,000	1.56
14	ANGKOR IMPERIAL RESOURCES PTY LTD	17,670,000	1.38
15	COMSEC NOMINEES PTY LIMITED	16,995,000	1.32
16	SCHAMMER PTY LTD <SCHAMMER FAMILY A/C>	15,762,765	1.23
17	MR MANSUKH PREMJI KANJI VEKARIA + MRS MINAL MANSUKH VEKARIA <HS VEKARIA A/C>	15,000,000	1.17
18	SLAM CONSULTING PTY LTD	12,312,765	0.96
19	CORRIDOR NOMINEES PTY LTD	12,250,000	0.95
20	JL AND RA ROBERTS PTY LTD	12,000,000	0.93
		720,839,988	56.14

Unlisted Securities Information

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

-200,000,000 unlisted \$0.01 options exercisable on or before 4 August 2025. There are 89 holders of this security.

-17,000,000 Performance Rights – Tranche A (\$25m Market Cap), expiring 17 April 2026. There are 5 holders of this security.

-17,000,000 Performance Rights – Tranche B (\$50m Market Cap), expiring 17 April 2026. There are 5 holders of this security.

-5,000,000 Performance Rights – Tranche A (\$25m Market Cap), expiring 7 May 2026. There is 1 holder of this security.

-5,000,000 Performance Rights – Tranche C (JORC Inferred Li20 and TREO), expiring 7 May 2025. There is 1 holder of this security.

-2,000,000 Performance Rights – Tranche D (JORC Inferred MnO), expiring 7 May 2025. There is 1 holder of this security.

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C. Substantial Holders

As at 31 August 2023, the Company had received substantial shareholder notices from the following shareholders:

Shareholder	No. of shares
Timothy Paul Neesham	145,250,000
Mr David Brian Argyle	93,876,590
Mr Colin Vost and his controlled entities	86,122,500
Tasex Geological Services Pty Ltd	200,000,000

Note:

- i) The above details may not reconcile to the information in the Twenty Largest Security Holders list as revised substantial shareholder notices had not been received by the Company as at 31 August 2023.

D. Voting Rights

At a general meeting of shareholders:

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

E. On-market buy-back

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

F. Unmarketable parcel holders

There were 444 shareholders holding less than a marketable parcel of ordinary shares at 31 August 2023.

SCHEDULE OF TENEMENTS

As at 30 June 2023

	Project / Tenement	Nature of Interest
	L59/184	100%
Paynes Find	M59/662	100%
Paynes Find	M59/769	100%
Paynes Find	P59/2130	100%
Paynes Find	P59/2159	100%
Paynes Find	P59/2160	100%
Paynes Find	P59/2161	100%
Paynes Find	P59/2076	100%
Paynes Find	P59/2094	100%
Wabli Creek	E09/2377	100%
Camel Hill	E09/2354	100%
Skyline	E09/2646	100%
White Castles	E09/2539	100%
White Castles	E09/2542	100%
Morrissey Hill	E09/2375	100%
Camel Hill	E09/2388	100%
Skyline North	E09/2733 ⁽ⁱⁱ⁾	100%
Wabli Creek	E07/2748 ⁽ⁱⁱ⁾	100%
White Castles	E09/2750 ⁽ⁱⁱⁱ⁾	100%
White Castles	E09/2751 ⁽ⁱⁱ⁾	100%
Morrissey Hill	E09/2805 ⁽ⁱⁱ⁾	100%
Morrissey Hill West	E09/2807 ⁽ⁱ⁾	100%
Morrissey Hill	E09/2897 ⁽ⁱ⁾	100%
Morrissey Hill	E09/2902 ⁽ⁱ⁾	100%
Morrissey Hill East	E09/2906 ⁽ⁱ⁾	100%
Camel Hill	E09/2909 ⁽ⁱ⁾	100%

(i) Tenement application pending.

(ii) Granted post 30 June 2023.

(iii) Tenement application withdrawn post 30 June 2023.

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AUDIT & ASSURANCE PTY LTD

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

As lead auditor of the audit of Reach Resources Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Rothsay Audit & Assurance Pty Ltd



Graham Webb
Director

20 September 2023

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Sydney NSW 2000

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AUDIT & ASSURANCE PTY LTD

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

REACH RESOURCES LTD

Report on the Financial Report

Opinion

We have audited the financial report of Reach Resources Ltd (“the Company”) and its controlled entities (“the Group”) which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended on that date and notes to the consolidated financial statements, including a summary of significant accounting policies and the directors’ declaration.

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

- (i) giving a true and fair view of the Group’s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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

Key Audit Matters

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

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

Key Audit Matter - Exploration and Evaluation Expenditure	How our Audit Addressed the Key Audit Matter
<p>As disclosed in Note 13 to the financial statements, the Group's capitalised exploration and evaluation expenditure had a carrying value of \$5,042,707, representing 60.3% of the Group's total assets.</p> <p>The recognition and recoverability of exploration and evaluation was considered a key audit matter due to the following:</p> <ul style="list-style-type: none">• the carrying value represents significant assets to the Group. Therefore, we considered it necessary to assess whether facts and circumstances existed to suggest that an impairment to the carrying value of the asset may be required;• significant management judgement is involved in determining whether impairment indicators exist;• the carrying value of individual tenements acquired during the year	<p>Our procedures in assessing exploration and evaluation expenditure included but were not limited to the following:</p> <ul style="list-style-type: none">• We reviewed the ownership rights to the tenements, against which the expenditure is capitalised, their expiry dates and, where required, that expenditure commitments were met;• We assessed the reasonableness of capitalising exploration and evaluation expenditure in accordance with AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>;• We tested a sample of exploration and evaluation expenditure to supporting documentation, including acquisition agreements, to ensure they were bona fide transactions;• We assessed the reasonableness of the management's assessment for the existence impairment indicators; and• We assessed the appropriateness of the related disclosures included in the financial report.

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

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<i>Key Audit Matter - Share-based Payments</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>As disclosed in Note 18 to the financial statements, the Group granted options and performance rights to key management personnel and other senior employees. In addition, as disclosed in Note 13, the acquisition of tenements was settled by way of shares in the company.</p> <p>Share based payments are considered to be a key audit matter due to:</p> <ul style="list-style-type: none"> • the value of the transactions; • the complexities involved in the recognition and measurement of these instruments; and • the judgement involved in determining the inputs used in the valuations. <p>Management used the Trinomial option valuation model to determine the fair value of the options and performance rights granted. This process involved estimations and judgements to determine the fair value of the equity instruments granted.</p>	<p>Our procedures over the existence of the Group's share-based payments included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the amount recognised during the year in accordance with the vesting conditions of the agreements; • Reviewing management's valuation of the share-based payment arrangements; • Assessing the fair value of the shares issued as part of the share-based settlement for the acquisition of tenements; • Reviewing the compliance of the accounting treatment of the share-based payments in accordance with AASB 2 <i>Share-based Payment</i>; and • Assessing the appropriateness of the related disclosures included in the financial report.
<i>Key Audit Matter - Going Concern</i>	<i>How our Audit Addressed the Key Audit Matter</i>
<p>The financial statements have been prepared on a going concern basis as disclosed in Note 1.</p> <p>Historically, the Group has incurred losses; raised capital and taken out debt to fund its exploration activities.</p> <p>We included the going concern assumption as a key audit matter given the reliance on existing cash reserves and equity raises required to meet its exploration commitments and to pay its debts as and when they fall due.</p>	<p>Our procedures over the appropriateness of the going concern assumption used in preparing the financial statements included, but were not limited to:</p> <ul style="list-style-type: none"> • Assessing the cash flow requirements of the Group over the next 18 months from 30 June 2023 based on the budgets and forecasts provided by management; • Understanding what forecast expenditure is committed and what would be considered discretionary; • Obtaining evidence of the cash raised both in the year and subsequent to the year end; and • Assessing the appropriateness of the disclosures in accordance with ASA 570 <i>Going Concern</i>.



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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility for the Audit of the Financial Report

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

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

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



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

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

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

Report on the Remuneration Report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2023.

In our opinion the remuneration report of Reach Resources Ltd for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Rothsay Audit & Assurance Pty Ltd

Graham Webb
Director

Dated 20 September 2023

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