



ABN: 75 633 936 526

AUSTRALIAN GOLD AND COPPER LIMITED
ANNUAL REPORT
30 JUNE 2023

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CORPORATE DIRECTORY

DIRECTORS

| | |
|---------------------|------------------------|
| Mr Glen Diemar | Managing Director |
| Mr David Richardson | Non-Executive Chairman |
| Dr Adam McKinnon | Non-Executive Director |

COMPANY SECRETARIES

Ms Andrea Betti
Ms Laura Woods

REGISTERED OFFICE & CONTACTS

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DIRECTORS' REPORT

Your Directors present their report, together with the financial statements, on Australian Gold and Copper Limited (the "Company" or "AGC") for the financial year ended 30 June 2023.

DIRECTORS

The names of Directors in office at any time during or since the end of the financial year are listed below. Directors have been in office during the whole financial year and up to the date of this report unless otherwise stated.

| NAME OF PERSON | POSITION |
|---------------------|--|
| Mr Glen Diemar | Managing Director |
| Mr David Richardson | Non-Executive Chairman |
| Dr Adam McKinnon | Non-Executive Director (<i>appointed 12 August 2022</i>) |
| Mr Ranko Matic | Non-Executive Director (<i>resigned 12 August 2022</i>) |

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the Company consisted of mineral exploration.

DIVIDENDS

No dividends were paid or declared during the financial year. No dividend has been recommended.

REVIEW OF OPERATIONS

Operating Result

The loss from continuing operations for the financial year after providing for tax amounted to \$1,656,510 (2022: \$579,172).

Exploration

The Company has built a significant portfolio of high quality NSW projects.

During the year, AGC's focus was primarily on generating high quality exploration drill targets at the South Cobar Project and advance towards a significant discovery. Two new exploration licences were granted, Ootha EL9536 and Nyora EL9561, which adjoin the Moorefield and South Cobar projects respectively (Figure 1).

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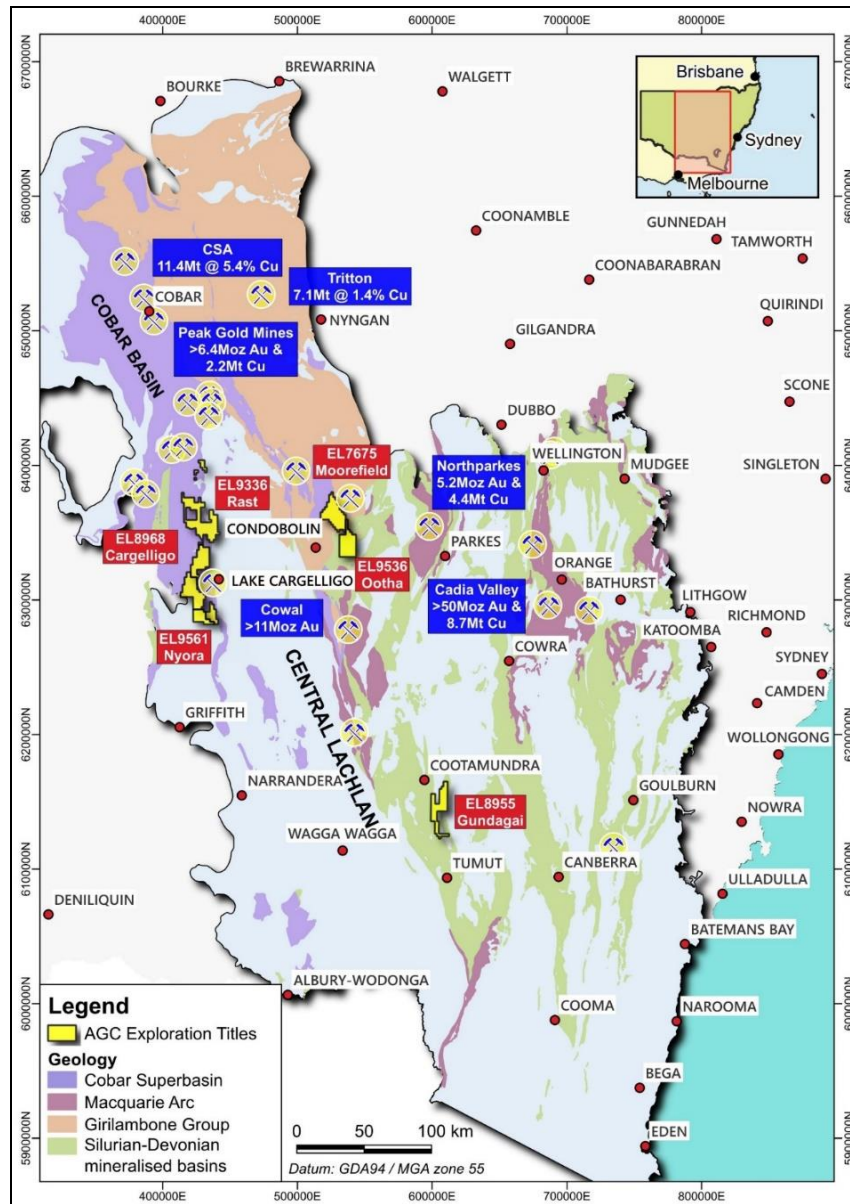


Figure 1. Location of AGC's Projects in relation to major mines and deposits within the Lachlan Fold Belt.

DIRECTORS' REPORT

South Cobar Project

The Cobar Basin has major mines and mining companies in the north, recent discoveries in the central portion and is largely underexplored in the south (Figures 1 & 2). The South Cobar project consists of three exploration licences totalling 1,090km²; EL8968 'Cargelligo', EL9336 'Rast' and EL9561 'Nyora'. The tenements are centred 15km west of the town of Lake Cargelligo and host multiple Cobar-style gold-polymetallic targets (Au-Ag-Cu-Zn-Pb).

The South Cobar project adds significant value to the Company's portfolio with nearly 120km of continuous strike length within the southern Cobar Basin. The licence straddles the Woorara and Kilparney fault systems, which are considered important for focusing mineralisation.

During the year, the Company undertook extensive geochemical sampling and geophysical surveying. This work has led to a historic mining area being found (called Creamy Hills gold mines) and five new Cobar-style targets that are expected to be tested by drilling over the coming quarters.

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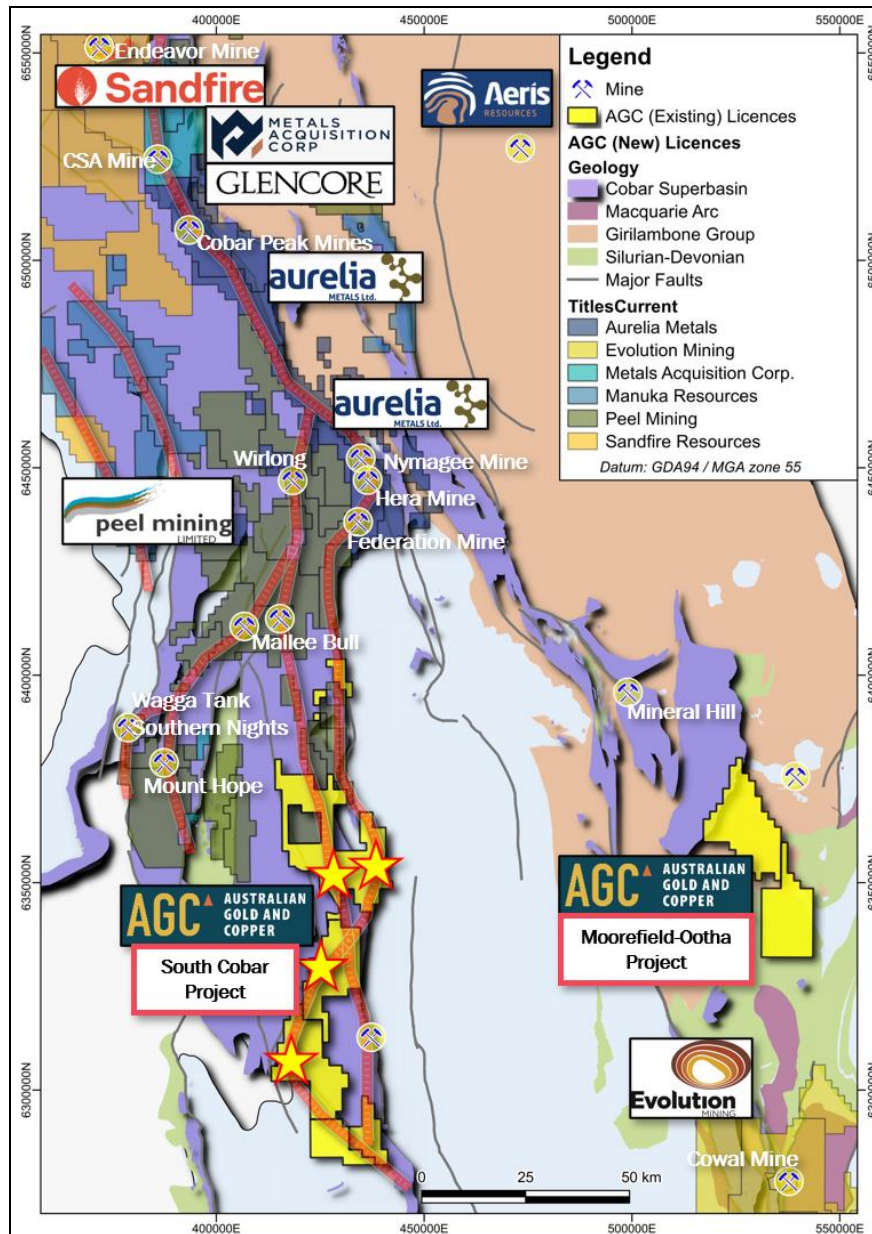


Figure 2: Map of the Cobar Basin in NSW showing recent major discoveries and mines relative to AGC's exploration licences in yellow and major prospective trends in red/yellow stars (GSNSW Minview).

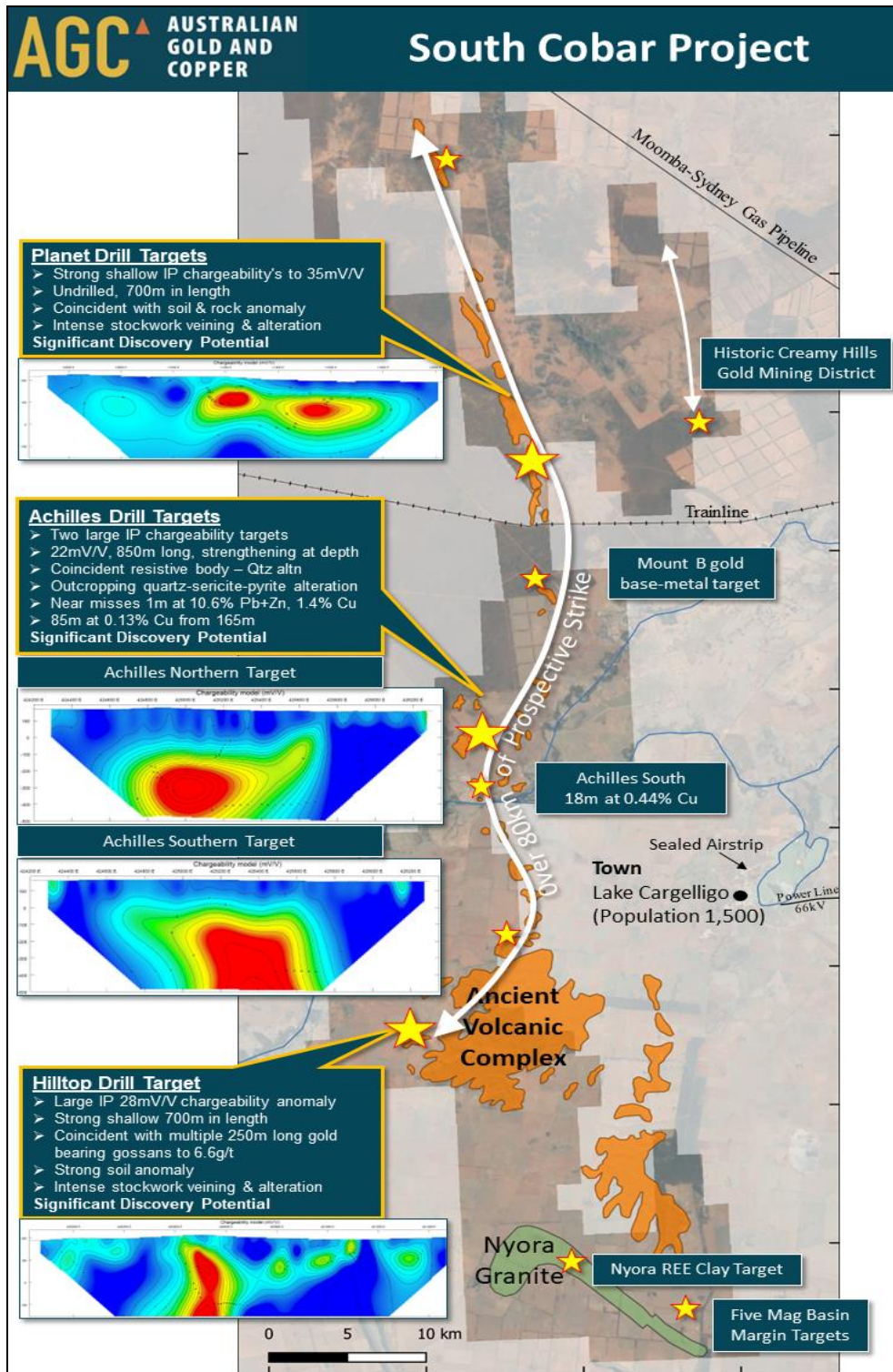


Figure 3: South Cobar Project tenement map with target locations (yellow stars) and best IP results showing areas of potential metal sulphide mineralisation, on satellite photo and basic geology. (AGC ASX 20 June 2023).

During the year, twenty square kilometres of induced polarisation (IP) geophysical surveys were completed across three sites at the South Cobar project. IP geophysics surveys are an effective method used by explorers in targeting metal-sulphide mineralisation within the ground. These surveys have helped identify five strong drill targets supported by surface geochemistry in the sparsely explored southern extension of the Cobar Basin.

Hilltop has emerged as the highest priority drill target for the Company given its outcropping surface expression and high tenor gold in rock chips (Figures 3 & 4).

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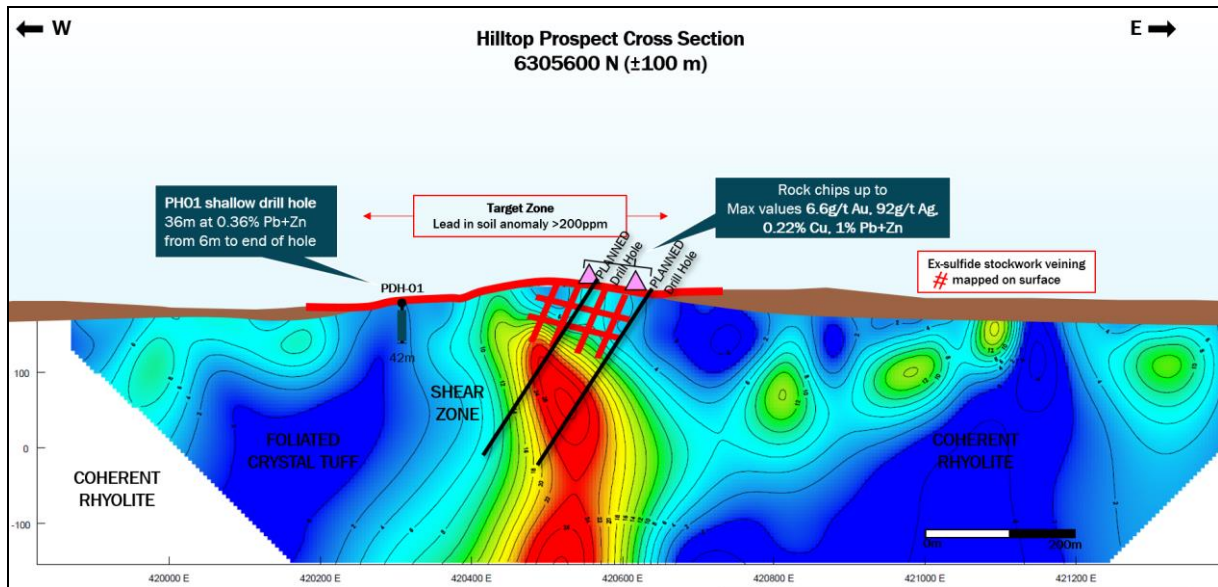


Figure 4: Hilltop schematic planned drill holes into the IP target highlighting a strong, steeply dipping chargeability anomaly (up to 28mV/V) relative to rock chip assays sampled from outcropping stockwork veining on surface (section 6,305,600N) (AGC ASX 22 May 2023, AGC ASX 16 June 2023).

The Planet IP chargeability target is within 100 metres from surface, suggesting a link between this feature and the strong surface geochemistry (Figures 3 & 5).

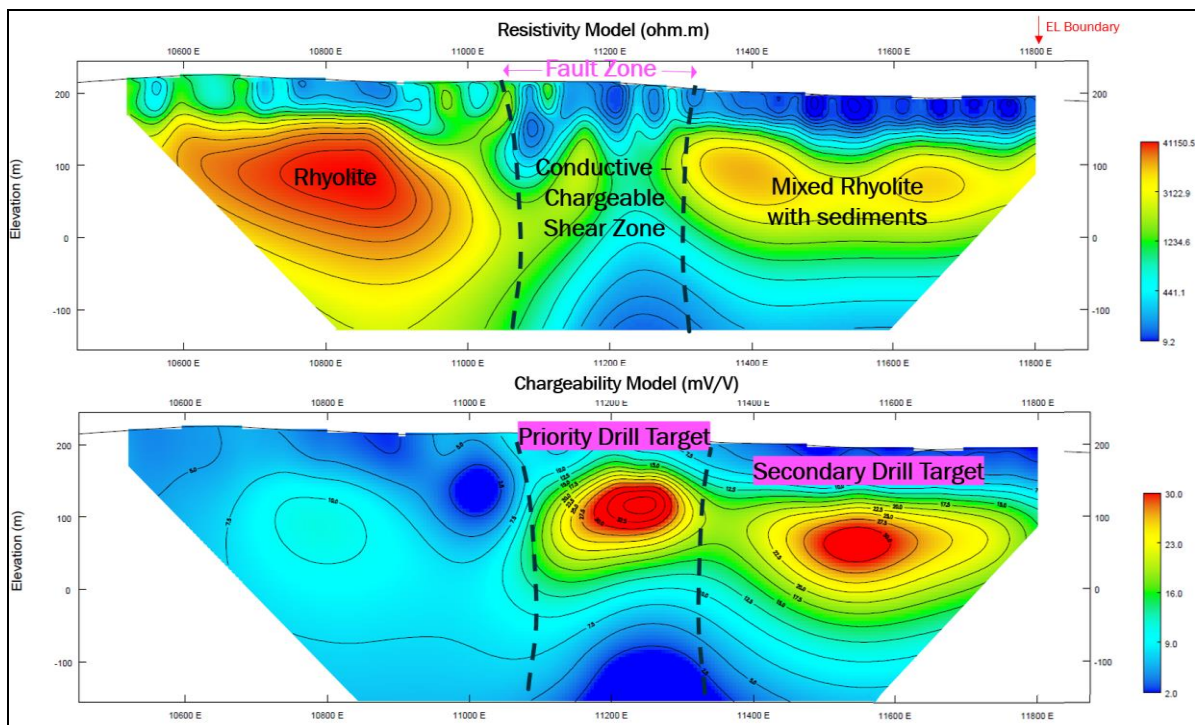


Figure 5: Planet IP section 21600N showing two drill targets in the bottom image. Resistivity (top) with simplified geology and two chargeability (bottom) targets which are areas of potential metal sulphide mineralisation. The central anomaly is highly chargeable and sits within a zone coincident with strong surface geochemistry (AGC ASX 20 June 2023).

At Achilles, two large IP targets were identified during the year. Previous drilling has intersecting banded base-metal sulphides at this prospect, highlighting the prospectivity of the broader Achilles shear zone that extends for at least eight kilometres (Figure 6).

Significant intercepts to date at Achilles include:

Hole A3RC004 (AGC ASX 3 May 2021):

- 5m @ 4.9% Pb + Zn, 0.3% Cu and 5g/t Ag from 89m
 - Including 1m at 10.7% Pb + Zn, 1.4% Cu and 12g/t Ag from 89m
- Within 46m at 1.0% Pb + Z, 0.1% Cu and 2g/t Ag from 73m

Hole A3RC005 (AGC ASX 3 May 2021):

- 5m at 1.0% Pb + Zn and 4g/t Ag from 112m
- Within 32m at 0.3% Pb + Zn and 5g/t Ag from 87m

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DIRECTORS' REPORT

Hole A3RC014 (AGC ASX 15 September 2021):

- 85m at 0.13% Cu from 165m, including:
 - 1m at 0.59% Cu from 167m
 - 25m at 0.20% Cu from 206m
 - 1m at 0.53% Cu from 215m
 - 5m at 0.3% Cu from 241m

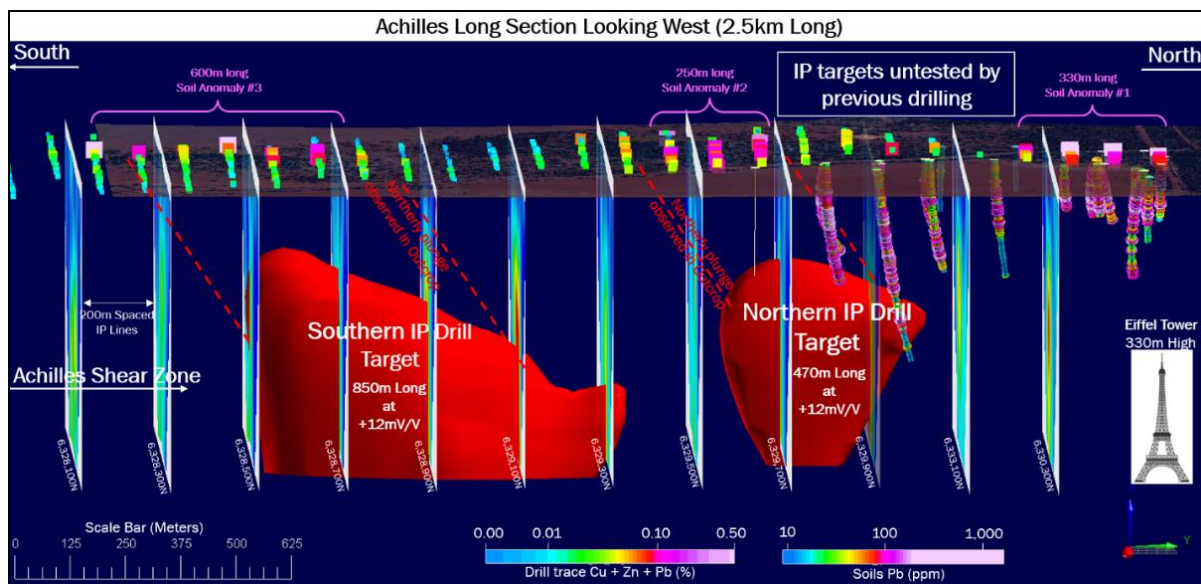


Figure 6: Achilles long section through the IP survey results, showing modelled 3D chargeability anomalies in red which remain untested by previous drilling. (AGC ASX 5 May 2023, AGC ASX 3 May 2021, 15 September 2021).

Also within the South Cobar Project the Company's discovery team uncovered a cluster of historic mines called Creamy Hills gold mines that extend for 1.2km in length (AGC ASX 3 March 2023). The mines are centred on a cluster of significant workings 250m in length and up to 25m deep (Figures 7 & 8).

First pass sampling designed to determine the prospective rock types returned rock chips to 24.4g/t gold within the shafts and dumps (CHRK019) and composite samples to 9.4g/t gold from mine tailings (CHRK021) (AGC ASX 3 March 2023).

The geological location of the gold mines is in a deformed wedge of folded rock within a back thrust of the major Woorara Fault on the eastern edge of the Cobar Superbasin. This location is considered an analogous position to the world-class Cobar mines including the CSA Copper Mine north of Cobar, which also sit within folds in the Rookery Fault back thrust on the eastern edge of the Basin.

The Company believes this area is exceptionally prospective as no modern geochemistry, geophysics or drilling has been conducted and the targets are open in every direction.

A limited soil sampling test line returned two zones of elevated arsenic anomalism suggesting multiple stacked mineralised faults. The next steps are to complete a broader soil survey to map anomalism in the soils and expand the footprint prior to drilling (AGC ASX 3 March 2023).

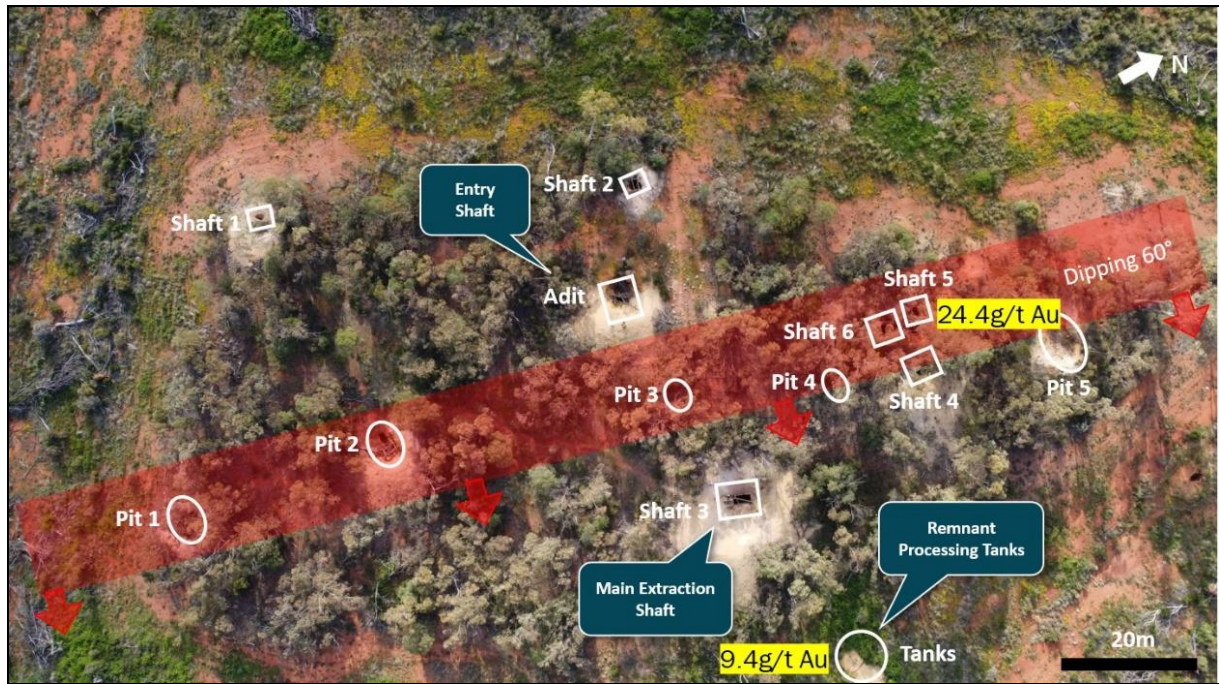


Figure 7: Drone photographs with annotated notes of mine workings, projected lode to surface and the locations of the highest grade gold samples (AGC ASX 3 March 2023).



Figure 8: Mine shafts and workings at Creamy Hills gold mine (AGC ASX 3 March 2023).

Moorefield Project

The Moorefield Project comprises two exploration licences covering 480km² (EL7675 'Moorefield' and EL9536 'Ootha') see Figure 1. The project includes the 15km long Boxdale - Carlisle Reefs orogenic gold trend defined by strong surface geochemical anomalism and significant drill results reported during the previous year, comprising 47 RC holes, totalling 5,000m (Figures 9 to 11).

Other prospects include the 10km long Ootha copper anomaly (Figure 10), Ghost Hill, Lima-Maloola and Pattons Prospects, which are all considered prospective for Au-Cu mineralisation (AGC ASX prospectus lodged 18th November 2020).

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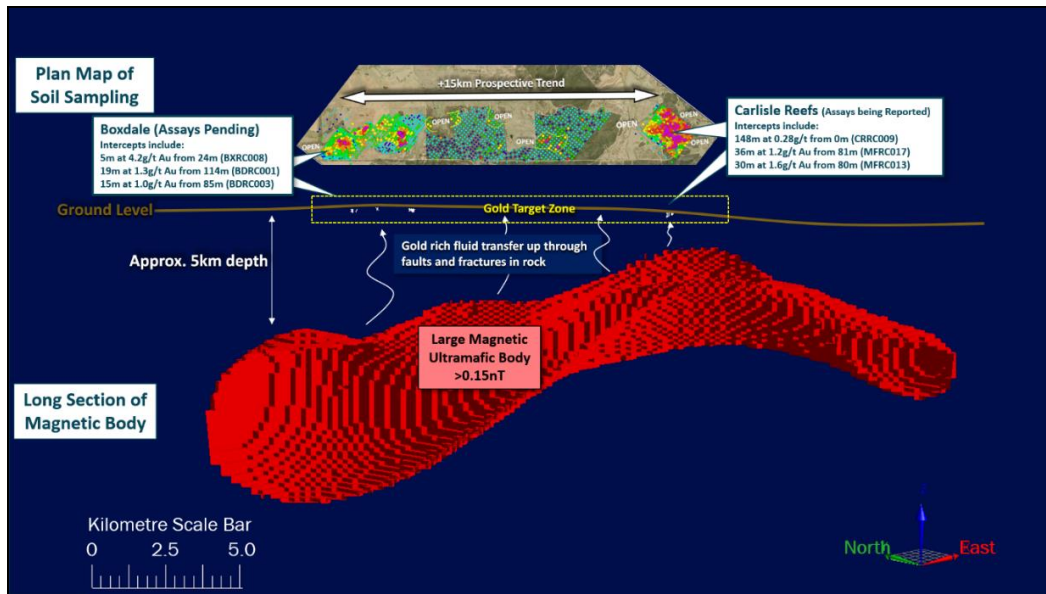


Figure 9: Schematic long section of the Boxdale (NW) – Carlisle Reefs (SE) gold zone showing a 20km long elongate ultramafic magnetic body below the recent soil sampling areas where drilling has returned shallow gold (AGC ASX 27 April 2022).

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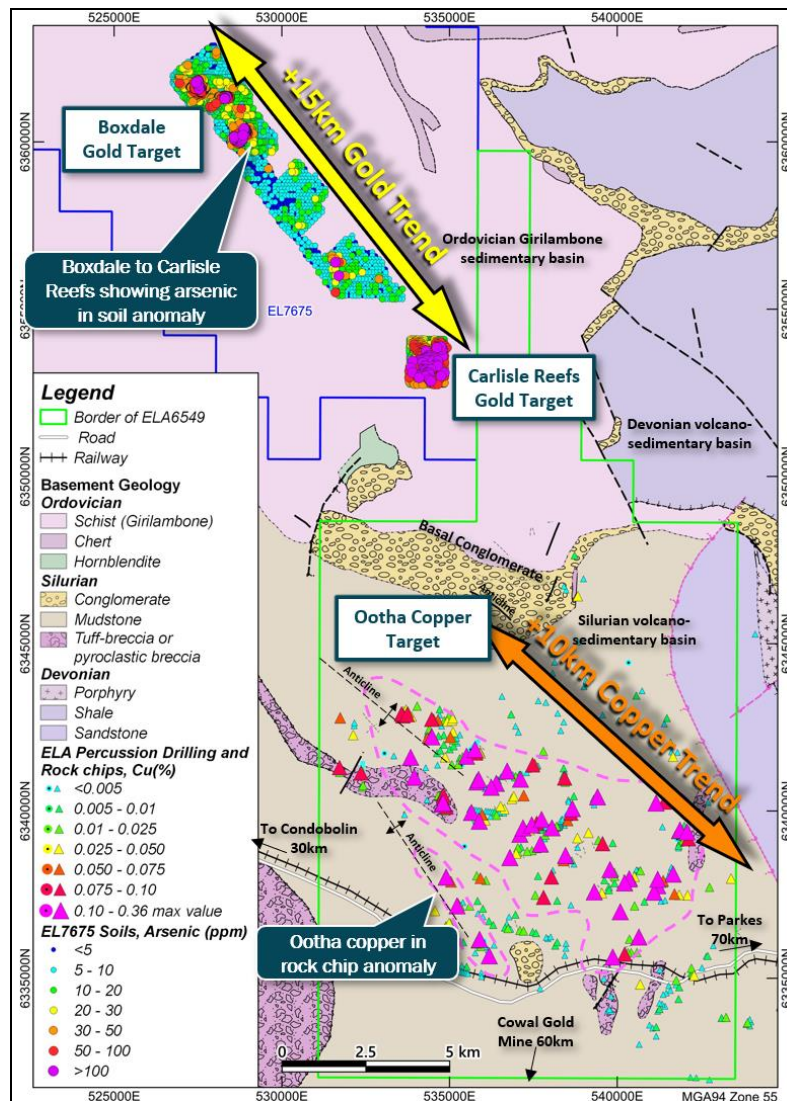


Figure 10: Plan view map of the Ootha Copper Target in ELA6549 relative to the Company's 15km Boxdale to Carlisle Reefs trend with geology by the NSW Geological Survey (AGC ASX 16 November 2022).

DIRECTORS' REPORT

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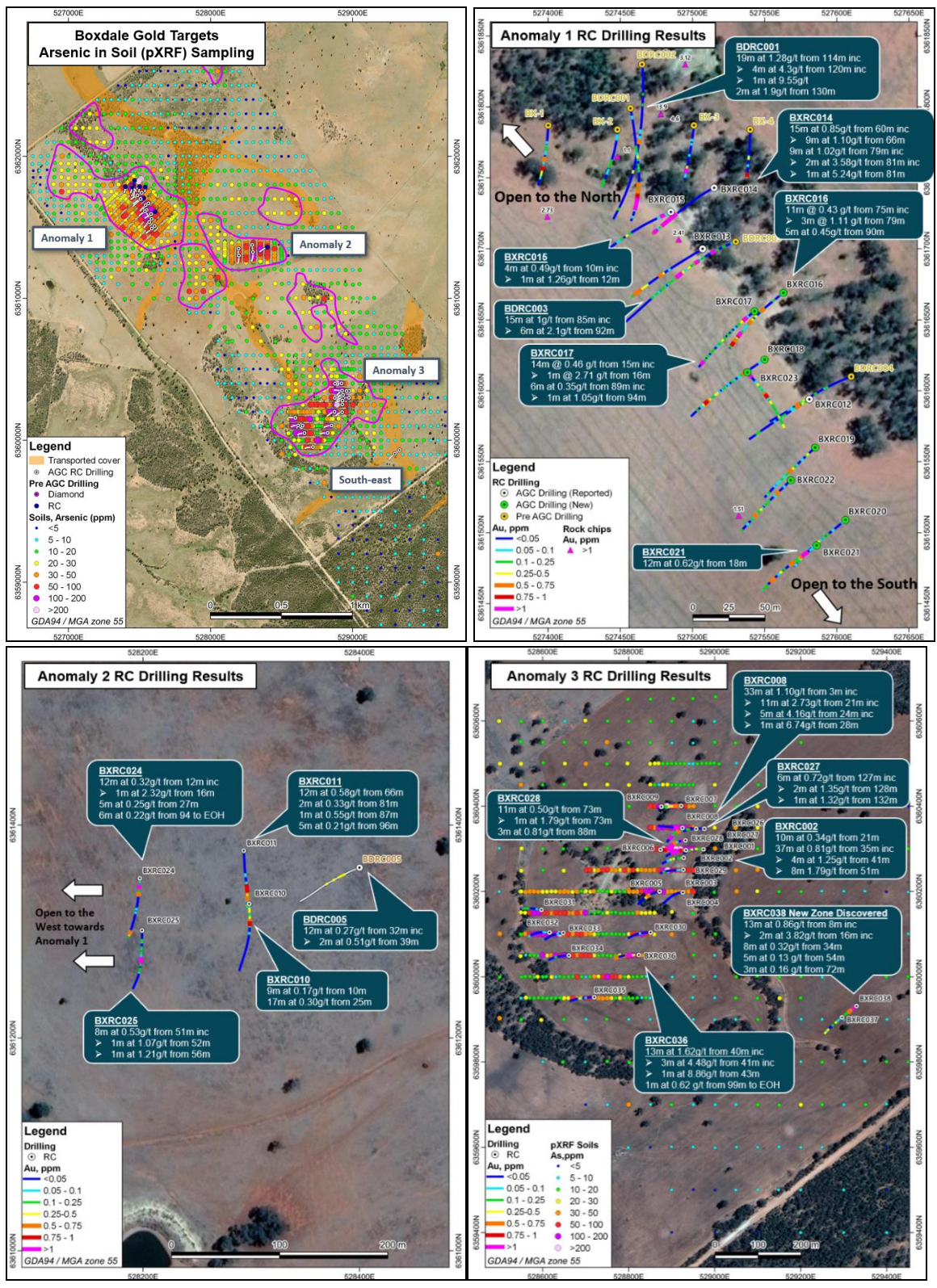


Figure 11: Plans showing the location of recent RC drilling at Boxdale.

DIRECTORS' REPORT

Gundagai Project

The Gundagai project consists of an exploration licence covering 265km² (EL8955 'Gundagai') and comprises multiple drill ready prospects considered prospective for McPhillamys-style gold (e.g. Grandview), epithermal gold-copper (e.g. Rosehill) and large-tonnage Cobar-style zinc-lead-silver prospects (e.g. Bongongalong).

Gold prospects show similarities to the 2.3Moz, Late Silurian hosted McPhillamys Gold Deposit (ASX:RRL). The Grandview Gold Prospect is characterised by a zone of sheared quartz-sericite-carbonate-pyrite altered volcanics returning up to 35g/t Au in composite rockchips and represents a near term high-grade gold discovery opportunity.

During the year, six RC drill holes for 936m were successfully completed, targeting the northern gold-in-soil zone before heavy rain cut the program short. The six holes returned promising geology, alteration and sulphide development in each hole with strong gold results (Figures 12-15).



Figure 12: Quartz-pyrite stockwork veined rock chip from drill hole GVRC006 at 96m.

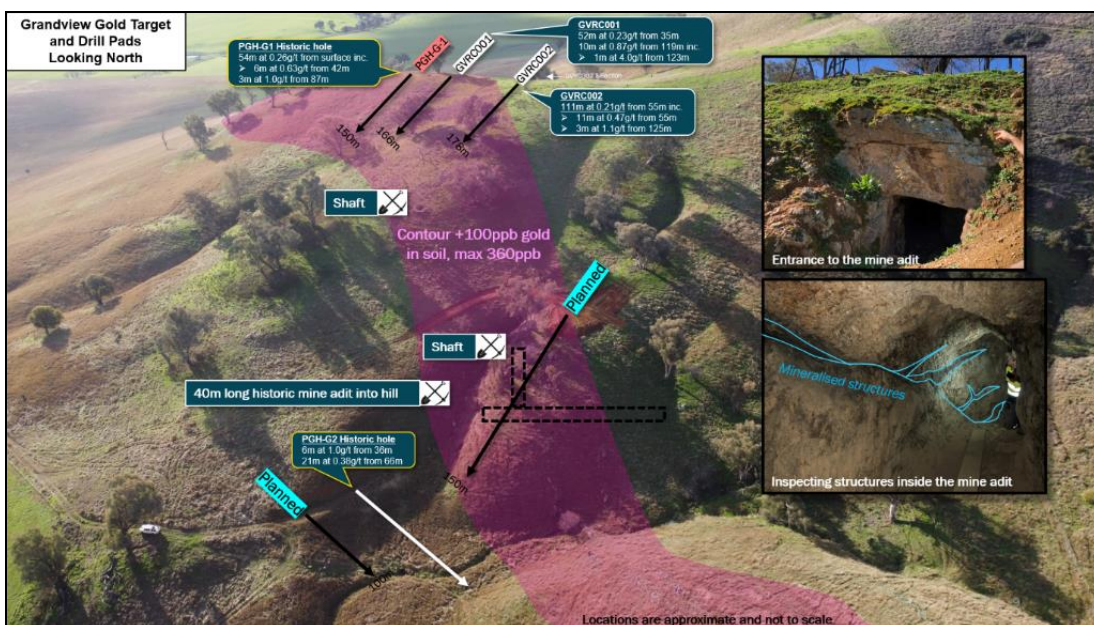


Figure 13: Schematic, looking north on a recent drone photo showing the drill pad and hole locations, gold in soil target and locations of historic mine infrastructure.

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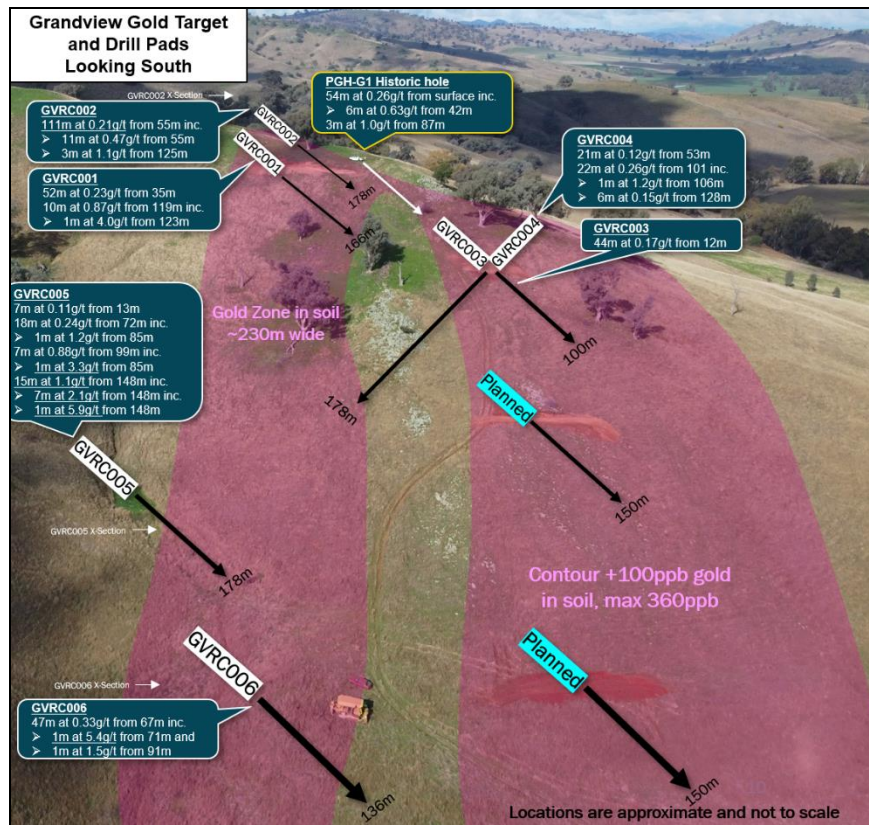


Figure 14: Schematic looking south, drawn onto a recent drone photo, showing the northern hill drill pad locations targeting the gold-in-soil targets (AGC ASX prospectus Nov 2020). D6 bulldozer in foreground for scale.

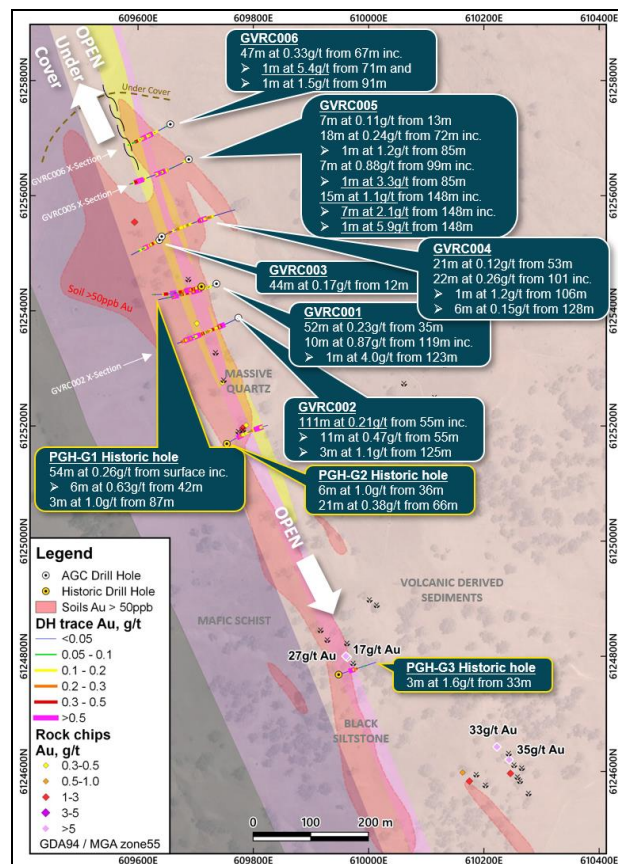


Figure 15: Map showing location of drill holes and traces coloured by downhole arsenic relative to geology.

DIRECTORS' REPORT

During the year, a significant field program was also conducted at Gundagai's Bongongalong target. Work by the Company included first-pass mapping, rock chip sampling and a soil survey. An extensive zone of strong base-metal and gold anomalism was delineated over a five kilometre trend, with gossanous outcrops (weathered sulphides) identified over 1.5 kilometres in length (Figures 16 & 17; AGC ASX 30 May 2023).

From the gossanous outcrops, 18 recent rock chip samples returned gold up to 2.9g/t (AGC013638) and silver up to 245g/t (AGC013632), with 10 of the samples returning gold over 0.5g/t, (AGC ASX 30 May 2023).

A close-spaced soil survey (by pXRF analysis) identified an extremely high-tenor lead-in-soil anomaly (Pb>500ppm) over 2.1 kilometres in length and 600 metres in width, which remains open in every direction, (Figures 16 & 17).

Historic drill holes from the area recorded broad lead, zinc and silver intersections with higher-grade intervals including 1.5m at 7.2% Pb+Zn and 100g/t Ag (1-9-3D) and 1.5m at 5.0% Pb+Zn and 245 g/t Ag (DDH1) (see AGC ASX prospectus 18 November 2020).

The Company's recent work at Bongongalong represents the first modern exploration in 43 years with further follow-up work expected to continue in the coming quarters.

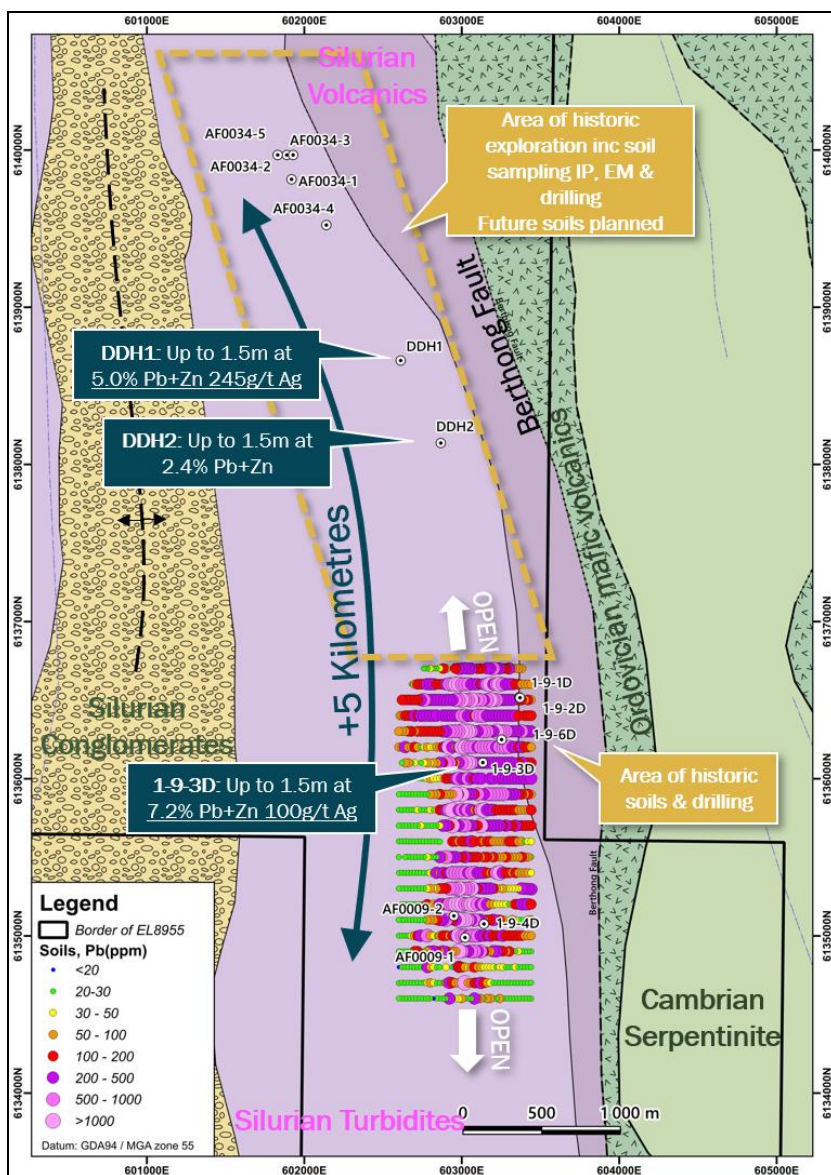


Figure 16: Plan of the Bongongalong area showing lead-in-soil results (pXRF) and gold-in-rock chips (AGC ASX 30 May 2023) on background of regional geology by the NSW Geological Survey. For historic drilling details, see AGC ASX prospectus 18 November 2020.

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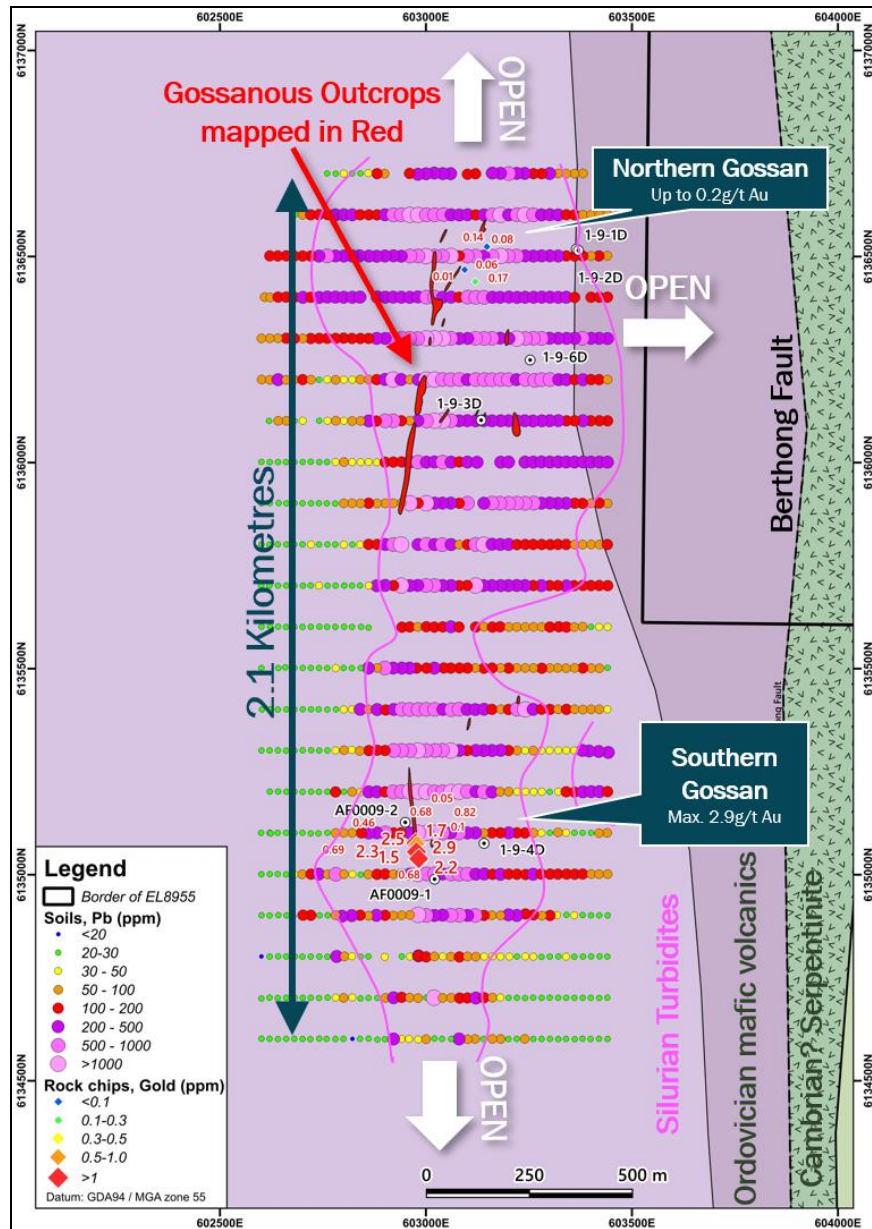


Figure 17: Plan of the Bongalong South soil sampling survey area showing gossanous outcrops, lead-in-soil results (pXRF) and gold-in-rock chips (AGC ASX 30 May 2023) on background of regional geology by the NSW Geological Survey. For historic drilling details, see AGC ASX prospectus 18 November 2020.

Competent Persons Statement

The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Glen Diemar who is a member of the Australian Institute of Geoscientists. Mr Diemar is a full-time employee of Australian Gold and Copper Limited, and is a shareholder, however Mr Diemar believes this shareholding does not create a conflict of interest, and Mr Diemar has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Diemar consents to the inclusion in this presentation of the matters based on his information in the form and context in which it appears.

Previously Reported Information

The information in this report that references previously reported exploration results is extracted from the Company's ASX IPO Prospectus released on the date noted in the body of the text where that reference appears. The ASX IPO Prospectus is available to view on the Company's website or on the ASX website (www.asx.com.au). The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Forward-Looking Statements

This announcement contains "forward-looking statements." All statements other than those of historical facts included in this announcement are forward-looking statements. Where the Company expresses or implies an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and based upon information currently available to the company and believed to have a reasonable basis.

DIRECTORS' REPORT

Although the company believes the expectations expressed in such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance and no assurance can be given that these expectations will prove to be correct as actual results or developments may differ materially from those projected in the forward-looking statements. Forward-looking statements are subject to risks, uncertainties and other factors, which could cause actual results to differ materially from future results expressed, projected or implied by such forward-looking statements. Such risks include, but are not limited to, copper, gold, and other metals price volatility, currency fluctuations, increased production costs and variances in ore grade or recovery rates from those assumed in mining plans, as well as political and operational risks and governmental regulation and judicial outcomes. Readers are cautioned not to place undue reliance on forward-looking statements due to the inherent uncertainty thereof. The forward-looking statements contained in this press release are made as of the date of this press release and except as may otherwise be required pursuant to applicable laws, the Company does not undertake any obligation to release publicly any revisions to any "forward-looking statement".

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS AFTER THE REPORTING DATE

On 21 July 2023, Ms Woods was appointed as Joint Company Secretary effective from 21 July 2023.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Company the results of those operations, or the state of affairs of the Company in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

MATERIAL BUSINESS RISKS

The Company's exploration and evaluation operations will be subject to the normal risks of mineral exploration. The material business risks that may affect the Company are summarised below.

Future capital raisings

The Company's ongoing activities may require substantial further financing in the future. The Company will require additional funding to continue its exploration and evaluation operations on its projects with the aim to identify economically mineable reserves and resources. Any additional equity financing may be dilutive to shareholders, may be undertaken at lower prices than the current market price and debt financing, if available, may involve restrictive covenants which limit the Company's operations and business strategy. Although the Directors believe that additional capital can be obtained, no assurances can be made that appropriate capital or funding, if and when needed, will be available on terms favourable to the Company or at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce, delay or suspend its operations and this could have a material adverse effect on the Company's activities and could affect the Company's ability to continue as a going concern.

Exploration risk

The success of the Company depends on the delineation of economically mineable reserves and resources, access to required development capital, movement in the price of commodities, securing and maintaining title to the Company's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Company's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Company and possible relinquishment of the tenements. The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions.

Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability. If the level of operating expenditure required is higher than expected, the financial position of the Company may be adversely affected.

DIRECTORS' REPORT

Feasibility and development risks

It may not always be possible for the Company to exploit successful discoveries which may be made in areas in which the Company has an interest. Such exploitation would involve obtaining the necessary licences or clearances from relevant authorities that may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied.

Regulatory risk

The Company's operations are subject to various Commonwealth, State and Territory and local laws and plans, including those relating to mining, prospecting, development permit and licence requirements, industrial relations, environment, land use, royalties, water, native title and cultural heritage, mine safety and occupational health. Approvals, licences and permits required to comply with such rules are subject to the discretion of the applicable government officials.

No assurance can be given that the Company will be successful in maintaining such authorisations in full force and effect without modification or revocation. To the extent such approvals are required and not retained or obtained in a timely manner or at all, the Company may be limited or prohibited from continuing or proceeding with exploration. The Company's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted. Mining and exploration tenements are subject to periodic renewal. The renewal of the term of a granted tenement is also subject to the discretion of the relevant Minister. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements comprising the Company's projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

Mineral resource estimate risk

Mineral resource estimates are expressions of judgement based on knowledge, experience and industry practice. These estimates were appropriate when made but may change significantly when new information becomes available. There are risks associated with such estimates. Mineral resource estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource estimates could affect the Company's future plans and ultimately its financial performance and value. Gold and copper price fluctuations, as well as increased production costs or reduced throughput and/or recovery rates, may render resources containing relatively lower grades uneconomic and may materially affect resource estimations.

Environmental risk

The operations and activities of the Company are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, the Company's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Company attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments which could have a material adverse effect on the Company's business, financial condition and performance.

Availability of equipment and contractors

Prior to the COVID-19 pandemic, appropriate equipment, including drill rigs, was in short supply. There was also high demand for contractors providing other services to the mining industry. The COVID-19 pandemic only served to exacerbate these issues. Consequently, there is a risk that the Company may not be able to source all the equipment and contractors required to fulfil its proposed activities. There is also a risk that hired contractors may underperform or that equipment may malfunction, either of which may affect the progress of the Company's activities.

ENVIRONMENTAL REGULATION

The Company is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Mr Glen Diemar Managing Director

Mr Glen Diemar is an Exploration Geologist with experience through Australia, Indonesia and Central Asia. Mr Diemar has worked in all areas of geology including exploration, production and development studies. Mr Diemar's previous roles include BHP Billiton and most recently the CEO of New South Resources PL. Mr Diemar holds a Masters of Economic Geology and is a member of the AIG.

Mr David Richardson Non-Executive Chairman

Mr David Richardson has extensive international corporate experience including 15 years in Japan in Asia Pacific regional director positions with organisations such as Pacific Dunlop Ltd and Amcor Ltd. Expertise includes venture capital and finance.

Mr Richardson founded Magmatic Resources Limited (ASX:MAG) in 2014, listing it on the ASX in 2017 and is currently the Executive Chairman of Magmatic Resources Limited.

Dr Adam McKinnon Non-Executive Director (appointed 12 August 2022)

Dr McKinnon is a mining and geoscience professional with 16 years industry and academic experience and is currently the Managing Director of Magmatic Resources Limited. Before joining Magmatic he was General Manager – Exploration and Business Development at Aurelia Metals Limited, where he was involved in a number of significant discoveries including the high grade Federation deposit south of Nymagee, NSW. Dr McKinnon also led several highly successful exploration programs whilst with KBL Mining Limited, including the discovery of the Pearse gold-silver deposit near the Mineral Hill Mine. Dr McKinnon holds a PhD in mineralogy and geochemistry from Western Sydney University, is a Chartered Chemist with the Royal Australian Chemical Institute (RACI) and a Member of the Australian Institute of Mining and Metallurgy (AusIMM).

Ms Andrea Betti Company Secretary

Ms Betti is an accounting and corporate governance professional with over 20 years experience in accounting, corporate governance, finance and corporate banking. She has acted as Chief Financial Officer and Company Secretary for companies in the private and publicly listed sectors, as well as senior executive roles in the banking and finance industry. Ms. Betti is a member of the Institute of Chartered Accountants in Australia and New Zealand and an associate member of the Governance Institute of Australia. Ms Betti is currently a Director of a corporate advisory company based in Perth that provides corporate and other advisory services to public listed companies. She has a Bachelor of Commerce, Graduate Diploma in Corporate Governance, Graduate Diploma in Applied Finance and Investment and a Masters of Business Administration.

Ms Laura Woods Company Secretary (appointed 21 July 2023)

Ms Woods is an accounting and corporate governance professional with nearly 10 years' experience in accounting, external audit and corporate governance. She has a Bachelor of Science (Actuarial Science), a Master of Accounting and a Graduate Diploma of Applied Corporate Governance. Ms Woods is a member of the Institute of Chartered Accountants Australia and New Zealand.

INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares and options of Australian Gold and Copper Limited were:

| | Ordinary Shares | Options over Ordinary Shares |
|------------------|-----------------|------------------------------|
| Glen Diemar | 344,889 | 6,000,000 |
| David Richardson | 5,894,801 | 7,000,000 |
| Adam McKinnon | 23,809 | 2,000,000 |

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of the remuneration for each key management personnel of Australian Gold and Copper Limited for the financial year ended 30 June 2023.

The remuneration report is set out under the following headings:

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

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

The remuneration arrangements detailed in this report relate to the following Directors and key management personnel as follows:

| | |
|---------------------|--|
| Mr Glen Diemar | Managing Director |
| Mr David Richardson | Non-Executive Chairman |
| Dr Adam McKinnon | Non-Executive Director (<i>appointed 12 August 2022</i>) |
| Mr Ranko Matic | Non-Executive Director (<i>resigned 12 August 2022</i>) |

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

In determining competitive remuneration rates, the Board, acting in its capacity as the remuneration committee, seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes benefit plans and share plans. Independent advice should be obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices. The Board recognises that the Company operates in a global environment. To prosper in this environment we must attract, motivate and retain key executive staff.

Market comparisons

Consistent with attracting and retaining talented executives, the Board endorses the use of incentive and bonus payments. The Board will continue to seek external advice to ensure reasonableness in remuneration scale and structure, and to compare the Company's position with the external market. The impact and high cost of replacing senior employees and the competition for talented executives requires the committee to reward key employees when they deliver consistently high performance.

Board remuneration

The total maximum remuneration of Non-Executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the *Corporations Act 2001* and the ASX Listing Rules, as applicable. The determination of Non-Executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each Non-Executive Director. The current amount has been set an amount not to exceed \$350,000 per annum. The Board determines actual payments to Directors and reviews their remuneration annually based on independent external advice with regard to market practice, relativities, and the duties and accountabilities of Directors. A review of Directors' remuneration is conducted annually to benchmark overall remuneration including retirement benefits. There was no use of external consultants for remuneration advice for the financial year ended 30 June 2023.

Performance based remuneration

The Company has adopted an employee incentive option plan ('ESOP or 'Option Plan') to provide ongoing incentives to Directors, Executives and Employees of the Company. The objective of the ESOP is to provide the Company with a remuneration mechanism, through the issue of securities in the capital of the Company, to motivate and reward the performance of the Directors and employees in achieving specified performance milestones within a specified performance period. The Board will ensure that the performance milestones attached to the securities issued pursuant to the ESOP are aligned with the successful growth of the Company's business activities.

DIRECTORS' REPORT

The Directors and employees of the Company have been, and will continue to be, instrumental in the growth of the Company. The Directors consider that the ESOP is an appropriate method to:

- Reward Directors and employees for their past performance;
- Provide long term incentives for participation in the Company's future growth;
- Motivate Directors and generate loyalty from senior employees; and
- Assist to retain the services of valuable Directors and employees.

Company performance, shareholder wealth and directors and executives remuneration

The remuneration policy has been tailored to increase the direct positive relationship between shareholders' investment objectives and Directors and executives' performance. Currently, Directors and executives are encouraged to hold shares in the Company to ensure the alignment of personal and shareholder interests. The Company provides performance based remuneration via their employee incentive option plan.

B. Service agreements

Employment contracts of key management personnel

Each member of the Company's key management personnel are employed on open-ended employment contracts between the individual person and the Company.

Non-Executive Directors have entered into a service agreement with the Company in the form of a letter of appointment.

The employment conditions of the Managing Director Mr. Glen Diemar, is formalised in an executive service agreement with no fixed term and continues until a party terminates it by giving 3 months' notice.

The below is at the date of this financial report:

| Key Management Personnel | Appointment | Terms of Agreement | Base Salary (incl. super \$p.a.) | Termination Benefit |
|--------------------------|------------------------|--------------------|----------------------------------|---------------------|
| Glen Diemar | Managing Director | No fixed term | 266,400 | 3 months |
| David Richardson | Non-Executive Chairman | No fixed term | 133,200 | Nil |
| Adam McKinnon | Non-Executive Director | No fixed term | 44,400 | Nil |

C. Details of remuneration

Amounts of remuneration

The remuneration for each key management personnel of the Company during the financial year was as follows:

2023

| Key Management Personnel | Short-term Benefits | | | | Post-employment Benefits | Share Based Payments | | | Remuneration Consisting of | |
|---------------------------------|----------------------------|-------------------|------------------|-------|--------------------------|----------------------|----------------|----------------|----------------------------|-----------|
| | Cash, salary & Commissions | Cash profit Share | Non-Cash Benefit | Other | Super-annuation | Performance Rights | Options | Total | Performance Related | Options |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | % | % |
| Glen Diemar | 240,000 | - | - | - | 25,200 | - | 106,251 | 371,451 | - | 29 |
| David Richardson | 108,099 | - | - | - | 11,353 | - | 70,834 | 190,286 | - | 37 |
| Adam McKinnon ⁽ⁱⁱⁱ⁾ | 32,002 | - | - | - | 3,360 | - | 73,957 | 109,319 | - | 68 |
| Ranko Matic ^{(i) (ii)} | 6,774 | - | - | - | - | - | - | 6,774 | - | - |
| | 386,875 | - | - | - | 39,913 | - | 251,042 | 677,830 | - | 37 |

(i) Mr. Matic is a director and shareholder of Consilium Corporate Pty Ltd which provides directorship, corporate secretarial and accounting services to the Company.

(ii) Mr. Matic resigned as Non-Executive Director effective 12 August 2022.

(iii) Dr. McKinnon was appointed as Non-Executive Director effective 12 August 2022.

DIRECTORS' REPORT

2022

| Key Management Personnel | Short-term Benefits | | Post-employment Benefits | | | Share based Payments | | Total | Performance Related % | Remuneration Consisting of Options % |
|-----------------------------|----------------------------|-------------------|--------------------------|-------|-----------------|----------------------|---------|----------------|-----------------------|--------------------------------------|
| | Cash, salary & Commissions | Cash profit Share | Non-Cash Benefit | Other | Super-annuation | Performance Rights | Options | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | | | |
| | | | | | | | | | | |
| Glen Diemar | 240,000 | - | - | - | 24,000 | - | - | 264,000 | - | - |
| David Richardson | 109,589 | - | - | - | 10,959 | - | - | 120,548 | - | - |
| Ranko Matic ^(iv) | 60,000 | - | - | - | - | - | - | 60,000 | - | - |
| | 409,589 | - | - | - | 34,959 | - | - | 444,548 | - | - |

(iv) Mr. Matic is a director and shareholder of Consilium Corporate Pty Ltd which provides directorship, corporate secretarial and accounting services to the Company.

D. Share-based compensation

Options

The terms and conditions of the unlisted options affecting the remuneration of Directors in this financial year or future reporting years are as follows (2022: Nil):

| Grant date | Grant date fair value per right | Expiry date | Vesting date |
|------------|---------------------------------|-------------|--------------|
| 12/08/2022 | \$0.0419 | 12/08/2025 | 12/08/2023 |
| 25/11/2022 | \$0.0354 | 12/11/2025 | Immediately |

Details of share-based payments granted as compensation to key management personnel during the financial year:

| Name | Number granted | Number vested |
|------------------|----------------|---------------|
| Glen Diemar | 3,000,000 | 3,000,000 |
| David Richardson | 2,000,000 | 2,000,000 |
| Adam McKinnon | 2,000,000 | Nil |

Shares

There were no shares issued to the key management personnel during the financial year ended 30 June 2023 (2022: Nil).

Performance rights

There were no performance rights issued to key management personnel during the financial year ended 30 June 2023 (2022: Nil).

Option holding

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

| Name | Balance at start of the year | Number granted during the year | Exercised during the year | Other changes during the year (i) | Balance at the end of the year |
|------------------|------------------------------|--------------------------------|---------------------------|-----------------------------------|--------------------------------|
| Glen Diemar | 3,000,000 | 3,000,000 | - | - | 6,000,000 |
| David Richardson | 5,000,000 | 2,000,000 | - | - | 7,000,000 |
| Ranko Matic | 2,000,000 | - | - | (2,000,000) | - |
| Adam McKinnon | - | 2,000,000 | - | - | 2,000,000 |
| | 10,000,000 | 7,000,000 | - | (2,000,000) | 15,000,000 |

(i) Mr. Matic resigned as Non-Executive Director effective from 12 August 2022.

DIRECTORS' REPORT

Shareholdings

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

| Name | Balance at start of the year | Number granted during the year | Purchased on-market or as part of capital raising | Other changes during the year (i) (ii) | Balance at the end of the year |
|------------------|------------------------------|--------------------------------|---|--|--------------------------------|
| Glen Diemar | 144,889 | - | 200,000 | - | 344,889 |
| David Richardson | 5,894,801 | - | - | - | 5,894,801 |
| Ranko Matic | 250,000 | - | - | (250,000) | - |
| Adam McKinnon | - | - | - | 23,809 | 23,809 |
| | 6,289,690 | - | 200,000 | (226,191) | 6,263,499 |

(i) Mr. Matic resigned as Non-Executive Director effective from 12 August 2022.

(ii) Dr. McKinnon shareholding upon appointment as Non-Executive Director effective 12 August 2022.

E. Related party disclosures

(i) Other transactions with key management personnel and their related parties

Consilium Corporate Pty Ltd, a company of which Mr. Matic is a shareholder and director, is also engaged to perform Company Secretarial and Accounting duties. Per the terms of the agreement, either party may terminate by giving three (3) months written notice to the other. All transactions were made on normal commercial terms and conditions and at market rates. Mr. Matic resigned as Non-Executive Director of the Company on 12 August 2022. During the period 1 July 2022 to 12 August 2022, \$23,441 (2022: \$140,164) (excluding GST) was paid or payable under this agreement.

Magmatic Resources Limited, a company of which Mr. Richardson and Dr. McKinnon are shareholders and directors, are also engaged to provide Management and Administration Services to the Company. During the year ended 30 June 2023, \$58,361 (2022: \$62,021) (excluding GST) was paid or payable under this agreement.

(ii) Payables owing to related parties

| | 2023 | 2022 |
|-----------------------------|--------------|---------------|
| | \$ | \$ |
| Consilium Corporate (i) | - | - |
| Magmatic Resources Ltd (ii) | 4,262 | 12,504 |
| | <u>4,262</u> | <u>12,504</u> |

(i) Mr. Matic is a director and shareholder of Consilium Corporate Pty Ltd which provides directorship, corporate secretarial and accounting services to the company. Mr. Matic resigned as Non-Executive Director of the Company on 12 August 2022.

(ii) Magmatic Resources Limited a company with which Mr. Richardson and Dr. McKinnon are shareholders and directors are also engaged to provide Management and Administration Services to the Company.

There are no other transactions with related parties during the financial year ended 30 June 2023.

ADDITIONAL INFORMATION

The loss of the Company for each year since incorporation to 30 June 2023 is summarised below:

| | 2023 | 2022 | 2021 |
|-----------------------|-------------|-----------|-------------|
| | \$ | \$ | \$ |
| Other income | 95,283 | 46,715 | 3,419 |
| EBITDA | (1,630,871) | (555,032) | (2,008,811) |
| EBIT | (1,656,510) | (579,172) | (2,014,298) |
| Loss after income tax | (1,656,510) | (579,172) | (2,014,298) |

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

| | 2023 | 2022 | 2021 |
|---|--------|--------|--------|
| Share price at financial year end (dollars per share) | 0.053 | 0.07 | 0.14 |
| Total dividends declared (cents per share) | - | - | - |
| Basic loss per share (cents per share) | (1.66) | (0.58) | (4.08) |

During the year ended 30 June 2023, the Company did not utilise any remuneration consultants.

At the 2022 AGM, 93.97% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

END OF AUDITED REMUNERATION REPORT.

DIRECTORS' REPORT

MEETING OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") held during the financial year ended 30 June 2023, and the number of meetings attended by each director were:

| Name | Number eligible to attend | Number attended |
|------------------|---------------------------|-----------------|
| Glen Diemar | 6 | 6 |
| David Richardson | 6 | 6 |
| Ranko Matic | 1 | 1 |
| Adam McKinnon | 6 | 6 |

There were six Directors meetings held during the financial year, however many board matters were dealt with via circular resolutions. The Company does not have a formally constituted audit committee or remuneration committee as the board considers that the Company's size and type of operation do not warrant such committees.

SHARES UNDER OPTION

The number of options over ordinary shares in the Company as at the date of this report are set out below. Options granted carry no dividend or voting rights.

| Issue date | Expiry date | Exercise price \$ | Number of Options |
|------------|-------------|----------------------|-------------------|
| 5/11/2020 | 31/12/2025 | 0.30 | 12,500,000 |
| 24/12/2020 | 24/12/2023 | 0.30 | 2,500,000 |
| 1/04/2021 | 31/01/2024 | 0.30 | 150,000 |
| 1/04/2021 | 31/01/2024 | 0.50 | 150,000 |
| 12/08/2022 | 12/08/2025 | 0.114 | 2,000,000 |
| 25/11/2022 | 25/11/2025 | 0.107 | 6,000,000 |
| | | | 23,300,000 |

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of Australian Gold and Copper Limited that were issued during the financial year and up to the date of this report on the exercise of options granted.

INDEMNITY AND INSURANCE OF OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the Company who are former partners of RSM Australia Partners.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327B of the *Corporations Act 2001*.

DIRECTORS' REPORT

NON-AUDIT SERVICES

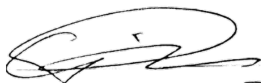
No amounts were paid or payable to the auditor for non-audit services provided during the financial year ended 30 June 2023.

AUDITORS' INDEPENDENCE DECLARATION

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

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

On behalf of the Directors



Glen Diemar
Managing Director

Date: 20 September 2023
Perth

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RSM Australia Partners

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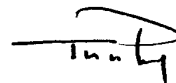
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Australian Gold and Copper Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG
Partner

Perth, WA
Dated: 20 September 2023

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

| | Notes | 2023 \$ | 2022 \$ |
|--|-------|--------------------|------------------|
| Other income | 4 | 95,283 | 46,715 |
| Accounting and other professional fees | | (156,167) | (141,083) |
| AGM/GM fees | | - | (5,007) |
| Audit fees | 21 | (29,370) | (27,966) |
| Depreciation | 8 | (25,639) | (24,139) |
| Directors' fees | | (182,022) | (212,781) |
| Exploration and project assessments | | (67,457) | (353) |
| Exploration expenditure written off | 9 | (724,056) | - |
| Employee benefit expense | | (41,330) | (53,798) |
| Legal expenses | | (5,871) | - |
| Regulatory fees | | (49,752) | (44,731) |
| Share based payments | 13 | (294,886) | (11,186) |
| Other expenses | | (175,243) | (104,843) |
| Loss before income tax | | (1,656,510) | (579,172) |
| Income tax expense | 5 | - | - |
| Loss for the year | | (1,656,510) | (579,172) |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | (1,656,510) | (579,172) |
| Loss per share | | | |
| Basic loss per share (cents) | 18 | (1.66) | (0.58) |
| Diluted loss per share (cents) | 18 | (1.66) | (0.58) |

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

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023**



| | Notes | 2023 \$ | 2022 \$ |
|----------------------------------|-------|-------------------|-------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 2,183,421 | 4,231,650 |
| Other assets | 7(a) | 36,412 | 53,136 |
| Total current assets | | 2,219,833 | 4,284,786 |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 69,221 | 88,550 |
| Exploration and evaluation | 9 | 14,123,933 | 13,460,372 |
| Other assets | 7(b) | 67,000 | 57,500 |
| Total non-current assets | | 14,260,154 | 13,606,422 |
| Total assets | | 16,479,987 | 17,891,208 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 10 | 108,659 | 147,557 |
| Provisions | 11 | 42,598 | 53,297 |
| Total current liabilities | | 151,257 | 200,854 |
| Total liabilities | | 151,257 | 200,854 |
| Net assets | | 16,328,730 | 17,690,354 |
| EQUITY | | | |
| Issued capital | 12 | 18,720,731 | 18,720,731 |
| Reserves | 14 | 1,864,979 | 1,570,093 |
| Accumulated losses | | (4,256,980) | (2,600,470) |
| Total equity | | 16,328,730 | 17,690,354 |

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**



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| | Issued capital \$ | Share based payment reserve \$ | Accumulated losses \$ | Total \$ |
|---|-------------------------|---|-----------------------------|-------------------|
| Balance at 1 July 2022 | 18,720,731 | 1,570,093 | (2,600,470) | 17,690,354 |
| Total loss for the year | - | - | (1,656,510) | (1,656,510) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | - | - | (1,656,510) | (1,656,510) |
| Transactions with owners in their capacity as owners | | | | |
| Issue of capital | - | - | - | - |
| Share issue costs | - | - | - | - |
| Share based payments | - | 294,886 | - | 294,886 |
| Balance at 30 June 2023 | 18,720,731 | 1,864,979 | (4,256,980) | 16,328,730 |

| | Issued capital \$ | Share based payment reserve \$ | Accumulated losses \$ | Total \$ |
|---|----------------------|---|-----------------------------|-------------------|
| Balance at 1 July 2021 | 18,720,731 | 1,558,907 | (2,021,298) | 18,258,340 |
| Total loss for the year | - | - | (579,172) | (579,172) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income for the year | - | - | (579,172) | (579,172) |
| Transactions with owners in their capacity as owners | | | | |
| Issue of capital | - | - | - | - |
| Share issue costs | - | - | - | - |
| Share based payments | - | 11,186 | - | 11,186 |
| Balance at 30 June 2022 | 18,720,731 | 1,570,093 | (2,600,470) | 17,690,354 |

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023**



| | Notes | 2023 \$ | 2022 \$ |
|---|-------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| Other income | | - | 27,010 |
| Interest received | | 90,962 | 15,673 |
| Payments to suppliers and employees | | (572,859) | (615,779) |
| Payments for exploration and evaluation | | (65,461) | - |
| Net cash outflow from operating activities | 23 | <u>(547,358)</u> | <u>(573,096)</u> |
| Cash flows from investing activities | | | |
| Purchases of property, plant and equipment | | (6,310) | (2,955) |
| Payments for exploration and evaluation | | (1,494,561) | (2,401,568) |
| Purchase of bonds | | - | (27,000) |
| Net cash outflow from investing activities | | <u>(1,500,871)</u> | <u>(2,431,523)</u> |
| Cash flows from financing activities | | | |
| Proceeds from issue of shares | | - | - |
| Share issue costs paid | | - | - |
| Net cash inflow from financing activities | | <u>-</u> | <u>-</u> |
| Net decrease in cash held | | (2,048,229) | (3,004,619) |
| Cash at the beginning of the financial year | | 4,231,650 | 7,236,269 |
| Cash at the end of the financial year | 6 | <u>2,183,421</u> | <u>4,231,650</u> |

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

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The Company's financial statements and notes represent those of Australian Gold and Copper Limited.

The financial statements were authorised for issue on 20 September 2023 by the Directors of the Company.

1. Summary of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with *Corporations Act 2001*, Australian Accounting Standards, Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated. Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a) Comparatives

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

b) Historical convention

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

c) Operating segments

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

d) Current and non-current classification

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

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

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

e) Income tax

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. 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 assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

f) Trade and other receivables

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method, less any allowances for expected credit losses. Trade and other receivables are generally due for settlement within 120 days.

Collectability of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists and in any event when the debt is more than 60 days overdue.

g) Property, plant and equipment

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

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

| | |
|---------------------|-----------|
| Plant and equipment | 3-7 years |
|---------------------|-----------|

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

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

h) Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves.

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Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

i) Impairment of non-financial assets

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

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

j) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 – 60 days of recognition.

k) Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of a past event, it is probable the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

l) Issued capital

Ordinary shares are classified as equity.

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

m) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with short periods to maturity and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

n) Other income

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

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

o) Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

p) Employee benefits

Short-term employee benefits

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

Equity-settled compensation

The Company operates equity-settled share based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account.

Share based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the good or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is shown in the option reserve.

The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using an appropriate valuation model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

q) Goods and services tax ("GST")

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

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

r) Earnings/loss per share

(i) Basic earnings/loss per share

Basic earnings/loss per share is determined by dividing net profit/loss after income tax attributable to members 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/loss per share

Diluted earnings/loss per share adjusts the figures used in the determination of basic earnings/loss 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.

s) New or amended Accounting Standards and Interpretations adopted

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

The adoption of these new and revised Accounting Standards and Interpretations has not resulted in a significant or material change to the Company's accounting policies. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and are not expected to have a material impact on the Company.

2. Critical accounting judgments, estimates and assumptions

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

There have been no judgements, apart from those involving estimation, in applying accounting policies that have a significant effect on the amounts recognised in these financial statements.

Following is a summary of the key assumptions concerning the future and other key sources of estimation at reporting date that have not been disclosed elsewhere in these financial statements.

Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised on the basis that activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Share based payment transactions

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

3. Operating segments

Identification of reportable operating segments

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (continued)**



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| | 2023 \$ | 2022 \$ |
|---|---------------|---------------|
| 4. Other income | | |
| Grant income | - | 27,010 |
| Interest income | 95,283 | 19,705 |
| | 95,283 | 46,715 |
| | | |
| | 2023 \$ | 2022 \$ |
| 5. Income tax expense | | |
| Loss before income tax expense | (1,656,510) | (579,172) |
| Tax at the Australian tax rate of 30% (2022: 26%) | (496,953) | (150,585) |
| Amounts not deductible/(taxable) in calculating taxable income | 319,843 | 2,448 |
| Tax effect of exploration expenditure | (412,099) | (622,937) |
| Tax effect of temporary differences | (79,471) | (78,653) |
| Tax effect of deferred tax asset not brought to account | 668,680 | 849,727 |
| Income tax expense | - | - |
| Potential tax benefit relating to unused tax losses for which no deferred tax asset has been recognised | 1,772,662 | 2,977,561 |
| | | |
| | 2023 \$ | 2022 \$ |
| 6. Cash and cash equivalents | | |
| Cash at bank | 2,183,421 | 4,231,650 |
| | | |
| | 2023 \$ | 2022 \$ |
| 7. Other assets | | |
| (a) Current | | |
| Prepayments | 27,290 | 48,335 |
| Interest receivable | 9,122 | 4,801 |
| | 36,412 | 53,136 |
| (b) Non-current | | |
| Security bonds | 67,000 | 57,500 |
| | 67,000 | 57,500 |

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (continued)**



| | 2023 \$ | 2022 \$ |
|---|----------------------|----------------------|
| 8. Property, plant and equipment | | |
| Computer equipment – at cost | 19,083 | 12,772 |
| Accumulated depreciation | (11,028) | (5,776) |
| | <u>8,055</u> | <u>6,996</u> |
| Motor vehicles – at cost | 105,404 | 105,405 |
| Accumulated depreciation | (44,238) | (23,851) |
| | <u>61,166</u> | <u>81,554</u> |
| Total property, plant and equipment | <u>69,221</u> | <u>88,550</u> |

Reconciliations

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

| | Computer equipment \$ | Motor vehicles \$ | Total \$ |
|-------------------------|--------------------------|----------------------|----------------------|
| Balance at 1 July 2022 | 6,996 | 81,554 | 88,550 |
| Additions | 6,310 | - | 6,310 |
| Depreciation expense | (5,251) | (20,388) | (25,639) |
| Balance at 30 June 2023 | <u>8,055</u> | <u>61,166</u> | <u>69,221</u> |

| | 2023 \$ | 2022 \$ |
|---|--------------------------|--------------------------|
| 9. Exploration and evaluation | | |
| Opening balance 1 July 2022 | 13,460,372 | 11,064,459 |
| Expenditure incurred during the financial year | 1,342,290 | 2,395,913 |
| Expenditure written off during the financial year (i) | (714,056) | - |
| Non-capital expenditure | 35,327 | - |
| Closing balance 30 June 2023 | <u>14,123,933</u> | <u>13,460,372</u> |

(i) During the financial year, the Company relinquished its tenement licence EL 8669. Costs totalling \$724,056 associated to that tenement have been written off and expensed in the Statement of Profit or Loss and Other Comprehensive Income. Note that the \$724,056 is inclusive of the \$10,000 security bond associated with that tenement.

| | 2023 \$ | 2022 \$ |
|-------------------------------------|-----------------------|-----------------------|
| 10. Trade and other payables | | |
| Trade creditors | 67,493 | 128,441 |
| Accrued expenses | 41,166 | 19,116 |
| | <u>108,659</u> | <u>147,557</u> |

| | 2023 \$ | 2022 \$ |
|----------------------------|---------------|---------------|
| 11. Provisions | | |
| Provision for annual leave | <u>42,598</u> | <u>53,297</u> |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (continued)**



| | 2023 No. of shares | 2022 No. of shares | 2023 \$ | 2022 \$ |
|------------------------------|-----------------------|-----------------------|------------|------------|
| 12. Issued capital | | | | |
| Ordinary shares – fully paid | 100,000,000 | 100,000,000 | 18,720,731 | 18,720,731 |

(a) Ordinary shares

| Date | No. of shares | Issue price \$ | \$ |
|------------------------------|--------------------|-------------------|-------------------|
| At the beginning of the year | 100,000,000 | | 18,720,731 |
| At the end of the year | <u>100,000,000</u> | | <u>18,720,731</u> |

Ordinary shares

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

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

(b) Capital management

The objectives of management when managing capital is to safeguard the Company's ability to continue as a going concern, so that the Company may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Company's activities, being mineral exploration, the Company does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Company's capital risk management is the current working capital position against the requirements of the Company to meet exploration programmes and corporate overheads. The Company's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements with a view of initiating appropriate capital raisings as required. The working capital position of the Company at 30 June 2023 is as follows:

| | 2023 \$ | 2022 \$ |
|---------------------------|------------------|------------------|
| Cash and cash equivalents | 2,183,421 | 4,231,650 |
| Other current assets | 36,412 | 53,136 |
| Trade and other payables | (108,659) | (147,557) |
| Provisions | (42,598) | (53,297) |
| Working capital position | <u>2,068,576</u> | <u>4,083,932</u> |

13. Share based payment transactions

| | 2023 \$ | 2022 \$ |
|---|----------------|---------------|
| Options – recognised as a share based payment expense | 294,886 | 11,186 |
| | <u>294,886</u> | <u>11,186</u> |

Below are details of share based payments expensed during the financial year:

a) Options issued to Directors and Management as an incentive (*vesting conditions attached*)

On 29 January 2021, 300,000 options were granted to an employee as an incentive for services provided and will be expensed in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period. The fair value of the services could not be reliably measured and therefore, a trinomial model was used to determine the value of the options. The options vested on 1 April 2023 as the employee remained employed.

On 12 August 2022, 2,000,000 options were granted to a Director as an incentive for services provided and will be expensed in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (continued)**



The fair value of the services could not be reliably measured and therefore, a Black Scholes Option Pricing Model was used to determine the value of the options. The options will vest on 12 August 2023 if the Director remains employed.

The expense realised in respect to the options is intended to reflect the best available estimate of the number of options expected to vest.

The inputs have been detailed below:

| Input | Director Options | Management Options | Management Options | Total |
|--|------------------|--------------------|--------------------|------------------|
| Number of options | 2,000,000 | 150,000 | 150,000 | |
| Grant date | 12 August 2022 | 29 January 2021 | 29 January 2021 | |
| Expiry date (years) | 3 | 3 | 3 | |
| Underlying share price | \$0.076 | \$0.18 | \$0.18 | |
| Exercise price | \$0.114 | \$0.30 | \$0.50 | |
| Volatility | 100% | 100% | 100% | |
| Risk free rate | 3.13% | 0.11% | 0.11% | |
| Dividend yield | 0.00% | 0.00% | 0.00% | |
| Value per option | \$0.0419 | \$0.0904 | \$0.0714 | |
| Total fair value of options | \$83,834 | \$13,560 | \$10,710 | \$108,104 |
| Share-based payment expense recognised for the financial year ended 30 June 2023 | \$73,957 | \$4,708 | \$3,719 | \$82,384 |
| Share-based payment expense recognised for the financial year ended 30 June 2022 | Nil | \$6,250 | \$4,936 | \$11,186 |

b) Options issued to Directors and Management as an incentive (*no vesting conditions attached*)

On 25 November 2022, 5,000,000 options were granted to Directors and 1,000,000 options were granted to Management as an incentive for services provided and will be expensed in the Statement of Profit or Loss and Other Comprehensive Income over the vesting period. The fair value of the services could not be reliably measured and therefore, a Black Scholes Option Pricing Model was used to determine the value of the options. All options issued vested immediately.

The inputs have been detailed below:

| Input | Director Options | Management Options | Total |
|--|------------------|--------------------|------------------|
| Number of options | 5,000,000 | 1,000,000 | |
| Grant date | 25 November 2022 | 25 November 2022 | |
| Expiry date (years) | 3 | 3 | |
| Underlying share price | \$0.066 | \$0.066 | |
| Exercise price | \$0.107 | \$0.107 | |
| Volatility | 100% | 100% | |
| Risk free rate | 3.27% | 3.27% | |
| Dividend yield | 0.00% | 0.00% | |
| Value per option | \$0.0354 | \$0.0354 | |
| Total fair value of options | \$177,085 | \$35,417 | \$212,502 |
| Share-based payment expense recognised for the financial year ended 30 June 2023 | \$177,085 | \$35,417 | \$212,502 |

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (continued)**



Set out below is a summary of the movements in options on issue during the financial year:

| Grant date | Expiry date | Exercise price \$ | Balance at the start of the year | Granted | Exercised | Expired/forfeited | Balance at the end of the year |
|------------|-------------|----------------------|----------------------------------|------------------|-----------|-------------------|--------------------------------|
| 5/11/2020 | 31/12/2025 | 0.30 | 12,500,000 | - | - | - | 12,500,000 |
| 24/12/2020 | 24/12/2023 | 0.30 | 2,500,000 | - | - | - | 2,500,000 |
| 29/01/2021 | 31/01/2024 | 0.30 | 150,000 | - | - | - | 150,000 |
| 29/01/2021 | 31/01/2024 | 0.50 | 150,000 | - | - | - | 150,000 |
| 12/08/2022 | 12/08/2025 | 0.114 | - | 2,000,000 | - | - | 2,000,000 |
| 25/11/2022 | 25/11/2025 | 0.107 | - | 5,000,000 | - | - | 5,000,000 |
| 25/11/2022 | 25/11/2025 | 0.107 | - | 1,000,000 | - | - | 1,000,000 |
| | | | 15,300,000 | 8,000,000 | - | - | 23,300,000 |

Weighted average exercise price \$0.30 \$0.11 - - \$0.24

Set out below are the options exercisable at the end of the financial year:

| Grant date | Expiry date | Exercise price \$ | 2023 # | 2022 # |
|------------------|------------------|----------------------|-------------------|-------------------|
| 5 November 2020 | 31 December 2025 | 0.30 | 12,500,000 | 12,500,000 |
| 24 December 2020 | 24 December 2023 | 0.30 | 2,500,000 | 2,500,000 |
| 29 January 2021 | 31 January 2024 | 0.30 | 150,000 | 150,000 |
| 29 January 2021 | 31 January 2024 | 0.50 | 150,000 | 150,000 |
| 12 August 2022 | 12 August 2025 | 0.114 | 2,000,000 | - |
| 25 November 2022 | 25 November 2025 | 0.107 | 5,000,000 | - |
| 25 November 2022 | 25 November 2025 | 0.107 | 1,000,000 | - |
| | | | 23,300,000 | 15,300,000 |

The weighted average remaining contractual life of options outstanding at the end of the financial year was 2.21 years (2022: 3.14 years).

14. Reserves

Reserves

Share based payment reserve

2023
\$

2022
\$

1,864,979 1,570,093

Movements

Balance at beginning of year

Share based payments recognised as an expense in the statement of profit or loss and other comprehensive income

1,570,093 1,558,907

294,886 11,186

Balance at end of year

1,864,979 1,570,093

15. Key management personnel disclosures

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

| | 2023 \$ | 2022 \$ |
|------------------------------|----------------|----------------|
| Short-term employee benefits | 386,875 | 409,589 |
| Post-employment benefits | 39,913 | 34,959 |
| Share-based payments | 251,042 | - |
| | 677,830 | 444,548 |

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16. Related party transactions

(a) Key management personnel

Disclosures relating to key management personnel are set out Note 15 and in the Remuneration Report in the Directors' Report.

(b) Other transactions and balances with related parties

Consilium Corporate Pty Ltd, a company of which Mr. Matic is a shareholder and director, is also engaged to perform Company Secretarial and Accounting duties. Per the terms of the agreement, either party may terminate by giving three (3) months written notice to the other. All transactions were made on normal commercial terms and conditions and at market rates. Mr. Matic resigned as Non-Executive Director of the Company on 12 August 2022. During the period 1 July 2022 to 12 August 2022, \$23,441 (2022: \$140,164) (excluding GST) was paid or payable under this agreement.

Magmatic Resources Limited, a company of which Mr. Richardson and Dr. McKinnon are shareholders and directors, are also engaged to provide Management and Administration Services to the Company. During the year ended 30 June 2023, \$58,361 (2022: \$62,021) (excluding GST) was paid or payable under this agreement.

17. Commitments

Exploration and evaluation

The Company is required to maintain current rights of tenure to tenements, which require outlays of expenditure in future financial years. Under certain circumstances, these commitments are subject to the possibility of adjustment to the amount and/or timing of such obligations, however they are expected to be fulfilled in the normal course of operations.

| | 2023 | 2022 |
|---|------------------|------------------|
| | \$ | \$ |
| The Company has tenement rental and expenditure commitments payable of: | | |
| - Not later than 12 months | 773,333 | 753,333 |
| - Between 12 months and 5 years | 1,603,334 | 1,850,000 |
| - More than 5 years | - | 96,667 |
| | 2,376,667 | 2,700,000 |

18. Earnings per share

| | 2023 | 2022 |
|---|---------------|---------------|
| | \$ | \$ |
| Loss after income tax | (1,656,510) | (579,172) |
| | Number | Number |
| Weighted average number of ordinary shares used in calculating basic earnings per share | 100,000,000 | 100,000,000 |
| Basic and diluted loss per share (cents) | (1.66) | (0.58) |

19. Events after the reporting date

On 21 July 2023, Ms Woods was appointed as Joint Company Secretary effective from 21 July 2023.

The Directors are not aware of any other matters or circumstances that have arisen since the end of the financial year, which significantly affected or may significantly affect the operations of the Company the results of those operations, or the state of affairs of the Company in future financial years.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023 (continued)**



20. Contingent assets and liabilities

Contingent assets

The Company had no contingent assets as at 30 June 2023 and 30 June 2022.

Contingent liabilities

The Company had no contingent liabilities as 30 June 2023 and 30 June 2022.

21. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

| | 2023 | 2022 |
|--|---------------|---------------|
| | \$ | \$ |
| Audit and review of the financial statements | 29,370 | 27,966 |
| | 29,370 | 27,966 |

22. Dividends

The Company has not declared nor paid a dividend for the financial year.

23. Cash flow information

(a) Reconciliation of cash flow from operations with operating loss

| | 2023 | 2022 |
|--|-------------|-------------|
| | \$ | \$ |
| Operating loss after income tax | (1,656,510) | (579,172) |
| - Share based payments | 294,886 | 11,186 |
| - Depreciation | 25,639 | 24,139 |
| - Exploration expenditure written off | 724,056 | - |
| Changes in assets and liabilities: | | |
| - Other assets | 3,091 | (965) |
| - Trade and other payables | 11,082 | (62,054) |
| - Exploration expenditure and evaluation | 50,203 | - |
| - Provisions | 195 | 33,770 |

Net cash flow used in operating activities **(547,358)** **(573,096)**

Non-cash investing and financing activities

There were no non-cash investing and financing activities during the year.

24. Financial management

The Company's principal financial instruments comprise cash and short-term deposits. The Company has various other financial assets and liabilities such as other receivables and payables, which arise directly from its operations.

The Company's activities expose it to a variety of financial risks, including, credit risk, liquidity risk, foreign exchange risk and cash flow interest rate risk. The Company is not exposed to price risk.

Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management and objectives.

(a) Market risk

(i) Interest rate risk

The Company is not materially exposed to interest rate risk.

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(b) Credit risk

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

All cash balances are held in Australia.

The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets disclosed within the financial report.

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 default rates.

(c) Liquidity risk

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

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

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

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

Maturity analysis for financial liabilities

Financial liabilities of the Company comprise of trade and other payables. As at 30 June 2023, all financial liabilities are contractually maturing within 60 days.

(d) Foreign exchange risk

The Company is not exposed to any foreign exchange risk.

(e) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. All financial assets and financial liabilities of the Company at the reporting date are recorded at amounts approximating their carrying amount.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

DIRECTORS' DECLARATION

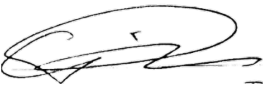
In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors



Glen Diemar
Managing Director

Date: 20 September 2023
Perth

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AUSTRALIAN GOLD AND COPPER LIMITED**

Opinion

We have audited the financial report of Australian Gold and Copper Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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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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.

| Key Audit Matter | How our audit addressed this matter |
|---|--|
| Exploration and Evaluation Refer to Note 9 in the financial statements | |
| <p>The Company has capitalised exploration and evaluation expenditure with a carrying value of \$14,123,933 as at 30 June 2023.</p> <p>We considered this to be a key audit matter due to the significant management judgment involved in assessing the carrying value of the asset including:</p> <ul style="list-style-type: none"> • Determination of whether the expenditure can be associated with finding specific mineral resources, and the basis on which that expenditure is allocated to an area of interest; • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present, and if so, judgments applied to determine and quantify any impairment loss. | <p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Assessing whether the Company's right to tenure of each area of interest is current; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; • Assessing the amount of capitalised exploration and evaluation expenditure written off during the year; • Assessing management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined; and • Enquiring with management and reviewing budgets and other supporting documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future. |

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

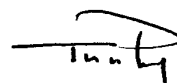
In our opinion, the Remuneration Report of Australian Gold and Copper Limited, for the year ended 30 June 2023, complies with section 300A of the Corporations Act 2001.

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.

A handwritten signature of "RSM" in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read "Tutu Phong".

TUTU PHONG
Partner

Perth, WA
Dated: 20 September 2023

ADDITIONAL INFORMATION

Additional information required by Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 11 September 2023.

(a) Corporate governance statement

The Company's 2023 Corporate Governance Statement has been released as a separate document and is located on our website at <https://www.austgoldcopper.com.au/corporate/>.

(b) Distribution of equity securities

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

| Range | Total Holders | Units | % of Issued Capital |
|-------------------|---------------|--------------------|---------------------|
| 1 – 1,000 | 209 | 92,657 | 0.09 |
| 1,001 – 5,000 | 407 | 1,110,809 | 1.11 |
| 5,001 – 10,000 | 248 | 1,928,984 | 1.93 |
| 10,001 – 100,000 | 455 | 17,447,586 | 17.45 |
| 100,001 and above | 124 | 79,419,964 | 79.42 |
| Total | 1,443 | 100,000,000 | 100 |

Unmarketable Parcels

Minimum \$500.00 parcel at \$0.060 per unit is 764 holders with 2,159,495 shares.

(c) Twenty largest shareholders

The names of the twenty largest holders of quoted ordinary shares are:

| Rank | Name | Units | % of Units |
|--------------|--|-------------------|--------------|
| 1 | NEW SOUTH RESOURCES PTY LTD | 20,000,000 | 20.00 |
| 2 | MAGMATIC RESOURCES LIMITED | 5,637,594 | 5.64 |
| 3 | BILINGUAL SOFTWARE PTY LTD <LET'S GO INVESTMENT A/C> | 5,092,892 | 5.09 |
| 4 | GOLD FIELDS AUSTRALIA PTY LTD | 2,666,667 | 2.67 |
| 5 | ASHFORD PROPERTIES PTY LTD <SOUNDTRACK A/C> | 2,500,000 | 2.50 |
| 6 | MR MARC DAVID HARDING | 2,047,392 | 2.05 |
| 7 | SANCOAST PTY LTD | 2,000,000 | 2.00 |
| 8 | MR MATTHEW JAMES PENNY <JUST THE TIP A/C> | 1,500,069 | 1.50 |
| 9 | SHOWCITY PTY LTD | 1,300,000 | 1.30 |
| 10 | MS CAM-PHUONG THI NGUYEN | 1,005,000 | 1.01 |
| 11 | IGME PTY LTD <THE IGME FUND A/C> | 1,000,000 | 1.00 |
| 12 | MULTITASK INTERNATIONAL PTY LTD <THE BRUCE DAVEY OZ A/C> | 1,000,000 | 1.00 |
| 13 | WALKINGTON PROPERTY NOMINEES (NO 2) PTY LTD <PETER WALKINGTON S/FUND A/C> | 1,000,000 | 1.00 |
| 14 | DIEMAR & ASSOCIATES PTY LIMITED <SUPER FUND A/C> | 925,000 | 0.93 |
| 15 | TRE PTY LTD <TIME ROAD SUPERANNUATION A/C> | 900,000 | 0.90 |
| 16 | SOUTHERN STEEL INVESTMENTS PTY LTD | 817,891 | 0.82 |
| 17 | EST MR PETER PIOTR MACKOW | 810,000 | 0.81 |
| 18 | MR DAVID RICHARDSON + MRS RYOKO RICHARDSON <D&R RICHARDSON S/F A/C> | 801,909 | 0.80 |
| 19 | MR MARK BENEDICT FORSTMANN + MS JOANNE LOUISE LARRATT <MARK FORSTMANN S/F A/C> | 800,000 | 0.80 |
| 20 | MR MATTHEW DAVID DUNN + MRS TRACY JANE DUNN | 750,000 | 0.75 |
| Total | | 52,554,414 | 52.57 |

(d) Substantial shareholders

The names of substantial shareholders and the number of equity securities as disclosed in their most recent substantial shareholder notices received by the Company are:

| Holder Name | Shares |
|-----------------------------|------------|
| New South Resources Pty Ltd | 20,000,000 |
| Magmatic Resources Limited | 5,637,594 |
| David Richardson | 5,894,801 |

ADDITIONAL INFORMATION**(e) Voting rights**

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

(f) The number of restricted equity securities / securities subject to voluntary escrow

There are no restricted equity securities or securities subject to voluntary escrow.

(g) Unlisted Securities

The following options are on issue:

- 1 optionholder holding 150,000 unlisted options with an exercise price of \$0.30 expiring 31 January 2024
- 1 optionholder holding 150,000 unlisted options with an exercise price of \$0.50 expiring 31 January 2024
- 1 optionholder holding 2,500,000 unlisted options with an exercise price of \$0.30 expiring 24 December 2023
- 1 optionholder holding 1,000,000 unlisted options with an exercise price of \$0.30 expiring 31 December 2025
- 4 optionholders holding 11,500,000 unlisted options with an exercise price of \$0.30 expiring 31 December 2025
- 1 optionholder holding 2,000,000 unlisted options with an exercise price of \$0.114 expiring 12 August 2025
- 5 optionholders holding 6,000,000 unlisted options with an exercise price of \$0.107 expiring 25 November 2025

(h) Schedule of tenements

| Project | Tenement | Location | Percentage Ownership | Status | Registered Holder |
|------------|----------|----------|----------------------|---------|------------------------------------|
| Moorefield | EL 7675 | NSW | 100% | Granted | Australian Gold and Copper Limited |
| Ootha | EL 9536 | NSW | 100% | Granted | Australian Gold and Copper Limited |
| Cargelligo | EL 8968 | NSW | 100% | Granted | Australian Gold and Copper Limited |
| Rast | EL 9336 | NSW | 100% | Granted | Australian Gold and Copper Limited |
| Nyora | EL 9561 | NSW | 100% | Granted | Australian Gold and Copper Limited |
| Gundagai | EL 8955 | NSW | 100% | Granted | Australian Gold and Copper Limited |