KGL RESOURCES

30 June 2023 \ ANNUAL REPORT

KGL RESOURCES

Contents

KGL RESOURCES

Corporate Directory

Name of Company Secretary

Kylie Anderson

Address of Registered Office

KGL Resources Limited
Level 5, 167 Eagle Street
Brisbane QLD 4000
07 3071 9003

Name and Address of Share Registry

Link Market Services Limited
Tower 4, 727 Collins Street
Melbourne VIC 3008

Securities Exchange Listing

Quotation has been granted for the unrestricted ordinary shares of the Company on all Member Exchanges of the Australian Securities Exchange.

Message from the Executive Chairman

Dear Shareholders

In 2023, KGL made significant progress in advancing the high-grade Jervois Copper Project in the Northern Territory towards a final investment decision.

The company completed a Feasibility Study for the project in November 2022, which confirmed the project is technically robust and financially viable, with an initial estimated mine life of 11.5 years.

However, global inflation, elevated fuel prices, labour shortages and supply chain constraints continue to impact all aspects of the Australian economy and mining particularly, creating uncertainty in operations and projects alike. KGL continued to progress optimisation studies to improve key project value drivers and identify opportunities for productivity improvements to support project financing options. This includes work on the mine plan to double the size of the mining equipment, which increases the mining rate, reduces labour requirements and capital expenditure, while delaying the need for development of the underground mine. Proposed process plant configuration enhancements will also reduce the amount of labour required on-site for construction and increase the annual processing rate. We are continuing to work with key contractors, each level of government and the local community to ensure we can deliver a cost competitive project, on time and on budget.

Consistent with KGL's dual track value creation strategy of progressing project development and growing the high-grade resource, KGL maintained a focus on growing the resource base to target an extension of mine life during the year, given the robust long-term outlook for copper prices. Drilling during the past 12 months successfully increased the Jervois mineral resource to 23.8 million tonnes at 2.02% copper, 25.3 g/t silver and 0.25 g/t gold (Cu Equivalent 2.3%). KGL continues to target near mine extensions along strike and at depth for Reward and Rockface, which has the potential to add considerable value for shareholders.

The distinctive J-shape of the outcropping mineralised system has a strike length of some 12 km. The Jervois and Unca Creek deposits remain under-explored and highly prospective for high grade copper, gold and silver. Our understanding of the geological structures continues to grow and utilising state of the art exploration methods, our focus going forward will be on identifying additional high grade near mine extensions to the current resource.

Developing projects in this challenging environment requires an experienced team of professionals with a strong track record in mine development. In that regard, KGL was pleased to announce in April 2023 the appointment of Brian Gell to the company as a non-executive director. Brian's 40 years of industry experience will be of considerable value as KGL focuses on building an experienced team to progress the project along the development pathway

Surging demand for copper – driven by the clean energy transition, together with supply challenges, has analysts forecasting a chronic shortfall in copper over at least the next decade.

The major industrialised economies are increasingly recognising that copper is both strategic and critical to their economic and national security. It is also essential in modern technologies and in the decarbonisation and further electrification of the global economy, as part of the clean energy transition. They are also increasingly aware that dependence on foreign sources of critical materials creates a strategic vulnerability in their economy and military, in the face of adverse foreign government actions, natural disasters, and other events that could disrupt supplies.

KGL is well positioned with necessary approvals to bring the high-grade Jervois copper project into production at a time when the world is expected to be faced with a chronic shortfall in copper, bringing opportunities for jobs and economic development to the Northern Territory and supporting the country's strategic goals of building a globally competitive critical minerals industry.

As always, I thank the Jervois stakeholders, in particular the Central Lands Council, the Bonya community, Lucy Creek and Jervois Station pastoralists and the Northern Territory government for their ongoing support. I'd like to thank our employees for their contributions over the past 12 months and look forward to moving the Jervois Copper Project along the development pathway and into production.

And to our loyal shareholders, I thank you for your patience, confidence, and support of the company.

Denis Wood
Executive Chairman
Brisbane

Dated: 21 September 2023

Operations Review

KGL Resources Limited (**KGL**, the **Company**) has continued to progress the Jervois Copper Project (**Project**) development through the year ended 30 June 2023 whilst managing the impacts of several macroeconomic challenges, including a slowdown in global economic growth, falling equity markets, and a peak in global inflation, which continues to affect pricing and availability of raw materials, equipment, contractors, and skilled labour.

The key milestones achieved during the year were:

- ✔ Completion of Bellbird resource update, first published on the ASX on 14 September 2022. These resources were used in the feasibility study mine plan.
- ✔ Upgraded Jervois Copper Project JORC Resources of **23.8Mt for 481.2Kt Copper at 2.02% Cu, 19.3M oz Silver 25.3 g/t Ag and 189.6 koz Gold 0.25 g/t Au**[1].
- ✔ Maiden JORC Measured Resource reported with resource categories within Bellbird deposit's open pit mine design consisting of 85% Measured, 14% Indicated and 1% Inferred Resource.
- ✔ Published the Jervois Copper Project Feasibility Study in November 2022, and using a long-term copper price of US$4.23/lb; the Project is expected to have a Net Present Value (**NPV**) (8% real, after-tax) of A$241 million, an Internal Rate of Return (**IRR**) of 20.7%, and a simple payback of 4.2 years.
- ✔ Collaborated closely with primary preferred contractors to enhance the efficiency of the process plant and mining strategy. Facilitated contract discussions with these experienced providers, covering aspects of construction, mining, and ongoing operations.
- ✔ Continued exploration drilling program for potential near mine extensions and preparation for Downhole-Electromagnetic (**DHEM**) surveys which commenced in August 2023.

FEASIBILITY STUDY AND PRE-FID WORK STREAMS

The current work streams include mine plan optimisation and negotiation of contracts with experienced contractors for construction, mining, and operations. The Company is also implementing a risk management plan which is critical to being able to meet delivery timelines and desired outcomes. Project commencement will be subject to market conditions but anticipated copper deficits and higher incentive prices for copper are likely to improve development options and returns to shareholders.

EXPLORATION

KGL is concentrating its exploration efforts on enhancing the high-quality deposit at the Jervois Copper Project, considering the projected ongoing shortage of copper in the coming ten years. The recent favourable outcomes from drilling at Marshall Deeps and Rockface highlight the possibility of enlarging the high-grade deposit. This expansion could lead to an extension in the Project's lifespan, resulting in enhanced capital efficiency, increased cashflow, and improvements in the Jervois Copper Project's internal rate of return.

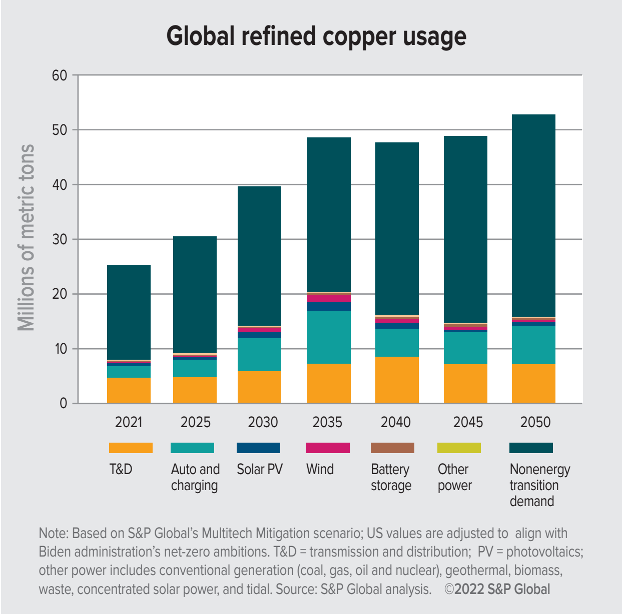
DOWNHOLE

A summary of the Reserves and Resources for the Jervois Copper Project can be found on page 6 of the annual report.

1 Resource update reported to the ASX on 14 September 2022.

COPPER MARKET

The copper market is set to experience a significant surge in demand over the course of the next decade, due to an acceleration in the adoption of renewable energy, electric vehicles, and associated infrastructure which all require copper. A recent report by S&P Global estimates that demand for refined copper will double from 25 million tonnes in 2020 to around 50 million tonnes by 2035. This increase in demand is in line with global carbon reduction targets and the push towards a greener economy, as virtually all governments have committed to the broad-based adoption of electric vehicles, clean transportation, and net-zero electricity grids.



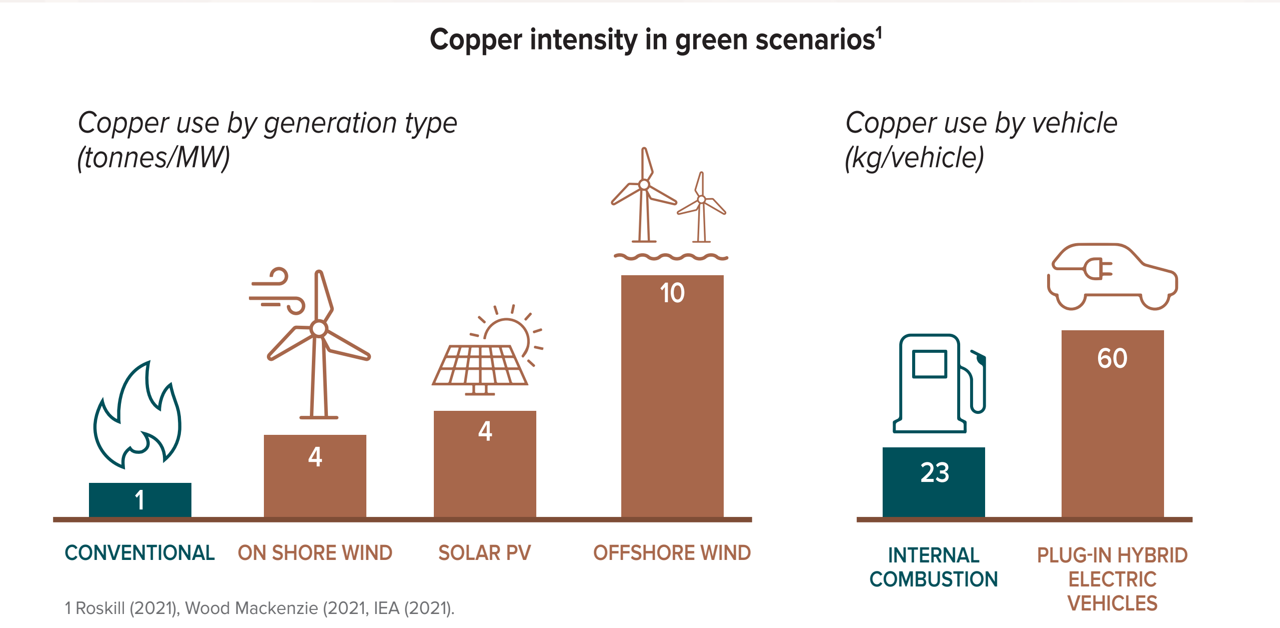
Note: Based on S&P Global's Multitech Mitigation scenario; US values are adjusted to align with Biden administration's net-zero ambitions. T&D = transmission and distribution; PV = photovoltaics; other power includes conventional generation (coal, gas, oil and nuclear), geothermal, biomass, waste, concentrated solar power, and tidal. Source: S&P Global analysis. ©2022 S&P Global

The International Energy Agency estimates the world will need 700 million tonnes of copper over the next 20 years to meet its Paris Agreement climate goals.Countries are accelerating their adoption of clean energy alternatives to fossil fuels to reduce emissions, but also to target energy security, economic resilience (by reducing long-term energy prices) and to reindustrialise their ailing economies. Recent concerns over the security of supply chains support the European Union's (**EU**) decision to add copper to its list of critical raw materials in an attempt to bolster supplies.

The US 2022 Inflation Reduction Act, which has allotted $370 billion in tax credits and other incentives to de-risk the green energy transition, and the RePowerEU Plan proposed by the EU aimed at rapidly decreasing the EU's dependency on Russian fossil fuels highlight that energy in particular is now a matter of national security, as are the technologies and resources required to decarbonise.

The longer-term prospects for copper are supported by global decarbonisation goals, ongoing Chinese demand, the emergence of India, and remilitarisation after Russia's invasion of Ukraine.

Copper intensity (the amount of copper utilised per unit of GDP) is also rising, indicating that society is becoming more copper-dependent. This trend is attributed to the shift towards greener technologies, which are highly copper-intensive. Renewable energy technologies are 4x to 10x more copper intensive than conventional energy production. In addition, the weather dependent and variable output of solar and wind power creates the need to install three times more megawatts for the same amount of energy produced.



1 Roskill (2021), Wood Mackenzie (2021, IEA (2021).

However, this surge in demand is met with significant supply challenges. Declining grades and reserves from existing mines, a lack of new discoveries despite increased exploration budgets, an extended approval process of an average of 16 years from discovery to production and increased regulatory and political uncertainty in the two largest copper producing countries, Chile and Peru, contribute to these challenges.

According to a study by Mining Intelligence, operating mines currently have an average grade of 0.53% while copper projects under development have an average grade of 0.39%. (Figure 1)

Rio Tinto Group's copper division CEO, Bold Baatar, notes that long permitting times will create challenges for miners trying to respond quickly to the increased demand for copper. The development of brownfield projects takes years, and greenfield projects often take even longer. Accelerated alignment on permitting is required to address these challenges.

The supply challenges are further compounded by the depletion of already low copper stockpiles.

Copper prices have weakened in the first few months of 2023 as new supplies came online while Chinese demand remains subdued and amidst concerns about a global economic recession.

However, copper is essential for the decarbonisation of the global economy and market analysts believe the current weakness in pricing is temporary.

The positive outlook for copper prices in the longer term remains intact. Glencore plc's CEO, Gary Nagle, stated that a "huge" copper shortage will impact global supply between now and 2030, with a projected cumulative gap between demand and supply of 50 million tonnes between 2022 and 2030. Goldman Sachs forecasts that copper could hit $10,500 a tonne in the near term before reaching $15,000 by 2025, also the view of Citigroup analysts.The development of the Jervois Copper Project is set to coincide with a significant surge in copper demand driven by the adoption of electric vehicles and renewable energy together with associated infrastructure with a chronic shortfall in copper forecast to occur over the next decade. (Figure 2)

A significant increase in the incentive price for copper is required to attract the required investment in new supply to meet forecast demand. However, this is unlikely to be in time to address the chronic shortages in copper expected to occur from the second half of this decade. The recent softening in economic growth forecasts has likely further restrained investment in new supply. (Figure 3)

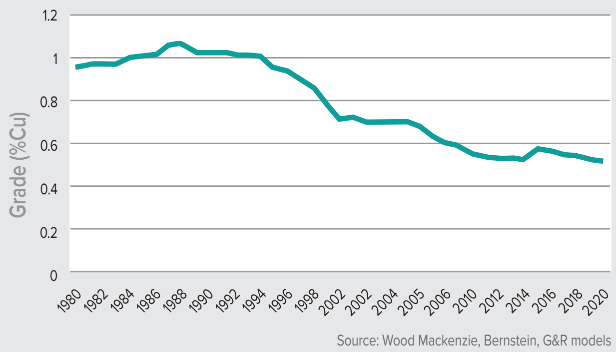


Figure 1 Average copper grades of ore mined, 2005-2020 (Source: AME, company reports)

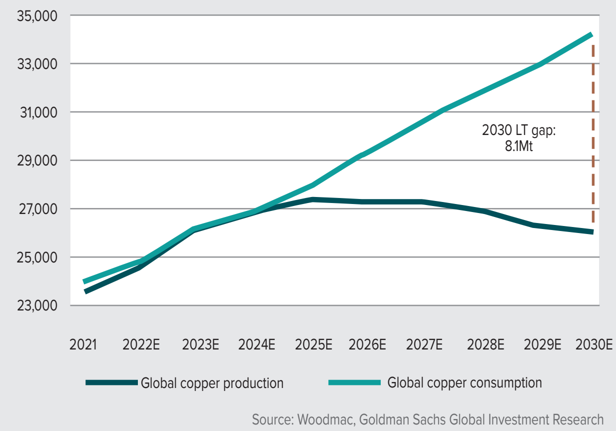


Figure 2 BHP estimates that copper potentially needs around US$250 billion of investment by 2030 to address the forecast increase in demand.

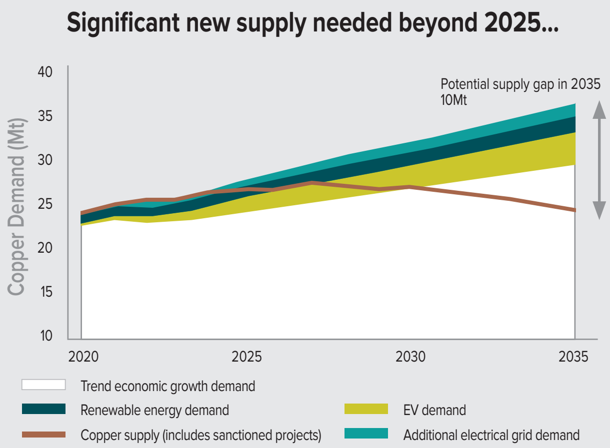


Figure 3

Reserves and Resources Table

RESOURCE			MINERALISED MASS	GRADE			METAL		
	Area	Category	(Mt)	Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)
Open Cut Potential > 0.5 % Cu*	Reward	Indicated	3.84	1.80	39.4	0.31	69.1	4.9	38.2
		Inferred	0.65	0.92	9.2	0.07	5.9	0.2	1.5
	Bellbird	Measured	1.23	2.53	15.1	0.14	31.2	0.6	5.6
		Indicated	1.26	1.45	9.1	0.17	18.2	0.4	6.8
		Inferred	1.02	1.24	10.6	0.12	12.7	0.3	4.0
	Sub Total		**8.00**	**1.71**	**24.8**	**0.22**	**137.1**	**6.4**	**56.1**
Underground Potential > 1 % Cu*	Reward	Indicated	4.78	2.12	42.6	0.45	101.6	6.6	69.2
		Inferred	4.32	1.56	19.6	0.20	67.3	2.7	27.8
	Bellbird	Indicated	0.33	2.33	19.8	0.14	7.8	0.2	1.5
		Inferred	2.84	2.09	12.3	0.11	59.1	1.1	9.7
	Rockface	Indicated	2.80	3.37	21.4	0.23	94.3	1.9	21.1
		Inferred	0.73	1.92	19.0	0.18	14.0	0.4	4.2
	Sub Total		**15.80**	**2.18**	**25.5**	**0.26**	**344.1**	**13.0**	**133.5**
		Measured	1.23	2.53	15.1	0.14	31.2	0.6	5.6
		Indicated	13.01	2.24	33.3	0.33	291.0	13.9	136.9
		Inferred	9.55	1.67	15.7	0.15	159.0	4.8	47.1
TOTAL			**23.80**	**2.02**	**25.3**	**0.25**	**481.2**	**19.3**	**189.6**

Refer to ASX releases for resources update – 14 September 2022

* Cut-off grades: 0.5% Cu above 200m RL, 1% Cu below 200m RL; Note: 200m RL is 150m below surface. Due to small rounding errors, table may not add.

RESERVES		Ore (Mt)	Cu grade (%)	Cu (kt)	Au (g/t)	Au (koz)	Ag (g/t)	Ag (Moz)
Reward Open-Cut	Probable Reserve	2.34	1.73	40.6	0.34	25.7	38.5	2.9
Reward Underground	Probable Reserve	1.82	2.30	41.9	0.64	37.6	30.2	1.8
Marshall Underground	Probable Reserve	2.98	1.57	46.7	0.23	21.6	43.2	4.1
Bellbird Open-cut	Proven Reserve	1.40	2.07	29.1	0.12	5.2	12.3	0.6
	Probable Reserve	0.44	1.12	5.0	0.06	0.9	5.9	0.1
	Reserves Total	**1.84**	**1.84**	**34.0**	**0.10**	**6.1**	**10.8**	**0.6**
Bellbird Underground	Probable Reserve	0.43	1.77	7.7	0.09	1.2	14.2	0.2
Rockface Underground	Probable Reserve	2.31	3.26	75.3	0.23	17.0	21.3	21.3
Proven Reserve		1.40	2.07	29.1	0.12	5.2	12.3	0.6
Probable Reserve		10.33	2.10	217.1	0.31	104.0	32.1	10.7
RESERVES TOTAL		**11.73**	**2.10**	**246.2**	**0.29**	**109.2**	**29.8**	**11.2**

Quantities and grades in the above table may not add exactly due to rounding or weighting.

COMPETENT PERSON STATEMENT AND COPPER EQUIVALENT CALCULATION

The Jervois Resources information were first released to the market on 14/09/2022 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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 announcement.

The Jervois Reserves information were first released to the market on 10/11/2022 and complies with JORC 2012. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. 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 announcement.

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Copper Equivalent Calculation

CuEq = Cu grade + [((Ag price x Ag rec) / (Cu price x Cu rec)) + ((Au price x Au rec) / (Cu price x Cu rec))]

METAL	GRADE	UNIT	RECOVERY %	MARKET PRICE	CuEq %	
Cu	2.02	%	92.2	$8,388	2.02	
Ag	25.3	g/t	71.3	$23.42	0.18	
Au	0.25	g/t	51.2	$1,942	0.10	
					2.30%	Cu Equiv

Cu Recovery %	92.20%
Ag Recovery %	71.30%
Au Recovery %	51.20%
CuEq	2.30%

June 2023 monthly average prices.

Metallurgical recoveries were first released to the ASX on 10 November 2022 as part of the Feasibility Study.

"*Metallurgical recoveries are based on data sourced from over a dozen metallurgical programs undertaken between 2012 and 2022. The most recent metallurgical test work focussed on locked-cycle testing to update and improve metallurgical algorithms. The metal recovery algorithms developed, combined with the production schedule, forecast an average metal process recovery of 92.2% for copper, 71.3% for silver and 51.2% for gold. These recoveries for silver and gold have been applied to the CuEq.*"

It is the Company's opinion that all the elements included in the metal equivalents calculation have a reasonable potential to be recovered and sold.

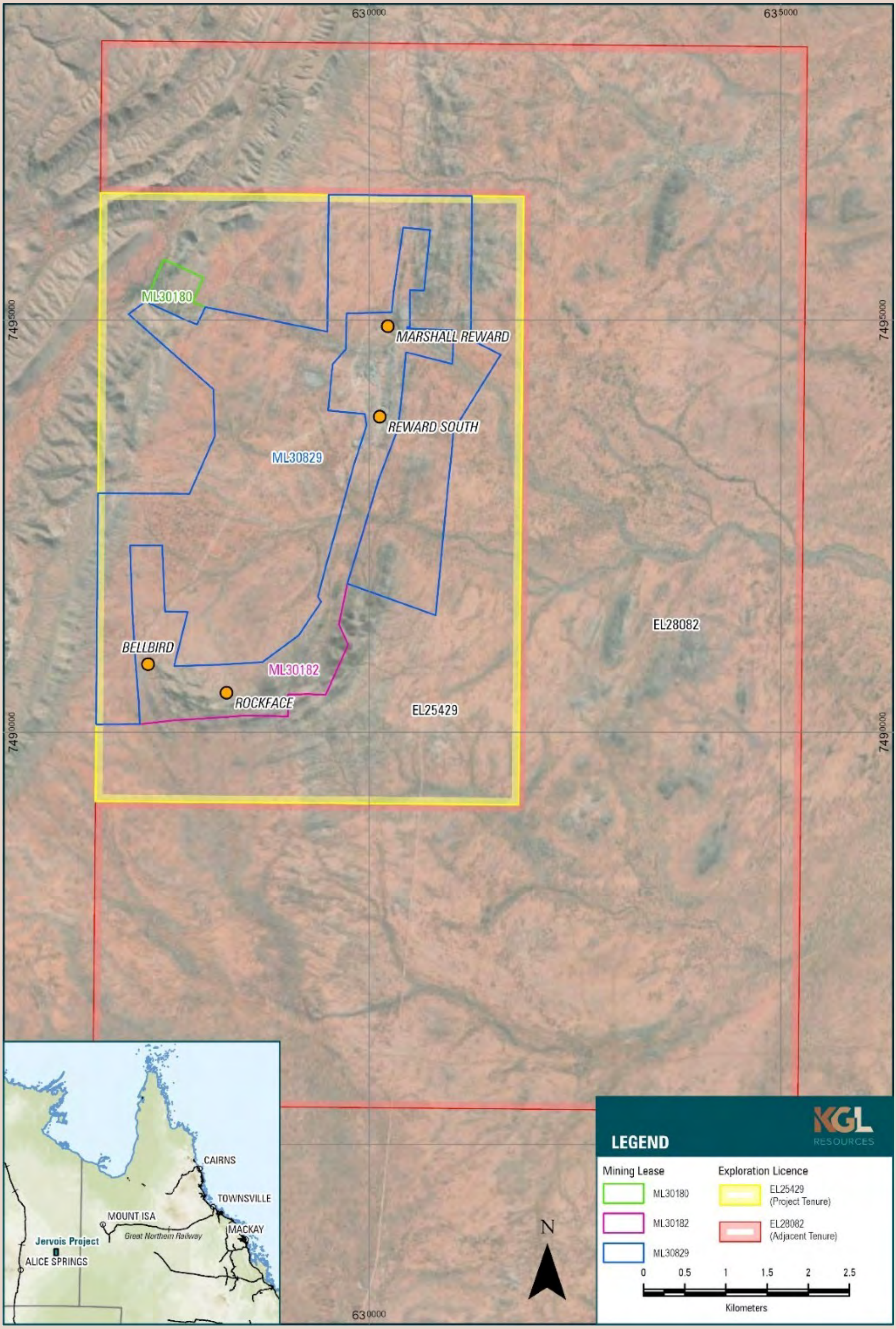
Tenement Map and Holdings

The Company's current tenement holdings cover over 600km^2 including 19.5km^2 Jervois Mining Leases, 37.9km^2 Jervois Exploration Licences and 72.7km^2 Unca Creek Exploration Licence.

TENEMENT NUMBER	PROJECTS	BENEFICIAL HOLDING	EXPIRY
ML 30180	Jervois Project, Northern Territory	100%	27/01/2034
ML 30182	Jervois Project, Northern Territory	100%	25/03/2034
ML30829	Jervois Project, Northern Territory	100%	17/08/2032
ML 32277	Jervois Project, Northern Territory	100%	17/08/2032
EL 25429	Jervois Project, Northern Territory	100%	01/02/2023
EL 30242	Jervois, Northern Territory	100%	25/11/2022
EL 28340	Yambah, Northern Territory	100%	03/07/2023*
EL 28271	Yambah, Northern Territory	100%	05/04/2023
EL 28082	Unca Creek, Northern Territory	100%	29/12/2023

* Renewal documentation has been lodged 16 June 2023

JERVOIS PROJECT TENEMENTS



Sustainability

KGL has recently published its 2023 Sustainability Report, marking the Company's commitment to releasing such reports periodically, reflecting activities across the reporting period. The report encompasses the operations and strategies of KGL and its major wholly owned subsidiaries, which include Jinka Minerals Ltd and Jervois Operations Pty Ltd.

KGL is dedicated to enhancing its sustainability reporting framework, as detailed in the report. Each year, the Company will gather, analyse, and publish data to demonstrate advancements made in alignment with sustainability objectives and goals. Concurrently, KGL aims to harmonise its sustainability and Environmental, Social and Governance (**ESG**) reporting methodology with pertinent international standards and models suitable for a company of its scale, particularly as it progresses through the phases of project construction and operation.

Progress achieved in the reporting period encompasses:

- KGL's persistent emphasis on health and safety, achieved through vigilant monitoring, continuous updates, and effective controls of its operations. The welfare of its workforce remains paramount, with a strong focus on their safety and health.
- Ongoing interaction with key local stakeholders and site visits to ascertain pivotal sustainability aspects relevant to both the community and the business. This includes refining the initial set of overarching sustainability goals, targets, and performance metrics.
- The Company's sustained support for local community events, exemplified by participation in the sponsorship of the Harts Range races, along with facilitating the travel of two Bonya community athletes to Darwin for state-level championships.
- Reiteration of the Company's dedication to employing local personnel and engaging local businesses, leading to an increase in the local workforce during the year.
- Active management of environmental responsibilities and compliance with reporting mandates outlined in KGL's approved Mining Management Plan.
- Furthering of KGL's commitment to reduce the Jervois Copper Project's carbon footprint, through the introduction of a wind study LiDAR trailer at the Project site during the year.

KGL's development trajectory involves the integration of sustainability as a foundational business practice, signaling the transition from an exploration-focused entity to a full-fledged developer.

Corporate Governance Statement as at 30 June 2023

In the last 12 months, KGL Resources Limited (**KGL**, the **Company**) has been focused on consolidating the Project fundamentals of the Jervois Copper Project with the aim of advancing the Project to Final Investment Decision. During this time, there have been a number of changes at both the Board and executive level. Over the years, the Company has developed a strong corporate governance framework representative of the size and stage of development of the Company, which have been detailed in previous corporate governance statements.

The current size and composition of the Board has resulted in some changes to the way that governance matters are dealt with but the Board considers this appropriate for the development status of the Company.

The Company has been undertaking a recruitment search for appropriately qualified persons to fill the Chief Executive Officer position and to add independent directors to the Board.

LAYING SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

THE BOARD CHARTER

The over-riding responsibility of the Board, as set out in the Board Charter, is to act honestly, fairly, diligently and in accordance with the law in serving the interests of the Company's shareholders, as well as its employees and its customers. The Board should work to promote and maintain an environment within the Company that establishes these principles as basic guidelines for all of its employees and representatives at all times.

More specifically, the role of the Board is to provide strategic guidance for the Company and to effectively oversee management of the Company.

The Board Charter sets out the Board's responsibilities as:

- overseeing the Company, including its control and accountability systems,
- appointing and removing senior executives and monitoring their performance,
- determining and approving the levels of authority to be given to senior executives in relation to operational expenditures, capital expenditures, contracts and authorising any further delegations of those authorities by senior executives to the other employees of the Company,
- approval of corporate strategy, financial plans and performance objectives,
- reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance,
- monitoring occupational health, safety and environmental performance and compliance, and ensuring commitment of appropriate resources,
- evaluating, approving and monitoring major capital expenditure, capital management and all major corporate transactions, including the issue of securities of the Company; and
- approving all financial reports and material reporting and external communications by the Company.

To effectively carry out its responsibilities, the Board delegates all other functions to the Executive Chairman.

Management, led by the Executive Chairman, is responsible for running the affairs of the Company under delegated authority from the Board, and implementing the policies and strategies set by the Board. The Executive Chairman must report to the Board in a timely manner and ensure all reports to the Board present a true and fair view of the Company's financial position and operating results.

A copy of the Board Charter can be found on the Company's website www.kglresources.com.au.

The Board Charter is reviewed at least every two years to ensure it is in line with the legislative and regulatory requirements and leading practice.

NOMINATION AND APPOINTMENT OF DIRECTORS

Before a director is appointed, the Board undertakes appropriate evaluations including in-depth interviews and reference checks. All members of the Board are given the opportunity to interview the potential appointee.

Where a director is standing for election or re-election, the Notice of Meeting, including the

Explanatory Memorandum, will set out information on the director including qualifications and experience, independence status and the recommendation of the rest of the Board on the resolution. A statement as to whether the Board supports the election/re-election of each director standing for election is provided.

Additionally, a detailed profile for each director is included in the Company's Annual Report.

TERMS OF APPOINTMENT FOR DIRECTORS AND EXECUTIVES

Each director executes a Letter of Appointment with the Company prior to appointment as a director. The Letter of Appointment covers the following key terms:

- performance requirements in terms of Board meetings and matters under consideration,
- key responsibilities and powers as detailed in the Board Charter,
- conditions of continuing in the role of director,
- membership of committees,
- remuneration,
- consideration of independence; and
- ability to seek independent advice.

A separate Deed of Insurance and Indemnity is executed by each director.

Details of each director's and key management personnel's employment terms and conditions are also provided annually in the Remuneration Report as part of the Directors' Report.

Details of the Executive Chairman's remuneration package were detailed and disclosed in an ASX announcement on 22 October 2022.

All other executives are employed under an employment agreement which sets out the employment terms, duties and responsibilities, remuneration details and the circumstances under which employment can be terminated.

COMPANY SECRETARY

The company secretary reports solely to the Board and communication between the directors and the company secretary is open and unfettered. The company secretary advises the Board and its committees on governance matters, attends and takes minutes at all Board meetings, communicates with the ASX and ASIC on all regulatory matters, monitors adherence to Board policies and procedures and retains professional advisors at the Board's request.

DIVERSITY POLICY

The Company believes in equal opportunities for all of its people and recognises that its business benefits from the diversity of its people. The Company has a Diversity and Inclusiveness Policy and is committed to developing a diverse and inclusive workforce and providing a respectful environment free from discrimination.

The Company believes that recruitment and promotion of people should be based on merit, regardless of race, gender or gender orientation, age, relationship or family status, disability, sexual orientation, nationality, political or religious beliefs, or any other factor not relevant to an employee's competence and performance. The Company is focused on eliminating bias in all its forms. No form of unlawful discrimination will be tolerated.

Given the size of the Company, the Board has not set measurable objectives for achieving gender diversity however there has been progress made in recruiting women into what is considered a traditionally male dominated industry. With 21 full time employees, 9 are female.

Women occupy the senior positions of Chief Financial Officer, Environment and Cultural Compliance Manager and Company Secretary.

The Company is not a 'relevant employer' as defined under the *Workplace Gender Equality Act*.

A copy of the Diversity and Inclusiveness Policy can be found on the Company website www.kglresources.com.au.

BOARD EVALUATION

The Company is currently a small single project company. It is yet to develop a procedure for evaluating the performance of the Board as the outcomes related to the project align with the outcomes required of the Board. As the Company advances the development of the Jervois Copper Project, consideration will be given to how best to structure a Board performance review.

SENIOR EXECUTIVE EVALUATION

As the Company advances the Jervois Copper Project, consideration will be given to the appropriate structure of the executive roles within the Company. As positions are filled, the Board, in conjunction with the Remuneration Committee, will consider the processes for evaluating the performance of senior executives.

STRUCTURING THE BOARD TO BE EFFECTIVE AND ADD VALUE

NOMINATION COMMITTEE

The Board has the structure and policies for a Remuneration Committee that considers matters of nomination as part of its function. The Committee is currently comprised of two independent directors as a result of the Company currently having only four directors, two of whom are independent non-executive directors. Although the composition and function of the Board subcommittees have been restricted, the Board has ensured that some subjects previously dealt with at a subcommittee level, have been elevated to the full Board for appropriate consideration of the relevant matters.

The current Committee members are:

Mr Jeff Gerard (Chairman, Independent Non-executive Director),

Mr Brian Gell (Independent Non-executive Director).

The details of meetings held and attendances by Committee members can be found in the Directors' Report.

The Remuneration Committee Charter is listed on the Company's website under the Corporate Governance section.

BOARD SKILLS

Directors recognise the following skills as being either essential or desirable to the effective operation of the Board. An assessment is made as to whether these skills are required from the members of the Board or whether they are better sourced through a consultant. External consultants have been used on a limited basis.

Skills required:

- strategic thinking:
  - the ability to think strategically and identify and critically assess strategic opportunities and threats and develop effective strategies in the context of the strategic objectives of the Company.
- financial expertise:
  Qualifications and experience in accounting and/or finance and the monitoring of financial performance including:
  - oversight of budgets and efficient use of resources,
  - analysis of financial statements,
  - critical assessment of financial viability and performance,
  - strategic financial planning capabilities, and
  - oversight of funding arrangements and accountability.
- legal expertise:
  - formal legal qualifications, and /or
  - understanding of the legal framework in which companies operate.
- risk and compliance oversight experience:
  - the ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance, and
  - the monitoring of risk and compliance management frameworks and systems.
- corporate governance expertise:
  - knowledge and experience in best practice corporate governance, particularly in the context of listed company requirements, including Corporate Governance Guidelines.
- experience with major transactions:
  - experience at a board level of overseeing and managing large acquisitions, divestments, joint ventures etc.
- financial/equity market experience:
  - an understanding of the fundamentals and operation of financial/ equity markets.
- executive level experience including:
  - appointment and evaluation of the performance of senior executives,
  - oversight of strategic human resource management including workforce planning and employee and industrial relations; and
  - oversight of large-scale organisational change.
- commercial and technical experience:
  - a broad range of commercial/business and technical experience.
- metals industry experience:
  - a thorough understanding of the metal/ copper industry, including metals production, key stakeholders, geology and exploration, marketing and logistics.
- mine development and operational experience:
  A thorough understanding of the issues involved in developing and operating a mine in Australia including:
  - knowledge of relevant mining legislation,
  - mine planning, design and feasibility experience,
  - safety and environmental issues,
  - native title requirements,
  - product processing, and
  - infrastructure requirements.

INDEPENDENT DIRECTORS

There have been significant changes in the composition of the Board in the preceding 12 months and currently the Board has two independent, non-executive directors: **Mr Jeff Gerard** and **Mr Brian Gell.**

The Board is actively searching for an additional independent, non-executive director.

The Board has considered the independence of each of the directors and concluded that Mr Gerard and Mr Gell fulfil the conditions of independence.

The length of service of all directors is disclosed in the Directors' Report.

CHAIRMAN AND CEO ROLES

Mr Denis Wood re-joined the Board in March 2022 and became the Executive Chairman of the Board on 18 May 2022.

As previously announced to the ASX, the Company is actively searching for a replacement CEO. On appointment, Mr Wood's role will revert to Non-executive Chairman thus providing a separation between the executive functions and the Board.

DIRECTOR INDUCTION AND PROFESSIONAL DEVELOPMENT

New directors undergo an induction process which includes receiving a briefing from the Chairman and/or CEO of the Company, being provided with copies of all reports and announcements relevant to the Company's recent activities and developments and, when possible, a site familiarisation visit.

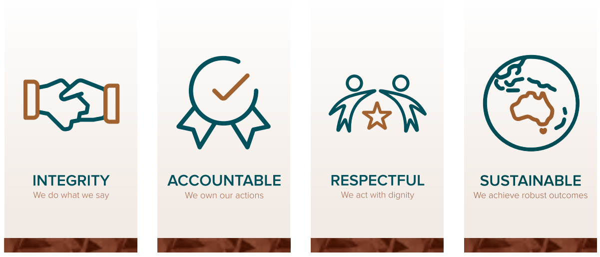
The current Board members have many years' experience, particularly in resources projects, and therefore come with a thorough understanding of what is required to perform their roles as directors. The Board is regularly updated on developments in laws, regulations and accounting standards relevant to the Company.

INSTILLING A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

COMPANY VALUES

The Company has developed a set of guiding principles and norms that define the type of Company it aspires to be, and outline its expectations of directors, senior executives and employees in order to achieve that aspiration.

All policies and procedures use these values as the basis for development.



CODE OF CONDUCT

The Company's Code of Conduct outlines what is expected of everyone who works for the Company with respect to responsibilities to shareholders, employees, customers, suppliers, consumers and the broader community.

The Code of Conduct applies to everyone who works for the Company – directors, officers, employees and contractors – and covers business activities with all stakeholders in Australia and overseas.

The Code of Conduct is to be read in conjunction with the Company's policies and procedures and other relevant documents including employment contracts.

A copy of the Code of Conduct can be found on the Company's website www.kglresources.com.au.

WHISTLEBLOWER POLICY

The Company has introduced a comprehensive Whistleblower Policy that states the Company's commitment to doing business in an open and accountable way through supporting a culture of honest and ethical behaviour. The Company recognises that an important aspect of this is for individuals to feel confident about reporting any concerns they may have about suspicious activity or wrongdoing in relation to business activities without fear of harm or reprisal.

The policy details the process that should be followed to enable the protection of the whistleblower as well as the reporting requirements for issues raised.

A copy of the Whistleblower Policy can be found on the Company's website www.kglresources.com.au.

ANTI-BRIBERY AND CORRUPTION

The Company has an Anti-bribery and Corruption Policy that details its commitment to a zero-tolerance for bribery and corruption in all business dealings in every country it operates in, or procures business or supplies from.

The policy details the objectives that the Company is accountable for and the accountabilities of its employees and contractors.

A copy of the Anti-bribery and Corruption Policy can be found on the Company's website www.kglresources.com.au.

SAFEGUARDING THE INTEGRITY OF CORPORATE REPORTS

AUDIT COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices,
- the Company's risk profile and risk policies,
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The specific responsibilities and functions of the Committee in relation to audit, as set out in the Charter, are:

- assessing whether the Company's external reporting is consistent with the information and knowledge of members of the Audit and Risk Committee and whether it is adequate for the needs of the Company's shareholders,
- assessing the management processes supporting external reporting,
- overseeing the development, implementation and review of the procedures for selection and appointment of the Company's external auditor and for the rotation of external audit engagement partners,
- making recommendations to the Board about the appointment and removal of the Company's external auditor,
- assessing the performance and independence of the Company's external auditors, including confirming that provision of non-audit services by the Company's external auditors has not compromised the auditor's independence (if the Company's external auditor provides non-audit services),
- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes,
- monitoring, reviewing and assessing the propriety of related party transactions, and
- implementing comprehensive risk management systems across the Company.

The Committee is currently comprised of two independent directors as a result of the Company currently having only four directors, two of whom are independent non-executive directors.

The Committee members are:

Mr Brian Gell (Chairman, Independent Non-executive Director),

Mr Jeff Gerard (Independent Non-executive Director).

Although the composition and function of the Board subcommittees have been restricted, the Board has ensured that some subjects previously dealt with at a subcommittee level, have been elevated to the full Board for appropriate consideration of the relevant matters.

The Committee meets with the external auditor without management present on general matters concerning the audit and the financial management of the Company. The Chair of the Audit Committee reports to the Board on the Committee's discussions, conclusions and recommendations.

The Committee reviews the performance of the external auditor, generally after the release of the annual financial statements, to ensure that the auditor has provided an efficient and effective audit. The Committee is responsible for recommending to the Board the removal of the auditor if, in its opinion, the auditor is not meeting the standards required by the Committee. The appointment of new auditors would also be recommended by the Committee. Partner rotation complies with the requirements of the *Corporations Act 2001*.

The qualifications and experience of the Committee members, and the number of meetings attended by each during the reporting period, is detailed in the Company's Directors' Report and/or on the Company's website.

EXECUTIVE CHAIRMAN AND CFO DECLARATIONS

The Company requires the Executive Chairman and Chief Financial Officer to provide the Board with their written opinion stating:

- that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position of the entity in accordance with Section 295A of the *Corporations Act 2001*; and
- That this opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

VERIFICATION OF CORPORATE REPORTS NOT AUDITED

Any periodic corporate reports that are released to the market are prepared or reviewed by the Company's CFO. In relation to the Quarterly Cashflow Report, the Executive Chairman and CFO make a declaration that:

- the financial records of the Company/disclosing entity have been properly maintained in accordance with Section 286 of the *Corporations Act 2001*,
- the financial statements on which the Quarterly Cashflow Report is based are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control systems are operating efficiently and effectively in all material respects.

MAKING TIMELY AND BALANCED DISCLOSURES

CONTINUOUS DISCLOSURE OBLIGATIONS

The Board has approved a Continuous Disclosure Standard (the **Standard**) that sets out what information must be disclosed, what exemptions may apply and the importance of confidentiality. The Standard is applicable to all directors and employees and details how to report potentially disclosable information. Personnel who are authorised to speak on behalf of the Company are approved by the Chairman and the Standard imposes restrictions on the content and timing of briefings.

The ASX Continuous Disclosure Policy is listed on the Company's website www.kglresources.com.au.

ADVICE OF MARKET ANNOUNCEMENTS

All directors receive a copy of the final version of all material market announcements both prior to the announcement being released to the ASX and after confirmation has been received from the ASX that the announcement has been released to the market.

COMPANY PRESENTATIONS

The Company regularly updates its corporate presentations used for investors, the Annual General Meeting and conferences, and provides the ASX with copies of this material prior to the presentations. Additionally, for Annual General Meetings, the Company provides a written transcript of the Chairman's address to these meetings.

RESPECTING THE RIGHTS OF SECURITY HOLDERS

COMPANY DETAILS AND GOVERNANCE ON WEBSITE

The Company's website contains detailed information about its business and projects. Details of the Board members and executive team are also disclosed.

The investor page provides helpful information to shareholders. It allows shareholders to view all ASX and media releases, copies of annual reports and quarterly activities and cashflow statements.

The website also contains the following corporate governance documents:

- KGL Resources Limited Constitution,
- Board Charter,
- Audit and Risk Committee Charter,
- Remuneration Committee Charter,
- Bullying and Harassment Policy,
- Diversity and Inclusiveness Policy,
- Environmental Policy,
- Mental Health and Wellbeing Policy,
- Privacy Policy,
- Securities Trading Policy,
- Whistleblowers' Policy,
- Workplace Health and Safety Policy,
- ASX Continuous Disclosure Policy, and
- Anti-bribery and Corruption Policy.
- People Policy

INVESTOR RELATIONS PROGRAM

The Company has not established a formal investor relations program and the Board considers this appropriate for the Company's stage of development. The Company takes the appropriate measures to keep shareholders informed about its activities and listens to issues or concerns raised by shareholders.

Information is communicated to the members through compliance with ASX Listing Rules and the *Corporations Act 2001* by way of the Annual Report, Half-Yearly Report, Quarterly Activities Reports, Appendix 5B Cashflow Reports, the Annual General Meeting and other meetings that may be called to obtain approval for Board recommendations. In addition to this the Company releases regular progress reports and presentations to ASX to keep members abreast of developments. The Company also maintains a website – www.kglresources.com.au – where all of the Company's ASX announcements and media releases can be viewed at any time.

PARTICIPATION AT MEETINGS OF SECURITY HOLDERS

Notices of meeting sent to shareholders comply with the 'Guideline for Notices of Meeting' issued by the ASX. In relation to the Annual General Meeting (**AGM**), shareholders are encouraged to submit questions before the meeting.

The Chairman encourages shareholders at the AGM to ask questions or make comments about the Company's projects and the performance of the Board and senior management. The Chairman may respond directly to the questions or, at his discretion, refer the question to another director or executive.

The Company has also commenced preparation for more involvement of shareholders in meetings remotely by use of virtual attendance.

SECURITY HOLDER RESOLUTIONS

It is the Company's intention to have all resolutions at Annual and Extraordinary General Meetings decided by a poll, not only those considered to be substantive.

ELECTRONIC COMMUNICATIONS

The Company's Share Registry provides shareholders with an opportunity to register an email address to receive electronic communication of information provided by the Share Registry e.g. advice on Entitlement Offers, Notices of Meetings.

Additionally, the Company provides a subscription service whereby subscribers can receive advice of ASX announcements after their release to the market.

RECOGNISING AND MANAGING RISK

RISK COMMITTEE

The Company has established an Audit and Risk Committee to assist the Board in its oversight of:

- the integrity of the Company's accounting and financial reporting practices,
- the Company's risk profile and risk policies,
- the effectiveness of the Company's system of internal control and framework for risk management; and
- the Company's compliance with applicable legal and regulatory obligations.

The responsibilities and functions of the Committee specific to risk, as set out in the Charter, are:

- reporting to the Board the results of the Audit and Risk Committee's review of the Company's risk management, internal controls and compliance systems and processes,
- ensuring that management has implemented a structured and comprehensive risk management system across the Company,
- reviewing, and approving for recommendation to the Board, guidelines and policies governing the oversight and management of the Company's material business risks, including the processes by which management assesses, manages and controls the Company's exposure to risk; and
- monitoring material changes to the Company's risk profile.

The Committee is currently comprised of two independent directors as a result of the Company currently having only four directors, two of whom are independent non-executive directors.

The Committee members are:

Mr Brian Gell (Chairman, Independent Non-executive Director),

Mr Jeff Gerard (Independent Non-executive Director).

Although the composition and function of the Board subcommittees have been restricted, the Board has ensured that some subjects previously dealt with at a subcommittee level, have been elevated to the full Board for appropriate consideration of the relevant matters.

The Committee, and more generally the Board, has reviewed the risk management framework provided by management. More specifically, a summary is provided to the Board in the monthly CFO report.

RISK MANAGEMENT FRAMEWORK

The Board considers risks specific to each stage of development, and a comprehensive risk assessment is undertaken at each stage. As the Company is rapidly changing, it is considered appropriate to assess risk at each stage of development and following each program.

A risk workshop has been undertaken and a detailed assessment and management strategy has been applied to each of the risk areas identified. The risks have been broadly divided into business risks, project risks and operational risks to enable detailed control mapping and accountabilities to be established.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit function and considers this appropriate for the size of the Company and the stage of its development.

The Audit and Risk Committee meets when required to receive and consider reports, and monitor and discuss, known and emerging risk and compliance issues, including non-financial operational and other business risks.

In support of the functions of the Audit and Risk Committee, the Company's managers are directly responsible for risk management in their respective areas of accountability.

Operational, financial, legal, compliance, strategic and reputational risks continue to be managed primarily by the directors and where appropriate, these risks are managed with the support of relevant external professional advisers. The Board receives monthly reports to ensure that management is appropriately addressing the risks to the Company. Specifically, a compliance register is presented in each monthly report detailing the major items that the Company must adhere to. The register provides specifics of actions taken to ensure compliance.

MATERIAL EXPOSURE TO ENVIRONMENTAL OR SOCIAL RISKS

Material environmental and social risks are dealt with as part of the Sustainability Report which is updated on an annual basis.

REMUNERATING FAIRLY AND RESPONSIBLY

REMUNERATION COMMITTEE

The Board has established a Remuneration Committee. The Committee is comprised of two independent directors.

The current Committee members are:

Mr Jeff Gerard (Chairman, Independent Non-executive Director),

Mr Brian Gell (Independent Non-executive Director).

The Committee has oversight of:

- the integrity of the Company's remuneration practices,
- the Company's remuneration, including the remuneration of executives; and
- the Company's compliance with applicable legal and regulatory obligations.

The purpose of the Committee is to assist the Board in the effective discharge of its responsibilities as they relate to remuneration. Specifically, these include, but are not limited to, overseeing:

- remuneration levels of the Board and senior management and recommending changes as appropriate,
- management incentive schemes including employee short-term and long-term incentives,
- the identification of material risks insofar as they relate to remuneration matters; and
- the review and recommendation of guidelines and policies for the management of material business risks.

The details of meetings held and attendance by Committee members can be found in the Directors' Report.

The Remuneration Committee Charter is presented on the Company's website under the Corporate Governance section.

REMUNERATION POLICIES AND PRACTICES

With a small number of executive roles, the Company takes an individual approach to setting remuneration. Annually and, if required, more frequently, the Remuneration Committee receives a report on the employment conditions of staff, including the executives, referencing external salary surveys to ensure that the Company's employment conditions remain competitive. As the Company progresses the development of the Jervois Copper Project and the number of roles increases, policies and practices will be established.

The responsibility of the Remuneration Committee in respect of performance reviews is to:

- review and recommend to the Board for approval the individual goals for executives,
- review and recommend to the Board for approval the Company goals; and
- assist the Board in relation to the performance evaluation of executives, including reviewing performance against pre-determined individual goals and the terms of their employment contracts, and advising the Board of the outcomes of the performance reviews and any recommended actions.

The directors are paid a fixed remuneration per month.

Full details of payments to executives can be found in the Remuneration Report as part of the Directors' Report section of the Annual Report.

EQUITY BASED REMUNERATION RISK

The Company has a Securities Trading Policy. This policy strictly prohibits directors and employees from entering into any transaction that is designed to limit the economic risk of a holding in unvested KGL Resources Limited securities.

A full copy of the Securities Trading Policy can be found on the Company's website www.kglresources.com.au.

KGL RESOURCES LIMITED
AND ITS CONTROLLED ENTITIES

ABN 52 082 658 080

Financial Report

FOR THE YEAR ENDED 30 JUNE 2023

KGL RESOURCES

Financial Report Contents

Directors' Report

Your directors present their report on the consolidated entity (**Group**) consisting of KGL Resources Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023. All amounts are in Australian dollars unless otherwise stated.

In January 2022, the Board resolved to change the financial year end of the Group from 31 December to 30 June to align the financial statements with the Group's taxation year-end. Accordingly, this financial report is for the year ended 30 June 2023 while the comparative period is for the six-month period ended 30 June 2022.

DIRECTORS

The following persons were directors of KGL Resources Limited (**Company**) during the whole of the financial year and up to the date of this report, unless otherwise stated.

DIRECTOR	ROLE	CHANGES IN TENURE
Current Directors		
Mr D. Wood	Executive Chairman	
Mr F. Purnamasidi	Non-executive Director	
Mr B. Gell	Independent Non-executive Director	Appointed 4 April 2023
Mr J. Gerard	Independent Non-executive Director	
Former Directors		
Mr I. Williams	Independent Non-executive Director	Resigned 28 November 2022

REVIEW OF OPERATIONS

During the year ended 30 June 2023, the Company took further steps towards its final investment decision (**FID**) for the Jervois Copper Project (**Project**) by completing resource drilling, delivering a resource upgrade which culminated in the publication of a positive feasibility study (**FS**) in November 2022.

Exploration drilling continued in parallel in the latter part of 2022, and in the first half of 2023, with the Company focussing on near-mine extensions to extend the Project's mine life, potentially to add significant value for shareholders.

A pro-rata non-renounceable entitlement offer was undertaken in May 2023, with $13,524,346 received for new shares, out of a potential $20,204,125 (before costs). The raising was completed in order to provide additional funding for the Company's planned activities which are prerequisite to a positive FID for the Jervois Copper Project.

Jervois Copper Project Feasibility Study

In November 2022 the Company completed its feasibility study on the Jervois Copper Project and announced its promising results. The study revealed an increase in the mine life from 7.5 years to 11.75 years, a 25% increase in copper metal produced compared to the December 2020 PFS, and a 25% increase in ore reserves. The Project is expected to produce 24.7 kt of copper metal in concentrate with gold and silver payable credits annually, with a pre-production capital cost of A$298 million.

The study assumed a long-term copper price of US$4.23/lb, and assuming this price, the Project is expected to have a Net Present Value (**NPV**) (8% real, after-tax) of A$241 million, an Internal Rate of Return (**IRR**) of 20.7%, and a simple payback of 4.2 years. The Project is also leveraged to significant potential upside from expected long-term supply deficits to meet global decarbonisation goals, based on the "price required to meet forecast market demand" of US$5.90/lb, which could result in an NPV (8% real, after-tax) of A$701 million and an IRR of 40.1%.

The Project utilises proven open-cut and underground mining methods, with well-established processing technology. It is also set to have an off-grid power system that utilises solar, wind, and battery with backup diesel, enabling renewable energy to provide the majority of power requirements.

REVIEW OF OPERATIONS (CONTINUED)

The study recognised and mitigated the negative effects of external factors such as industry-wide cost inflation and global economic growth headwinds by working closely with contractors to deliver a capital-efficient modular designed processing plant and adopting a more efficient operating plan with a staged implementation approach.

The feasibility study mine plan commences with open-pit operations for approximately three years to commission and ramp up production. Underground operations are progressively scheduled to commence ore production in order to sustain a 1.6Mtpa process plant feed once open-cut operations cease.

The Company will take a contractor management approach for the Project development and future operations, engaging experienced contractors with existing capability and capacity to deliver in a resource-constrained and low unemployment market.

Prior to the final investment decision, the Company plans to undertake negotiations for key contracts including open-cut and underground mining, process plant EPC, and ongoing operations for the processing plant. The Company intends to continue to identify opportunities to improve the project value and reduce financing and operational risks in collaboration with the preferred tenderers. It will also continue exploration to grow the high-grade resource, focusing on resources and reserves within the known mineral deposits and in prospective parts of the Project tenements with the goal of increasing the mine life and upgrading the existing Mineral Resources and Reserves.

Overall, the Jervois Copper Project is technically robust and financially viable, with a promising feasibility study that supports its development during the second half of this decade. The Project is leveraged to significant potential upside from expected long-term supply deficits to meet global decarbonisation goals and will utilise renewable energy sources to provide the majority of power requirements.

Exploration – Resource Upgrades and Extensions at Jervois Copper Project

Exploration activity at the Project site this year has included resource in-fill drilling data for resource and reserve upgrades, which was delivered as part of the completion of the project feasibility study in November 2022.

Drilling at the Project site continued in the latter half of 2022 utilising one high-capacity rig. The initial focus was on drilling targets at Bellbird in order to increase resources and classifications. Between July and December 2022, a total of 18 holes were drilled (8,697 metres of RC and diamond drilling) with KJCD556 the deepest reported hole at 1,128m.

The Company reported an updated Bellbird resource on 14 September 2022, which delivered; -

- A 14% increase in contained copper metal to 129kT.
- Maiden JORC measured mineral resources.
- Contained copper within the Bellbird pit design classified as follows:
  - 85% measured
  - 14% indicated
  - 1% inferred

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades and Extensions at Jervois Copper Project (continued)

The updated total mineral resources for the Jervois Copper Project are shown in Table 1 below:-

RESOURCE			MINERALISED MASS	GRADE			METAL		
	Area	Category	(Mt)	Copper (%)	Silver (g/t)	Gold (g/t)	Copper (kt)	Silver (Moz)	Gold (koz)
Open Cut Potential > 0.5 % Cu*	Reward	Indicated	3.84	1.80	39.4	0.31	69.1	4.9	38.2
		Inferred	0.65	0.92	9.2	0.07	5.9	0.2	1.5
	Bellbird	Measured	1.23	2.53	15.1	0.14	31.2	0.6	5.6
		Indicated	1.26	1.45	9.1	0.17	18.2	0.4	6.8
		Inferred	1.02	1.24	10.6	0.12	12.7	0.3	4.0
	Sub Total		8.00	1.71	24.8	0.22	137.1	6.4	56.1
Underground Potential > 1 % Cu*	Reward	Indicated	4.78	2.12	42.6	0.45	101.6	6.6	69.2
		Inferred	4.32	1.56	19.6	0.20	67.3	2.7	27.8
	Bellbird	Indicated	0.33	2.33	19.8	0.14	7.8	0.2	1.5
		Inferred	2.84	2.09	12.3	0.11	59.1	1.1	9.7
	Rockface	Indicated	2.80	3.37	21.4	0.23	94.3	1.9	21.1
		Inferred	0.73	1.92	19.0	0.18	14.0	0.4	4.2
	Sub Total		15.80	2.18	25.5	0.26	344.1	13.0	133.5
		Measured	1.23	2.53	15.1	0.14	31.2	0.6	5.6
		Indicated	13.01	2.24	33.3	0.33	291.0	13.9	136.9
		Inferred	9.55	1.67	15.7	0.15	159.0	4.8	47.1
		Total	23.80	2.02	25.3	0.25	481.2	19.3	189.6

Table 1: Jervois Copper Project Mineral Resources

Refer to ASX releases for resources update – 14 September 2022
* Cut-off grades: 0.5% Cu above 200m RL, 1% Cu below 200m RL; Note: 200m RL is 150m below surface
Due to small rounding errors, table may not add.

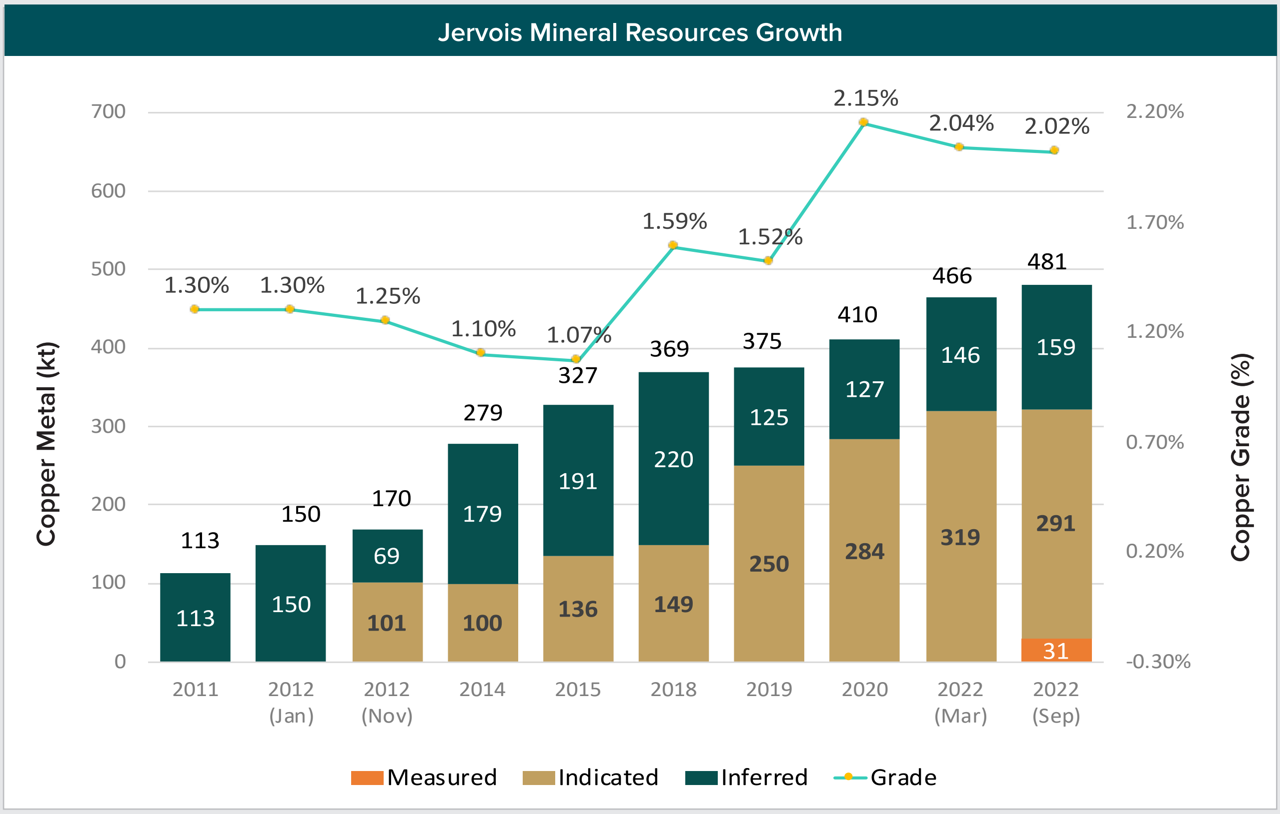


Figure 1: Resource development at Jervois Copper Project 2011 – 2022

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades and Extensions at Jervois Copper Project (continued)

The Project's current resource (September 2022) is 23.8Mt @ 2.02% Cu, 0.25g/t Au and 25.3g/t Ag. Approximately half of the resource has been converted into ore reserve (11.7Mt @ 2.10% Cu).

Based on the contained copper in the September 2022 reported resources, Reward / Marshall, Rockface and Bellbird deposits represent 50.7%, 22.5% and 26.8% respectively. The FS mining strategy is to initially mine on an open-cut basis while underground development is initiated at the Reward / Marshall deposit. Bellbird open-cut is commenced first due to the higher copper grades. Development of the Rockface underground mine then commences after Bellbird open-cut concludes in early 2026. The total copper produced is 278 Kt over the 11.75-year mining period.

After the wet season shut down in December 2022, the Company re-established the Project drilling program in early March 2023, initially with one rig, then moving to two rigs six weeks after operations recommencement.

The primary objective of 2023 calendar year's drilling program is to gather data that will extend the initial mine life to 15 years of production. To achieve this goal, the Company's current focus is on conducting brownfields extensional resource drilling at Rockface and Marshall, which is part of the Reward deposit.

A secondary objective is to upgrade the JORC classification of the mineral resources within the Reward open pit design from JORC Indicated to JORC Measured, which is the highest classification available. This improvement, together with the already Measured Bellbird deposit, will enhance shareholders' and investors' confidence in the projected output of the Project operation during the initial 4 years of open pit mining.

In June 2023, the Company announced the assay results for the first six drill holes in the ongoing 2023 drilling program. The initial phase of the program was centred around three specific target areas (Figure 2):

1. Rockface depth extensions
2. Marshall Lode extensions
3. Reward open pit resource upgrade

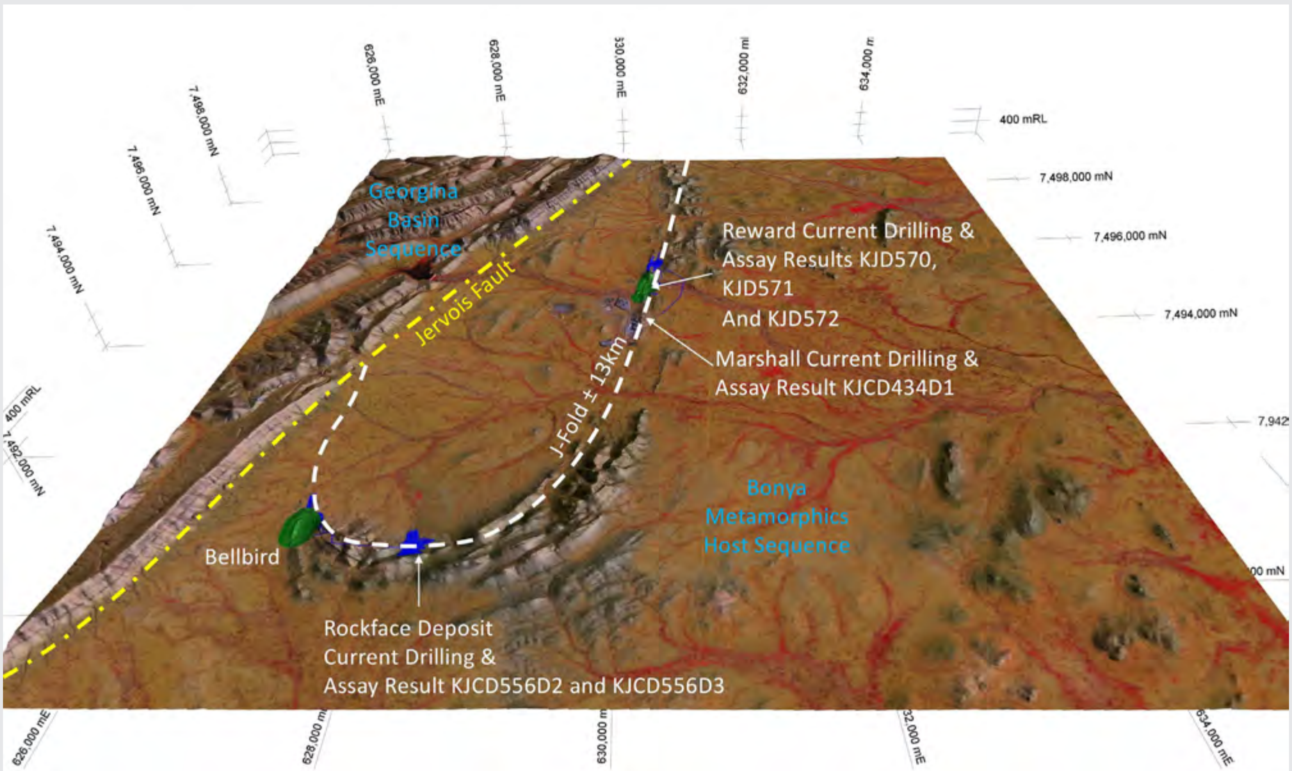


Figure 2: Simplified geological map of Jervois Copper Project showing locations of reported drilling results at Rockface, Reward and Marshall.

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades and Extensions at Jervois Copper Project (continued)

1. Rockface Depth Extension Results

Hole KJCD556D2 intersected a wide zone of strong mineralisation carrying significant copper:

- 12.1m @ 1.64% Cu, 21.4 g/t Ag, 0.38 g/t Au from 950.95m

This intersection is located within the Rockface North Lode and was accurately predicted by Downhole EM (**DHEM**). It is 50 metres up-dip from the previously reported [1]parent hole KJCD556: (refer Figure 3 Long Section).

- 12.38m @ 2.60% Cu, 23.8 g/t Ag, 0.34 g/t Au from 978.26m

Hole **KJCD556D3** intersected high-grade copper mineralisation located approximately 35 metres west of parent hole KJCD556:

- **5.6m @ 3.10% Cu**, 42.7 g/t Ag, 0.40 g/t Au from 985.1m

Assay results for an additional hole (KJCD556D4) should be received shortly and drilling is underway on hole KJCD575, which will be the deepest target ever tested at Rockface. Upon completion, hole KJCD575 will undergo DHEM surveying, and all the results will be thoroughly assessed to develop plans for further drilling activities.

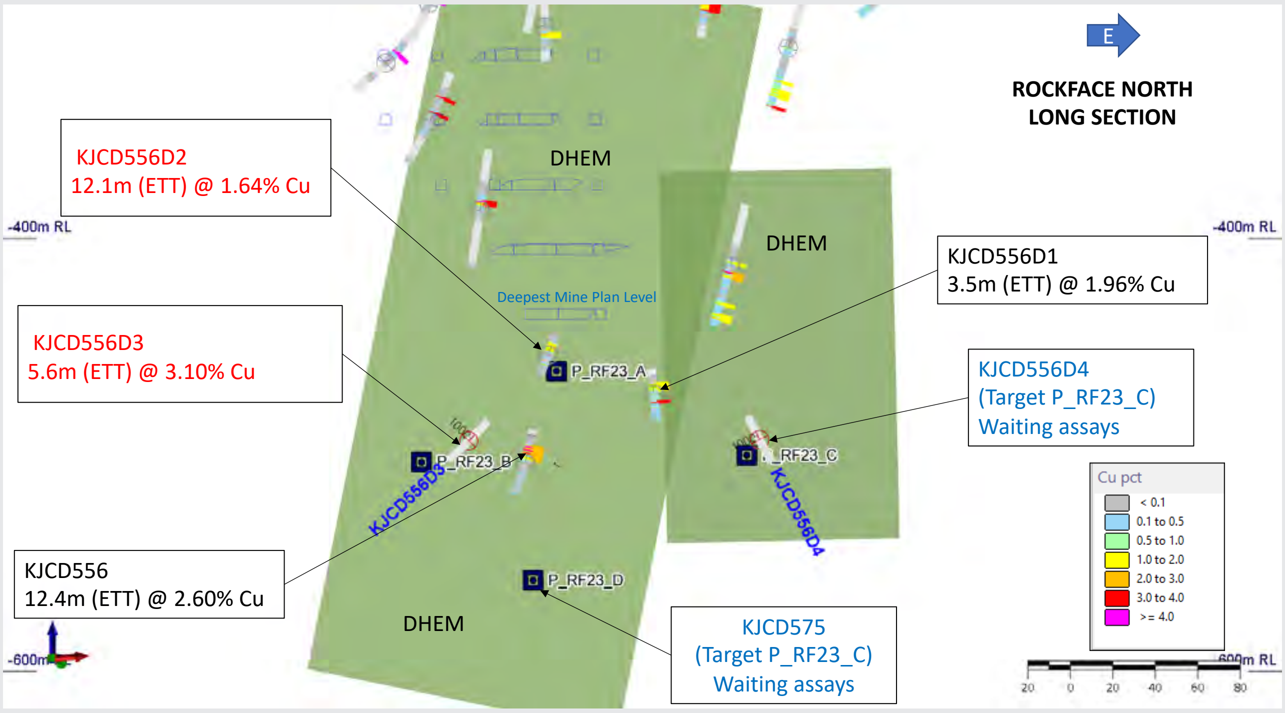


Figure 3: Longitudinal (plane-of-vein) projection of the lower part of Rockface North target between 750m and 950m depth showing the latest intersection in KJCD556D2 and KJCD556D3. An additional completed hole is awaiting assay (KJCD556D4). The target of the current hole (KJCD575) is shown. DHEM conductors are shown as green rectangles. Planned mine openings are also shown. All intersections are quoted as estimated true thickness (**ETT**).

1 KGL ASX announcement 27 September 2022 "High-grade and thick copper intersected 120 metres below previous Rockface drilling".

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades and Extensions at Jervois Copper Project (continued)

2. Marshall Lode Extension Results

The main objectives of drilling at Marshall Lode are to increase confidence in the mineral resource and expand the mine plan to deeper levels within Marshall Lode, ultimately extending the overall mine life. The recent findings from Marshall, particularly in KJCD434D1, represent a significant advancement in this regard, as they reveal the intersection of a substantial copper-rich zone:

- 3.5m² @ 1.96% Cu, 12.4 g/t Ag, 0.30 g/t Au from 440.00m

The current intersection is located 66 metres up-plunge from the original parent hole KJCD434, which encountered notable copper grades over a thickness that may be amenable to underground mining (refer to Figure 4).

Additional drilling activities are planned for other targets within Marshall, particularly in the Marshall Deeps area. These targets include P_MD_23A and P_MD23B as depicted in Figure 5. These targets are backed by promising high-grade copper drilling results from KJCD557 and DHEM conductors, providing further support for their exploration potential.

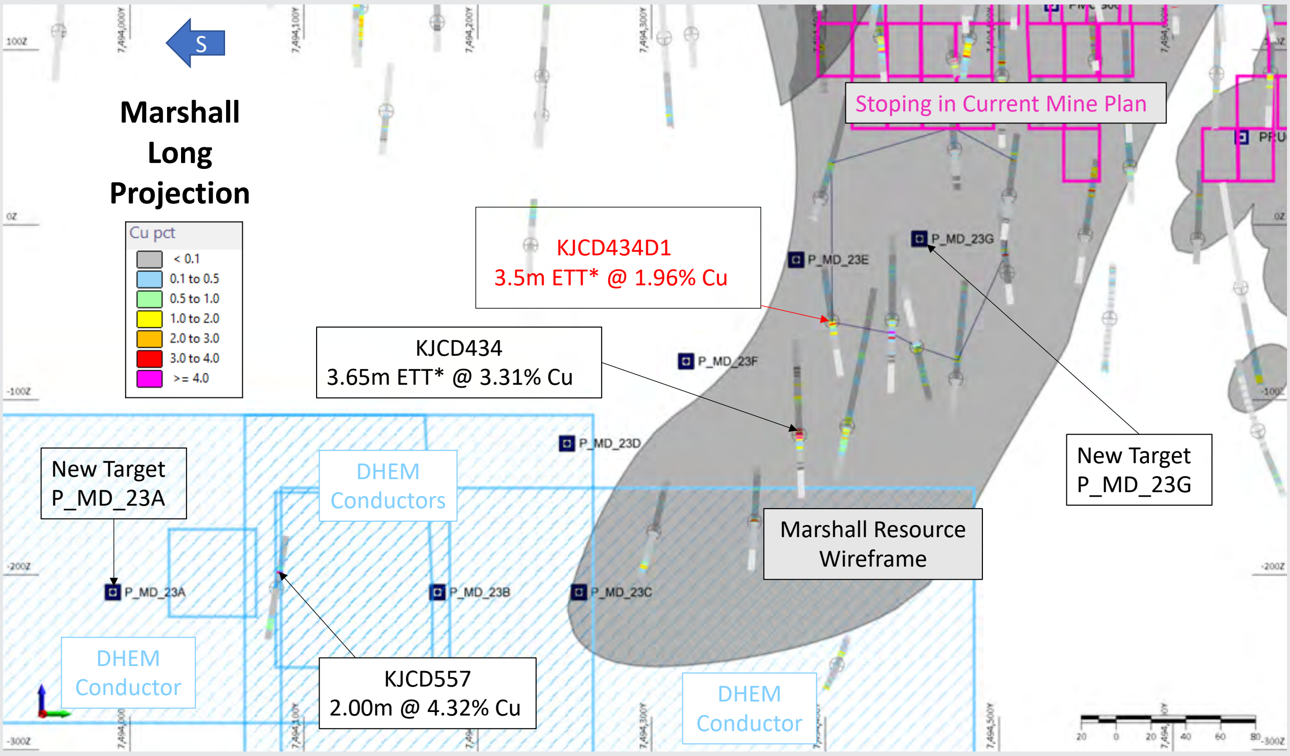


Figure 4: Longitudinal projection of the lower part of the Marshall Lode (looking west) between 250m and 650m depth below surface. The new result in KJCD434D1 is shown in relation to other drilling, the mineral resource wireframe, conductors from DHEM surveying and pierce points of targets for the current Marshall drilling program. All intersections are quoted as estimated true thicknesses (**ETT**) with the exception of KJCD557 where there is insufficient nearby drilling to determine ETT.

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades and Extensions at Jervois Copper Project (continued)

3. Reward Open Pit Assay Results

The purpose of the infill drilling conducted within and around the Reward open pit is to increase the confidence in the mineral resource estimate and achieve a more robust mine plan and resource to reserve conversion. Mineral resources for the Reward open pit are currently classified under JORC (2012) as indicated and it is anticipated that the planned infill drilling will enable this to be upgraded to Measured.

Thus far, the findings from the infill drilling at Reward have validated the current mineral resource model. The most recent results obtained from Reward are derived from three diamond holes:

KJD570 (Figure 5):

- **7.7m @ 2.71% Cu**, 35.4 g/t Ag, 0.63 g/t Au from 103.18m including:
  - **4.9m @ 3.63% Cu**, 44.1 g/t Ag, 0.83 g/t Au from 106.92m

KJD571 (Figure 6)

- **9.6m @ 2.64% Cu**, 50.9 g/t Ag, 0.51 g/t Au from 133.15m including:
  - **2.0m @ 6.33% Cu**, 155.0 g/t Ag, 0.57 g/t Au from 139.41m

KJD572 (Figure 7)

- **14.7m @ 2.50% Cu**, 25.8 g/t Ag, 0.87 g/t Au from 110.3m including:
  - **1.3m @ 4.16% Cu**, 34.6 g/t Ag, 4.20 g/t Au from 111.4m
  - **1.5m @ 4.66% Cu**, 37.2 g/t Ag, 0.56 g/t Au from 121.7m
  - **2.2m @ 5.68% Cu**, 39.0 g/t Ag, 0.81 g/t Au from 127.0m

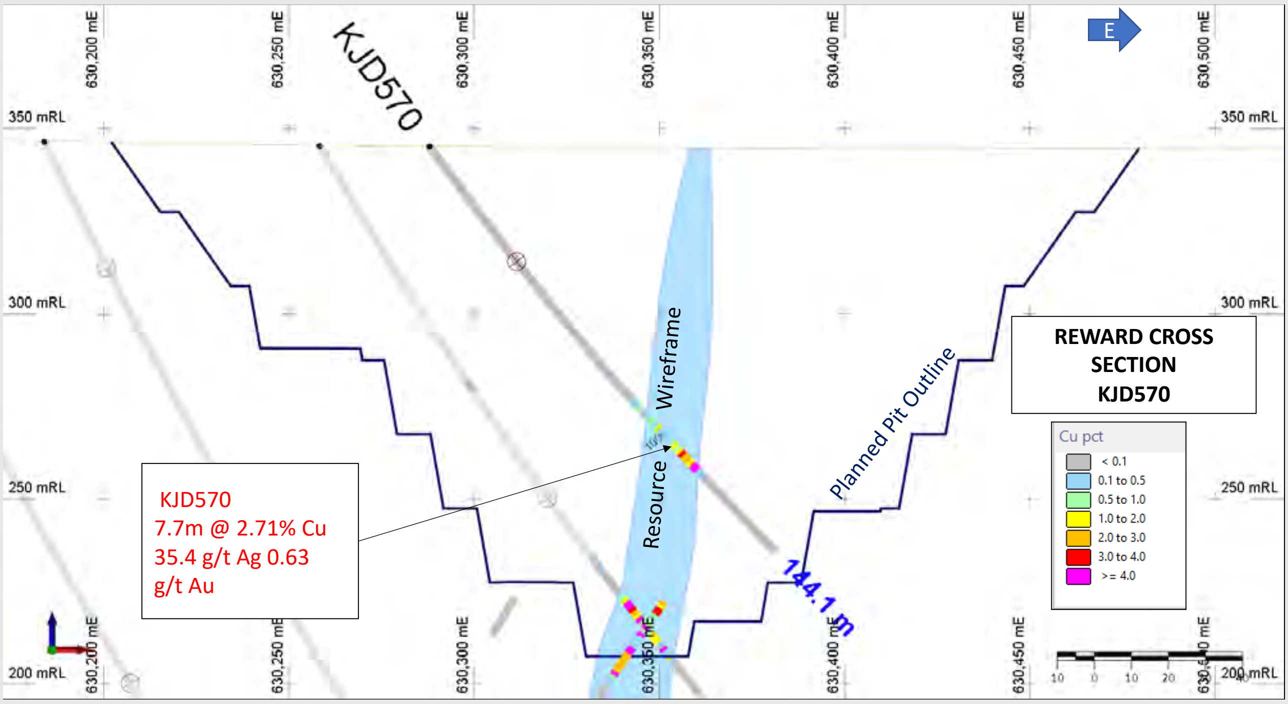


Figure 5: Reward deposit cross section (looking north) showing the recent results from KJD570 in relation to the resource model wireframe, other nearby drill holes and the Feasibility Study open pit outline.

REVIEW OF OPERATIONS (CONTINUED)

Exploration – Resource Upgrades and Extensions at Jervois Copper Project (continued)

3. Reward Open Pit Assay Results (continued)

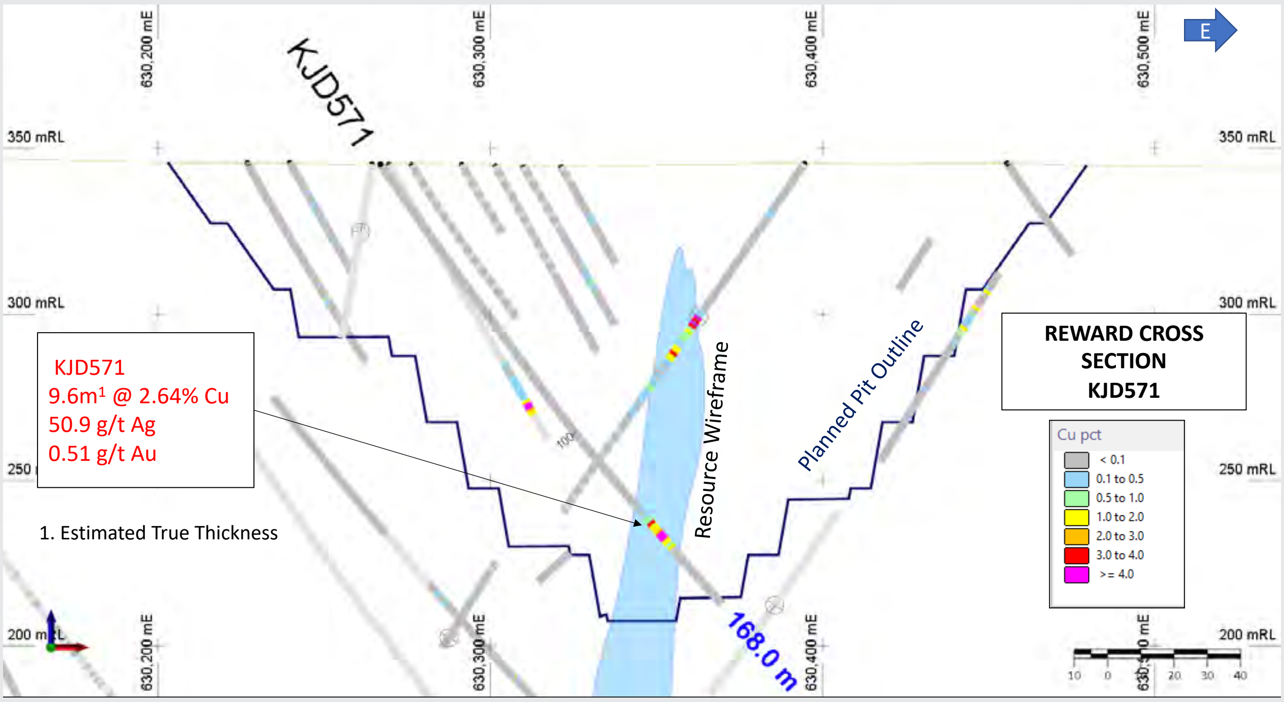


Figure 6: Reward deposit cross section (looking north) showing the recent results from KJD571 in relation to the resource model wireframe, other nearby drill holes and the Feasibility Study open pit outline.

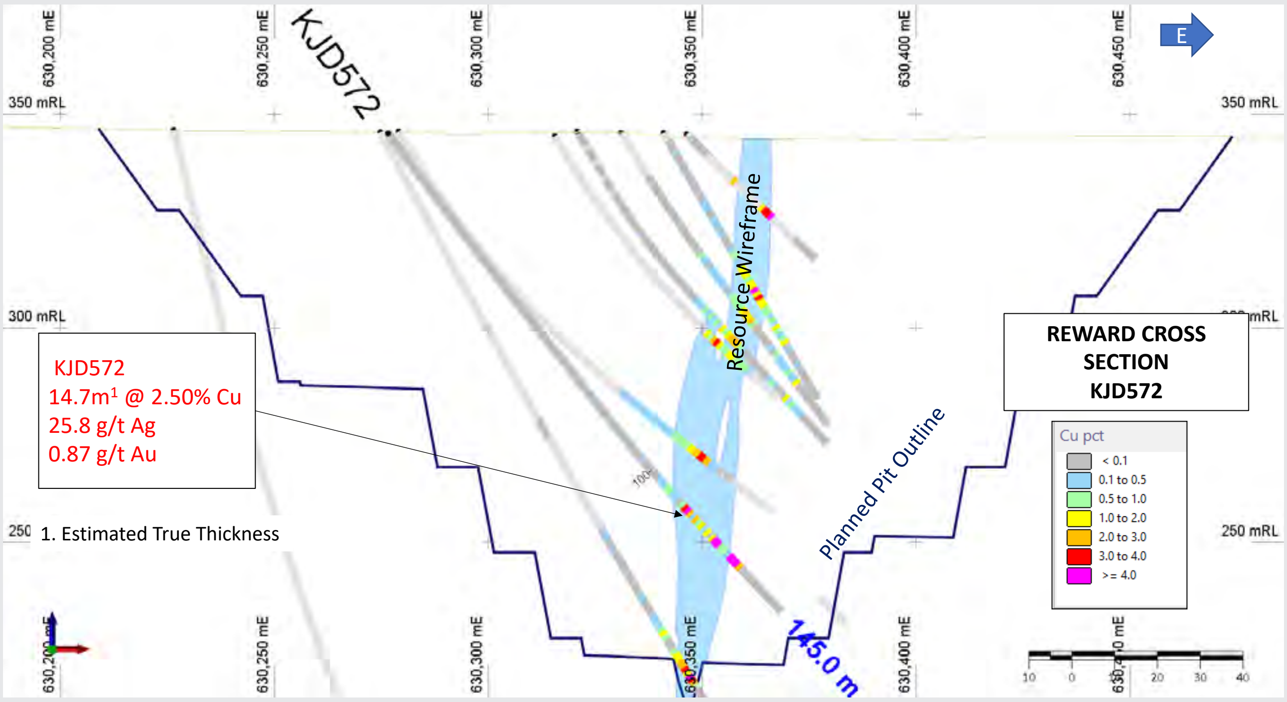


Figure 7: Reward deposit cross section (looking north) showing the recent results from KJD572 in relation to the resource model wireframe, other nearby drill holes and the Feasibility Study open pit outline.

The Jervois and Unca Creek deposits remain under-explored and highly prospective for high grade copper, gold and silver. The Company's' understanding of the geological structures continues to grow and the focus going forward will be on identifying additional high grade near mine extensions to the current resource.

REVIEW OF OPERATIONS (CONTINUED)

Capital Raising

On 26 April 2023, the Company announced a 10 for 27 pro rata non-renounceable entitlement offer for new fully paid ordinary shares in the Company (the **Offer**) at an Offer price of $0.12 per new ordinary share to raise up to $20.2 million. The Offer was not underwritten and was subject to a minimum raise of $9.0 million.

The Offer closed on 18 May 2023 with the Company having received valid applications for 112,702,889 new ordinary shares, including 2,757,174 new ordinary shares applied for under the top-up facility. This represented approximately 66.94% of the total number of new ordinary shares offered to shareholders.

In total, the Offer raised $13,524,346 before costs of $183,339. 112,702,889 new ordinary shares were issued and allotted on 25 May 2023 and commenced trading on the ASX on 26 May 2023.

The proceeds of the Offer will be used to fund the activities following on from the Feasibility Study being:

- project development; and
- the ongoing expansion of the resource.

Project development

The current work streams include mine plan optimisation and negotiation of contracts with experienced contractors for construction, mining, and operations. The Company is also implementing a risk management plan which is critical to being able to meet delivery timelines and desired outcomes. Project commencement will be subject to market conditions but anticipated copper deficits and higher incentive prices for copper are likely to improve development options and returns to shareholders.

Resource expansion

The opportunity exists to focus on growing the high-grade resource at the Jervois Copper Project given the outlook for chronic shortfalls in copper over the next decade. Recent drilling successes at Marshall Deeps and Rockface demonstrate the potential to expand the high-grade resource and extend mine life to drive capital efficiencies, cashflow and internal rate of return improvements.

Board and Senior Management Team

There were a number of changes to the Board and the senior management team in the year under review.

Brian Gell agreed to join the Board in April 2023 as an Independent Non-executive Director, bringing with him more than 40 years' experience in the construction industry with a particular focus on the delivery of infrastructure projects. His skill set is an excellent fit with the future development plans of the Company.

Ian Williams resigned from the Board in November 2022 to concentrate on the demands of his advisory business. Ian had filled a casual vacancy on the Board since June 2022 and provided the Company with significant assistance with governance and legal matters during the period of his tenure.

Steven Rooney, who joined the Company in May 2022 as the Group's Chief Operating Officer, resigned in March 2023 to pursue other opportunities.

The Board is actively seeking to recruit a CEO, Project Director, and Finance Director to join the Group's Board and senior management team and take the Jervois Copper Project through its next phase of development.

REVIEW OF OPERATIONS (CONTINUED)

Copper Market

The copper market is set to experience a significant surge in demand due to an acceleration in the adoption of renewable energy, electric vehicles (**EVs**), and associated infrastructure, according to a report by S&P Global[2]. The report estimates that demand for refined copper will double from 25.0 million tonnes in 2020 to around 50 million tonnes by 2035. This increase in demand is in line with global carbon reduction targets and the push towards a greener economy, as virtually all governments have committed to the broad-based adoption of EVs, clean transportation, and net-zero grids.

Despite a sluggish global GDP, copper intensity (the amount of copper utilised per unit of GDP) is rising, indicating that society is becoming more copper dependent. This trend is attributed to the shift towards greener technologies, which are highly copper-intensive. For example, while a conventional car combustion engine uses 23 kilograms of copper per core, a hybrid car battery uses 83 kilograms. The US 2022 Inflation Reduction Act, which has allotted $370 billion in tax credits and other incentives to de-risk the green energy transition, will further fuel demand for copper, particularly for use in the wiring of distributed grids.

However, this surge in demand is met with significant supply challenges. Declining grades and reserves from existing mines, a lack of new discoveries despite increased exploration budgets, and an extended approval process of an average of 16 years from discovery to production contribute to these challenges. Rio Tinto Group's copper division CEO, Bold Baatar, notes that long permitting times will create challenges for miners trying to respond quickly to the increased demand for copper. The development of brownfield projects takes years, and greenfield projects often take even longer. Accelerated alignment on permitting is required to address these challenges[3].

The supply challenges are further compounded by the depletion of already low copper stockpiles. Trafigura, the world's largest private metals trader, forecasts that copper prices will surpass the $10,845 a tonne peak achieved in March 2022 and could even hit $12,000 a tonne[4].

The rebound in Chinese demand risks depleting copper stockpiles further. Goldman Sachs expects the world to run out of visible copper inventories by the third quarter of 2023 if Chinese demand continues to increase as strongly as it did in February 2023.

The positive outlook for copper prices is not limited to the near term. Glencore plc's CEO, Gary Nagle, stated that a "huge" copper shortage will impact global supply between now and 2030, with a projected cumulative gap between demand and supply of 50 million tonnes between 2022 and 2030[5]. Goldman Sachs forecasts that copper could hit $10,500 a tonne in the near term before reaching $15,000 by 2025.

FINANCIAL REVIEW

For the year ended 30 June 2023, the Group has recorded a loss after income tax of $2,404,468 (six-month period ended 30 June 2022: loss of $1,676,050).

A total of $10,196,763 was capitalised to Exploration and Evaluation Assets during the year (six-month period ended 30 June 2022: $10,151,546).

The Group's cash reserve as at 30 June 2023 was $22,513,602 (30 June 2022: $23,271,256) including $7,000,000 (30 June 2022: $19,455,014) in term deposits. The Group's cash position was strengthened by the success of the 10 for 27 Non-renounceable Entitlement Offer concluded in May 2023 which raised a total of $13,341,007 net of costs.

2 The Future of Copper: Will the looming supply gap short-circuit the energy transition? (S&P Global, July 2022).

3 At CERAWeek, mining executives warn of copper shortage (S&P Global Commodity Insights, 6 March 2023).

4 Copper price to surge to record high this year, Trafigura forecasts (Financial Times, 24 March 2023).

5 Glencore Says This Time Is Different for Coming Copper Shortage. By Jack Farchy (Bloomberg, 7 December 2022).

MATERIAL BUSINESS RISKS

The Group's exploration and mining operations will be subject to the normal risks of mining and any revenues will be subject to numerous factors beyond the Group's control. The material business risks that may affect the Group are summarised below.

Future Capital Raisings

The Group's ongoing activities are expected to require substantial further financing, in addition to amounts raised pursuant to the entitlement offer completed in May 2023. The Group will require additional funding to bring the Jervois Copper Project into commercial production. Any additional equity financing may be dilutive to shareholders and may be undertaken at lower prices than the current market price, and debt financing, if available, may involve restrictive covenants which limit the Group'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 will, if and when needed, 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 Group's activities and could affect the Group's ability to continue as a going concern.

Exploration Risk

The success of the Group 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 Group's exploration and mining tenements and obtaining all consents and approvals necessary for the conduct of its exploration activities. Exploration on the Group's existing tenements may be unsuccessful, resulting in a reduction in the value of those tenements, diminution in the cash reserves of the Group and possible relinquishment of the tenements. The exploration costs of the Group 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 adversely affect the Group's viability. If the level of operating expenditure required is higher than expected, the financial position of the Group may be adversely affected. The Group may also experience unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Feasibility and Development Risks

It may not always be possible for the Group to exploit successful discoveries which may be made in areas in which the Group 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. The Group continues to assess the economic viability of a potential mine through completion of final investment decision works, including contract negotiations being undertaken in 2023 aimed at reducing development risks for the Jervois Copper Project. There is a risk, even if satisfactory contractual arrangements are put in place, the Jervois Copper Project may not be successfully developed for commercial and/or financial reasons.

Regulatory Risk

The Group's operations are subject to various Commonwealth, State 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 Group will be successful in obtaining or maintaining such approvals, licences and permits 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 Group may be curtailed or prohibited from continuing or proceeding with production and exploration. The Group's business and results of operations could be adversely affected if applications lodged for exploration licences are not granted.

MATERIAL BUSINESS RISKS (CONTINUED)

Regulatory Risk (continued)

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 Group'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 Group. It is also possible that, in relation to tenements which the Group has an interest in or will in the future acquire such an interest in, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Group to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be affected. The Group has a registered Indigenous Land Use Agreement with the traditional owners for its Jervois Copper Project.

Occupational Health and Safety

Given the Group's exploration activities (and especially if it achieves exploration success leading to mining activities), it will face the risk of workplace injuries which may result in workers' compensation claims, related common law claims and potential occupational health and safety prosecutions. Further, the production processes used in conducting any future mining activities of the Group can be hazardous. The Group has, and intends to maintain, a range of workplace practices, procedures and policies which will seek to provide a safe and healthy working environment for its employees, visitors, and the community.

Limited Operating History of the Group

The Group has limited operating history on which it can base an evaluation of its future prospects. If the Group's business model does not prove to be profitable, investors may lose their investment. The Group's historical financial information is of limited value because of the Group's lack of operating history and the emerging nature of its business. The prospects of the Group must be considered in the light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly in the mineral exploration sector, which has a high level of inherent uncertainty.

Key Personnel

In formulating its exploration programs, feasibility studies and development strategies, the Group relies to a significant extent upon the experience and expertise of the directors and management. A number of key personnel are important to attaining the business goals of the Group. One or more of these key employees could leave their employment, and this may adversely affect the ability of the Group to conduct its business and, accordingly, affect the financial performance of the Group and its share price. Recruiting and retaining qualified personnel is important to the Group's success. The number of persons skilled in the exploration and development of mining properties is limited and competition for such persons is strong.

Resource and Reserve Estimate Risk

Resource and reserve 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. Resource and reserve estimates are necessarily imprecise and depend to some extent on interpretations, which may ultimately prove to be inaccurate and require adjustment. Adjustments to resource and reserve estimates could affect the Group's future plans and ultimately its financial performance and value. Copper, silver and gold 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 adversely affect resource and reserve estimations.

MATERIAL BUSINESS RISKS (CONTINUED)

Environmental Risk

The operations and activities of the Group are subject to the environmental laws and regulations of Australia. As with most exploration projects and mining operations, the Group's operations and activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. The Group attempts to conduct its operations and activities to the highest standard of environmental obligation, including compliance with all environmental laws and regulations. The Group is unable to predict the effect of additional environmental laws and regulations which may come into effect in the future, including whether any such laws or regulations would materially increase the Group'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 Group to incur significant expenses and undertake significant investments which could have a material adverse effect on the Group's business, financial condition and performance.

Availability of Equipment and Contractors

Appropriate equipment, including drill rigs, are in short supply. There is also high demand for skilled contractors providing other services to the mining industry. Current economic conditions, global and domestic, have only served to exacerbate these issues. Consequently, there is a risk that the Group 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 Group's activities. The availability of equipment, material and contractors is also a key consideration of the Company's board of directors in relation to the timing of the final investment decision.

Fluctuations in Copper Price and Australian Dollar Exchange Rate

The copper mining industry is competitive. There can be no assurance that copper, silver and gold prices will be such that the Group can mine its deposits at a profit. Copper, silver and gold prices fluctuate due to a variety of factors including supply and demand fundamentals, international economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns and speculative activities. Similarly, demand and supply of capital and currencies, forward trading activities, relative interest rates and exchange rates and relative economic conditions can impact exchange rates.

Climate Change Risk

The operations and activities of the Group are subject to changes to local or international compliance regulations related to climate change mitigation efforts, specific taxation or penalties for carbon emissions or environmental damage, and other possible restraints on industry that may further impact the Group and its profitability. While the Group will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by these occurrences. Climate change may also cause certain physical and environmental risks that cannot be predicted by the Group, including events such as increased severity of weather patterns, incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the Group operates. The Company is working proactively to increase the level of renewal energy penetration at its Jervois Copper Project, and is considering a range of technologies that could be applied to the Jervois Copper Project for the benefit of all stakeholders.

The proposed water supply for the Jervois Copper Project will be extracted from a series of wells in a borefield complex approximately 20km north of the Project and pumped via a buried pipeline to the mine site raw water tank. Water is distributed from this water tank to various take off nodes including the ore processing facility. The groundwater will be pumped directly from the vast reserves of the Georgina basin which is estimated to have 1,320,000 GL water capacity from which the Jervois Copper Project has water licences to draw on 1,595.4 ML per annum. Climate change may impact the flows of water into the Georgina basin over the long-term, however given the Project life, and the planned water draw being a small overall proportion of the current basin capacity, ongoing water supply is not considered high risk. While the Group will endeavour to monitor and manage this risk and limit any consequential impacts, there can be no guarantee that the Group will not be impacted by changing rainfall and waterflow patterns over the long term.

MATERIAL BUSINESS RISKS (CONTINUED)

Macro-Economic Risks

In 2023, inflationary pressures continue to persist affecting capital and operating expenditures, together with the risk of rising interest rates. Shortages in appropriately skilled labour are being seen across many industries, including the mining industry, and the recent geopolitical tensions across a number of areas worldwide (including the ongoing conflict between Ukraine and Russia) may also continue to adversely affect capital markets and cause spikes in materials prices and energy prices.

Whilst the worst economic effects of the recent COVID-19 pandemic are now abating, the pandemic highlighted the severe impact that such a pandemic, epidemic or any other form of health crisis (whether COVID-19 related or otherwise) can have, including on capital markets, and if such a pandemic, epidemic or other form of health crisis were to occur in the future, it may have an adverse impact on the Group's operating and financial performance and financial position.

SHARES UNDER OPTION

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

ISSUE DATE	EXPIRY DATE	EXERCISE PRICE	NO. OF OPTIONS
Options issued 23 June 2021	22 Jun 2026	-	458,000

During the year ended 30 June 2023, no shares were issued on exercise of options and no shares relating to the exercise of options have been issued since the end of the financial year. Holders of options do not have any rights to participate in any issues of shares or other interests of the Company or any other entity.

DIVIDENDS

No dividends in respect of the current year have been paid, declared or recommended for payment.

ENVIRONMENTAL REGULATION

The Group's operations in the Northern Territory are subject to significant environmental regulations under Northern Territory legislation. The Group is also subject to certain environmental obligations under the Commonwealth *Native Title Act 1993*. There have been no breaches by the Company or its subsidiaries.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has entered into Deeds of Access, Insurance and Indemnity with each of the directors and the company secretary, indemnifying them against certain liabilities and costs to the extent permitted by law.

The Company has also agreed to pay a premium in respect of a contract insuring the directors and officers of the Company. Full details of the cover and premium are not disclosed in this report as the insurance policy prohibits the disclosure.

NON-AUDIT SERVICES

The auditor was paid $24,500 during the financial year for other assurance services.

No other amounts have been paid or are payable to the auditor for non-audit services provided during the financial year. Refer to Note 24 of the financial statements for further information on the remuneration of auditors.

OFFICERS OF THE COMPANY WHO ARE FORMER AUDIT PARTNERS OF BDO AUDIT PTY LTD

There are no officers of the Company who are former audit partners of BDO Audit Pty Ltd.

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.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

OTHER CORPORATE INFORMATION

Principal Activity

The principal activity of the Group during the financial year was the exploration and development of the Jervois Copper Project in the Northern Territory.

Employees

The Group had 21 employees as of 30 June 2023 (30 Jun 2022: 20 employees).

INFORMATION ON DIRECTORS

The following information is current as at the date of this report.

MR DENIS WOOD

BACHELOR OF SCIENCE (GEOLOGY)

EXECUTIVE CHAIRMAN:
Appointed 28 Jul 2015
Retired 30 Aug 2021
Reappointed 18 May 2022

NON-EXECUTIVE DIRECTOR:
Appointed 18 March 2022

Mr Wood is an Australian and international mining industry director, executive and professional metallurgist and geologist with more than 45 years' experience. Following a 13-year career as a metallurgist with BHP and a further 8 years with CCI Holdings, where he reached the position of Managing Director, Mr Wood moved to Chicago to join a multinational company which supplied a complete range of services to the mining industry.

On his return to Australia, Mr Wood held multiple directorships of Australian based resource companies including executive directorships with Australian Premium Coals and Talbot Group.

Special Responsibilities:

- Executive Chair of the Board from 18 May 2022.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 57,582,192 ordinary shares

MR FERDIAN PURNAMASIDI

BACHELOR OF COMMERCE

DIPLOMA OF BUSINESS MANAGEMENT

NON-EXECUTIVE DIRECTOR:
Appointed 26 Apr 2016

Mr Purnamasidi is an executive at the Salim Group and a representative for KMP Investments Pte Ltd, a subsidiary of Salim Group. He is responsible for managing the Salim Group's investments in Australia. The Salim Group is a diversified multinational business group which owns various interests in the mining, food products, agribusiness, retail, automobile, banking and financial and property sectors.

Mr Purnamasidi is also the Managing Director of Mach Energy Australia Pty Ltd which owns the world-class Mt Pleasant coal operation in the Hunter Valley region, New South Wales.

Special Responsibilities:

- None.

Other Current Directorships of ASX Listed Companies:

- None.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- 1,033,050 ordinary shares.

INFORMATION ON DIRECTORS (CONTINUED)

MR BRIAN GELL

INDEPENDENT NON-EXECUTIVE DIRECTOR:

Appointed 4 April 2023

Mr Gell has over 40 years' experience in the construction industry having delivered projects in civil and municipal infrastructure, ferrous and non-ferrous metal minerals processing, petrochemical, mining and industrial sectors. His responsibilities have included project management, business development, contract negotiations and leading business units charged with delivery of mineral processing plants and related facilities. Mr Gell's career has included roles as General Manager for Mining and Metals – Eastern Region for Ausenco, Director of Projects for QCoal as well as positions with Leighton Asia and Leighton Contractors.

In 2014, Mr Gell established a company providing management advisory services in the areas of civil infrastructure, mining infrastructure, contract mining and process plant design, construction, commissioning and operations.

Special Responsibilities:

- Chair of the Audit and Risk Committee (when properly constituted).
- Member of the Remuneration Committee (when properly constituted).

Other Current Directorships of ASX Listed Companies:

- None

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- None.

MR JEFFERY GERARD

GRADUATE OF CAPRICORNIA INSTITUTE OF ADVANCE EDUCATION (CIAE)

GRADUATE OF AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS (GAICD)

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 31 May 2022

Mr Gerard has over 40 years' experience in the resources industry, both domestically and abroad, in various technical, operational, commercial and executive management roles. His wide-ranging career has included roles as Chief Operating Officer for Xstrata Coal's operations in the Americas and Xstrata Coal South Africa. Following Glencore's 2013 merger with Xstrata, Mr Gerard served as Chief Development Officer for Glencore Coal and then as CEO of TSX-listed Katanga Mining, a subsidiary of Glencore, and as head of Glencore's assets in the Democratic Republic of Congo.

Following his retirement from Glencore in 2020, Mr Gerard established a management consulting business providing services to domestic and international companies in the areas of business strategy, technical evaluations, funding, investment and divestments.

Special Responsibilities:

- Chair of the Remuneration Committee (when properly constituted).
- Member of the Audit and Risk Committee (when properly constituted).

Other Current Directorships of ASX Listed Companies:

- None

Former Directorships of ASX Listed Companies in Last Three Years:

- Atrum Coal Limited – Resigned 1 December 2022.

Interests in Shares and Options:

- 1,000,000 ordinary shares.

INFORMATION ON DIRECTORS (CONTINUED)

MR IAN WILLIAMS

GRADUATE OF SYDNEY UNIVERSITY (ECONOMICS AND LAW) AND OXFORD UNIVERSITY (POLITICS, PHILOSOPHY AND ECONOMICS)

GRADUATE OF AUSTRALIAN INSTITUTE OF COMPANY DIRECTORS (GAICD)

INDEPENDENT NON-EXECUTIVE DIRECTOR:
Appointed 14 June 2022
Resigned 28 November 2022

Mr Williams is an experienced non-executive director and strategic adviser to companies in the energy and resources sectors. Mr Williams has been involved in every aspect of the Australian mining industry including government legislative and regulatory frameworks, project tenements, project approvals, infrastructure, commercial contracts, joint ventures, management arrangements, off-take and marketing arrangements, project financing and mergers and acquisitions.

Mr Williams was a corporate partner of international law firms Herbert Smith Freehills and Ashurst. He has been Vice-President of the Australia Japan Business Co-operation Committee since 2006 and represented both Australia and Japan in rugby union.

Special Responsibilities:

- Chair of the Audit and Risk Committee until 28 November 2022.
- Member of the Remuneration Committee until 28 November 2022.

Other Current Directorships of ASX Listed Companies:

- New Hope Corporation.
- Lindsay Australia Limited.

Former Directorships of ASX Listed Companies in Last Three Years:

- None.

Interests in Shares and Options:

- None.

COMPANY SECRETARY

MS KYLIE ANDERSON

BSC. MBA (INT. BUS.) MPA, MAICD

COMPANY SECRETARY: Appointed 02 Jan 2008

Ms Anderson has held senior financial and company secretarial roles with a number of companies in the resources sector including Felix Resources Limited and Rio Tinto Group.

MEETINGS OF DIRECTORS

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

	FULL BOARD		AUDIT AND RISK COMMITTEE		REMUNERATION COMMITTEE[2]	
	ATTENDED	HELD[1]	ATTENDED	HELD[1]	ATTENDED	HELD[1]
Current Directors						
D. Wood	12	12	-	-	-	-
F. Purnamasidi	12	12	-	-	-	-
B. Gell	3	3	-	-	-	-
J. Gerard	12	12	2	2	-	-
Former Directors						
I. Williams	7	7	2	2	-	-

1 Held is the number of meetings held during the time the director held office or was a member of the relevant committee.

2 Due to the current size of the Board, all matters that would normally have been considered by the Remuneration Committee have been considered by the Board as a whole.

REMUNERATION REPORT - AUDITED

The Remuneration Report, which has been audited, outlines the director and executive remuneration arrangements for the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations.

A. Remuneration Philosophy

The Group's remuneration philosophy is to ensure that remuneration packages accurately reflect employees' duties and responsibilities, with the overall objective of ensuring maximum stakeholder benefit from the attraction and retention of a high-quality Board and executive team members.

The key principles underpinning the Group's remuneration philosophy are:

- Remuneration that is comparable and market-competitive,
- An appropriate balance between fixed and variable (at-risk) remuneration components,
- The alignment of directors' and executives' interests with those of shareholders, and
- Fairness and transparency.

The Group's remuneration philosophy and practices are overseen by the Remuneration Committee. The Remuneration Committee is responsible for:

- Monitoring and reporting to the Board material risks insofar as they relate to people and remuneration matters,
- Reviewing on an annual basis the remuneration levels of the Board and senior management and recommending changes to the Board as appropriate,
- Overseeing management incentive schemes including employee short-term (**STI**) and long-term (**LTI**) incentives,
- Developing and recommending to the Board performance goals for executives, and
- Assisting the Board in evaluating the achievement of performance goals.

The Remuneration Committee considers that, to maximise stakeholder benefits, the evaluation of the performance of the executive team appropriate for the Group's present circumstances (a mining explorer, transitioning to development and, ultimately, production) should contain key performance indicators related to the achievement of project milestones being obtaining project financing and first production. In recognition of this, zero-cost share options have been incorporated as a component of executive remuneration. The zero-cost share options are designed to reward high performance against challenging, clearly defined and measurable objectives.

Where the Remuneration Committee is not properly constituted according to the terms of the Remuneration Committee Charter (having three independent director members), the Board of Directors will perform the role and duties of the Remuneration Committee until such time that it is properly constituted.

REMUNERATION REPORT – AUDITED (CONTINUED)

B. Key Management Personnel

The Key Management Personnel (**KMP**) of the Group, comprising the executive chairman, the non-executive directors, the chief financial officer and, formerly, the chief operating officer, are those individuals considered to have significant influence over the Group's operating performance and decision making. The KMP of the Group are listed in the table below. Unless otherwise indicated, KMP have held the stated position since the commencement of the financial year and up to the date of this report.

NAME	POSITION	CHANGES IN TENURE
Directors		
Mr D. Wood	Executive Chairman	
Mr F. Purnamasidi	Non-executive Director	
Mr B. Gell	Independent Non-executive Director	Appointed 4 April 2023
Mr J. Gerard	Independent Non-executive Director	
Former Directors		
Mr I. Williams	Independent Non-executive Director	Resigned 28 November 2022
Other KMP		
Ms A. Treble	Chief Financial Officer	
Former KMP		
Mr S. Rooney	Chief Operating Officer	Resigned 13 March 2023 Ceased employment 30 April 2023

C. Remuneration Structure

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

i) Non-executive Director Remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. The current aggregate remuneration so determined is $500,000. An amount not exceeding $500,000 is divided between the directors as agreed.

When appropriate, the Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. No remuneration consultants were engaged to review non-executive remuneration in the year period to 30 June 2023.

Each director receives a fee for being a director of the Company. Directors who are called upon to perform extra services beyond the director's ordinary duties may be paid additional fees for those services. Non-executive directors do not receive any form of equity incentive entitlement, bonus, options, other form of incentive entitlement or retirement benefits. All non-executive directors are entitled to superannuation contributions up to the statutory capped rates.

In order to align with shareholder interests, non-executive directors are encouraged to hold shares in the Company.

REMUNERATION REPORT – AUDITED (CONTINUED)

C. Remuneration Structure (continued)

ii) Executive Remuneration

Objective

The Company aims to attract, motivate and retain high-performing and high-quality executives, to reward them with a level of remuneration commensurate with their position and responsibilities within the Group and to align their interests with those of shareholders.

Structure

Executive remuneration has three components, a combination of which comprises the executive's total remuneration:

- Fixed remuneration comprising a base salary, employer superannuation contributions and non-monetary benefits,
- Other remuneration, including annual leave and long service leave benefits, and
- A performance-based incentive.

Executives can receive the fixed component of their remuneration in the form of cash or other fringe benefits (for example car parking benefits) where it does not create any additional costs to the Group and adds value for the executive. Any awards over and above contractual fixed remuneration and associated statutory entitlements are made at the discretion of the Board.

Upon retirement or termination, executive KMP are paid employee benefits accrued to date of retirement or termination. No other termination benefits are payable under service contracts.

The Board has issued performance-based incentives, in the form of zero-cost share options, in two tranches, with estimated vesting periods of between 9 months and 27 months. At the completion of the option vesting periods, the Remuneration Committee will review performance against the vesting criteria and advise the Board whether the criteria for vesting have been met.

Performance-based incentives are issued at the discretion of the Board. Until vested and exercised, zero-cost share options carry no dividend or voting rights. One ordinary share in the Company is issued on vesting and exercise of a share option.

In determining the level and make-up of executive remuneration, the Board may obtain independent advice from external consultants on market levels of remuneration for comparable executive roles. No remuneration consultants were engaged to review executive remuneration in the year to 30 June 2023. It is the Board's policy that employment contracts are entered into with all the senior executives.

REMUNERATION REPORT – AUDITED (CONTINUED)

D. Relationship between Remuneration and the Company's Performance

The earnings of the Group for the five years / periods to 30 June 2023 are summarised below:

	30 JUN 2023 12 months $	30 JUN 2022 6 months $	31 DEC 2021 12 months $	31 DEC 2020 12 months $	31 DEC 2019 12 months $
Sales revenue	–	–	–	–	–
EBITDA	(2,312,867)	(1,629,523)	(2,265,958)	(1,195,375)	(2,443,690)
EBIT	(2,402,535)	(1,673,985)	(2,322,511)	(1,246,596)	(2,494,448)
Loss after income tax	(2,404,468)	(1,676,050)	(2,325,072)	(1,248,140)	(2,328,377)
Total KMP remuneration	1,277,590	534,242	897,523	538,695	1,278,331 (*)

* In 2019, Total KMP Remuneration included $1,000,000 in shares issued to Mr Wood. This award was in lieu of remuneration for his significant contribution as Executive Chairman in the three years since his appointment to that role. The share issue to Mr Wood was put to, and approved by, shareholders at the 2019 Annual General Meeting. Mr Wood retired from the Board of Directors on 30 August 2021 but was re-appointed to the Board as a Non-executive Director on 18 March 2022 and as Executive Chairman on 18 May 2022.

The factors that are considered to affect Total Shareholders' Return are summarised below:

	30 JUN 2023 12 months	30 JUN 2022 6 months	31 DEC 2021 12 months	31 DEC 2020 12 months	31 DEC 2019 12 months
Share price at financial year/period end ($)	$0.18	$0.195	$0.60	$0.27	$0.23
Total dividends declared (cents per share)	-	-	-	-	-
Basic loss per share (cents per share)	(0.52)	(0.41)	(0.61)	(0.39)	(0.83)

E. Employment Contracts

Employment contracts have been entered into by the Group with key management personnel, documenting the components and level of remuneration applicable to their appointments. These contracts do not fix the amount of remuneration increases from year to year. Remuneration levels are generally reviewed each year by the Remuneration Committee to align with changes in job responsibilities and market salary expectations.

F. Remuneration of Directors and Executives

1) Remuneration of Non-executive Directors

There have been no changes to non-executive remuneration in the current financial year.

All non-executive directors receive an annual fee of $47,250 plus superannuation at the statutory rate, subject to annual review. There are no additional fees paid for additional roles such as committee members, or chair positions. The annual fees have been apportioned in accordance with each director's period of tenure during the financial year.

Mr Jeff Gerard undertook additional work during the financial year to manage the delivery of the Jervois Feasibility Study. Under a separate arm's length consulting agreement, Mr Gerard was entitled to total remuneration of $100,000 for this work, payable in two tranches of $50,000. Both tranches of $50,000 have been paid during the current financial year.

2) Remuneration of the Executive Chairman

On 28 October 2022, following a review, the Board resolved to remunerate Denis Wood at the rate of $40,000 per month (pre-tax including superannuation) while he fills the role of Executive Chairman, with remuneration payable retrospective to the date when he first accepted the role (18 May 2022). Neither Mr Wood nor the Company is required to provide any notice of termination and no termination benefits are payable to Mr Wood as a result of redundancy or material change in duties. This remuneration replaced the director's fee that had been payable to Mr Wood up to the date of this decision.

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Directors and Executives (continued)

3) Remuneration of the Chief Financial Officer

Ms Amy Treble

Under contractual arrangements, Ms Treble is entitled to fixed annual remuneration of $315,580[i] including statutory superannuation, subject to annual review. For further details of Ms Treble's employment terms refer to Section G: Service Contracts.

i Effective 1 January 2023.

4) Remuneration of the Former Chief Operating Officer

Mr Steven Rooney

Under contractual arrangements, Mr Rooney is entitled to fixed annual remuneration of $350,000 including statutory superannuation, subject to annual review. For further details of Mr Rooney's employment terms, refer to Section G: Service Contracts.

No member of key management personnel is entitled to termination payments in the event of removal for misconduct.

5) Remuneration Summary

Directors and other key management personnel received the following compensation for their services during the year ended 30 June 2023 and the comparative six-month period ended 30 June 2022:

YEAR ENDED 30 JUN 2023	CASH SALARY AND FEES $	OTHER SHORT-TERM BENEFITS $	OTHER LONG-TERM BENEFITS $	POST-EMPLOYMENT BENEFITS SUPERANNUATION $	SHARE-BASED PAYMENTS (A) $	TOTAL $	TOTAL PERFORMANCE RELATED %
Current Directors							
D. Wood	512,667	-	-	19,987	-	532,654	-
F. Purnamasidi	47,250	-	-	4,961	-	52,211	-
B. Gell [1]	11,616	-	-	1,220	-	12,836	-
J. Gerard	47,250	-	-	4,961	-	52,211	-
Former Directors							
I. Williams [2]	19,688	-	-	1,240	-	20,928	-
Other KMP							
A. Treble	283,931	-	5,723	27,052	17,051	333,757	5.1
Former KMP							
S. Rooney [3]	266,788	-	-	26,575	(20,370)	272,993	(7.5)
	1,189,190	**-**	**5,723**	**85,996**	**(3,319)**	**1,277,590**	**(0.3)**

(A) Negative share-based payments are expense reversals recorded on the forfeiture of share options.

1 Appointed 4 April 2023.

2 Resigned 28 November 2022.

3 Resigned 13 March 2023. Ceased employment 30 April 2023.

REMUNERATION REPORT – AUDITED (CONTINUED)

F. Remuneration of Directors and Executives (continued)

5) Remuneration Summary (continued)

SIX-MONTHS ENDED 30 JUN 2022	SHORT-TERM BENEFITS $	OTHER SHORT-TERM BENEFITS $	OTHER LONG-TERM BENEFITS $	POST-EMPLOYMENT BENEFITS SUPERANNUATION $	SHARE-BASED PAYMENTS $	TOTAL $	TOTAL PERFORMANCE RELATED %
Current Directors							
D. Wood [1]	13,524	-	-	1,352	-	14,876	-
F. Purnamasidi	23,625	-	-	2,363	-	25,988	-
J. Gerard [2]	3,955	-	-	396	-	4,351	-
I. Williams [3]	2,231	-	-	223	-	2,454	-
Former Directors							
P. Hay [4]	19,688	-	-	1,969	-	21,657	-
S. Finnis [5]	281,515	-	-	17,522	(114,589)	184,448	(62.1)
D. Gately [4]	19,688	-	-	1,969	-	21,657	-
S. Mallyon [6]	11,813	-	-	1,181	-	12,994	-
Other KMP							
A. Treble	138,636	-	1,758	13,864	9,717	163,975	5.9
S. Rooney [7]	52,146	4,111	-	5,215	20,370	81,842	24.9
	566,821	**4,111**	**1,758**	**46,054**	**(84,502)**	**534,242**	**(15.8)**

1 Appointed 18 March 2022.
2 Appointed 31 May 2022.
3 Appointed 14 June 2022.
4 Resigned 31 May 2022.
5 Resigned 20 May 2022.
6 Resigned 21 March 2022.
7 Appointed 2 May 2022.

The remuneration of all non-executive directors is fixed. For all other key management personnel, the proportion of remuneration that is fixed and the proportion of remuneration that is linked to performance is outlined below.

		FIXED REMUNERATION %	AT RISK – STI %	AT RISK – LTI %
Executive Chairman				
D. Wood	**12-Mths: 30 Jun 23**	**100**	**-**	**-**
	6-Mths: 30 Jun 22	100	-	-
Other Executive KMP				
A. Treble	**12-Mths: 30 Jun 23**	**94.9**	**-**	**5.1**
	6-Mths: 30 Jun 22	94.1	-	5.9
S. Rooney [1]	**12-Mths: 30 Jun 23**	**100**	**-**	**-**
	6-Mths: 30 Jun 22	75.1	-	24.9
Former Managing Director and Chief Executive Officer				
S. Finnis [2]	**12-Mths: 30 Jun 23**	**-**	**-**	**-**
	6-Mths: 30 Jun 22	100	-	-

1 Resigned 13 March 2023. Ceased employment 30 April 2023. 2. Resigned 20 May 2022.

No member of key management personnel is entitled to receive securities that are not performance based.

REMUNERATION REPORT – AUDITED (CONTINUED)

G. Service Contracts

Remuneration and other terms of employment for key management personnel, other than non-executive directors, are formalised in service agreements. Details of these agreements are as follows:

MS AMY TREBLE

Title: Chief Financial Officer (**CFO**)

Agreement Commenced: 25 November 2019

Term of Agreement: Until terminated in accordance with the provisions of the agreement.

The key terms of this agreement are as follows:

- The term is ongoing whilst Ms Treble is CFO.
- Base remuneration of $305,000, inclusive of superannuation, for the period 1 July 2022 to 31 December 2022.
- Base remuneration of $315,580, inclusive of superannuation, from 1 January 2023, subject to annual review by the Board.
- Contractual LTI; up to 30% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period: 1 month's notice in writing.

MR STEVEN ROONEY

Title: Chief Operating Officer (**COO**)

Agreement Commenced: 2 May 2022

Agreement Concluded: 30 April 2023

Term of Agreement: Until terminated in accordance with the provisions of the agreement.

The key terms of this agreement are as follows:

- The term is ongoing whilst Mr Rooney is COO.
- Base remuneration of $350,000, inclusive of superannuation, subject to annual review by the Board.
- Contractual LTI; up to 30% of base remuneration.
- No termination payments, other than statutory entitlements.
- Notice period: 3 months' notice in writing[i].

i By agreement with the Board of Directors, Mr Rooney's notice period was reduced to 49 days following his resignation on 13 March 2023.

H. Cash Bonuses

There were no cash bonuses granted to KMP in relation to either the year ended 30 June 2023 or the six-month period ended 30 June 2022.

REMUNERATION REPORT – AUDITED (CONTINUED)

I. Options Granted as Remuneration

The terms and conditions relating to long-term incentive share options granted to KMP that affect remuneration during the year are as follows:

GRANTEE	TYPE	GRANT DATE	GRANT DATE FAIR VALUE[1]	% VESTED	EXPIRY/ FORFEITURE DATE
Tranche 1 Options					
A.Treble	Share Options	31 May 2021	$78,400	-	22 Jun 2026
S. Rooney [2]	Share Options	4 May 2022	$85,200	-	13 Mar 2023
Tranche 2 Options					
A.Treble	Share Options	31 May 2021	$78,400	-	22 Jun 2026
S. Rooney [2]	Share Options	4 May 2022	$85,200	-	13 Mar 2023

1 The grant date fair value was determined using a Black Scholes-Merton valuation model at grant date.

2 Mr Rooney's options were forfeited at the time of his resignation on 13 March 2023.

The share options were offered by the Board to incentivise executive members of key management personnel and to align their interests with those of shareholders. The share options were issued in two equal tranches which have performance related vesting conditions as outlined below:

TRANCHE	CONDITIONS
1	Vest upon achieving successful final investment decision for the Jervois Copper Project, on time and on budget based on the criteria approved by the Board of the Company. In respect of the Tranche 1 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of KGL Resources Limited.
2	Vest following the construction of the mine for the Jervois Copper Project and achieving first production of at least 1000t of concentrate under the conditions approved by the Board of the Company. In respect of the Tranche 2 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of KGL Resources Limited.

The number of options over ordinary shares held during the financial year by the key management personnel of the Group is set out below:

	BALANCE BEGINNING OF YEAR NUMBER	GRANTED			EXERCISED		LAPSED	BALANCE END OF YEAR NUMBER
		GRANT DATE	NUMBER	VALUE $	NUMBER	VALUE $	NUMBER	
Other KMP								
A. Treble	224,000	-	-	-	-	-	-	224,000
Former KMP								
S. Rooney [i]	480,000	-	-	-	-	-	(480,000)	-
	704,000		**-**	**-**	**-**	**-**	**(480,000)**	**224,000**

i In accordance with the terms and conditions of the issue, these zero-priced options were forfeited on the resignation of Mr Rooney. In the current financial year, a reversal of $20,370 resulting from the forfeiture has been adjusted to Exploration and Evaluation Assets in the statement of financial position where the amount was originally recognised in the prior financial period.

No share options had vested or were exercisable at 30 June 2023.

REMUNERATION REPORT – AUDITED (CONTINUED)

J. Shareholdings of Directors and Key Management Personnel

The numbers of ordinary shares in the Company held during the financial year by each director and by each other member of key management personnel of the Group, including their personally related parties, are as follows:

30 JUNE 2023	BALANCE AT BEGINNING OF YEAR NUMBER	ENTITLEMENT OFFER NUMBER	ISSUED ON EXERCISE OF OPTIONS NUMBER	OTHER CHANGES NUMBER	BALANCE AT END OF YEAR NUMBER
Current Directors					
D. Wood	42,019,437	15,562,755	-	-	57,582,192
F. Purnamasidi	753,847	279,203	-	-	1,033,050
B. Gell [1]	-	-	-	-	-
J. Gerard	-	-	-	1,000,000	1,000,000
Former Directors					
I. Williams [2]	-	-	-	-	-
Other KMP					
A Treble	-	-	-	-	-
Former KMP					
S. Rooney [3]	-	-	-	-	-
TOTAL	**42,773,284**	**15,841,958**	**-**	**1,000,000**	**59,615,242**

1 Appointed 4 April 2023.
2 Resigned 28 November 2022.
3 Resigned 13 March 2023. Ceased employment 30 April 2023.

K. Other Transactions with Key Management Personnel and / or their Related Parties

1) Amounts Payable to Key Management Personnel

At 30 June 2023, the following amount due to a member of key management personnel was outstanding:

	CONSOLIDATED	
PAYABLE TO KEY MANAGEMENT PERSONNEL	30 JUN 2023 $	30 JUN 2022 $
Director's fees and superannuation	4,786	4,351

2) Other Related Party Transactions

KGL engaged JAGX Pty Ltd, a related party of Mr Jeff Gerard, during the financial year, to manage the delivery of the Jervois Feasibility Study. Under a separate arm's length consulting agreement, JAGX Pty Ltd was entitled to total fees of $100,000, to be paid in two tranches of $50,000, with the second tranche payable only on study completion. Both tranches of $50,000 were paid during the financial year.

There were no other transactions conducted between the Group and key management personnel or their related parties, apart from those disclosed above relating to equity and compensation, that were conducted other than in accordance with normal employee or supplier relationships on terms no more favourable than those reasonably expected under arm's length dealings with unrelated parties.

THIS IS THE END OF THE REMUNERATION REPORT – AUDITED

EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

AUDITOR INDEPENDENCE

The auditor's independence declaration as required under section 307C of the *Corporations Act 2001*, is set out on page 52 of the financial report.

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

On behalf of the Board,

Denis Wood

Executive Chairman
Brisbane
Dated: 21 September 2023

Competent Persons' Statement

The Jervois resources information included on pages 22 to 29 of the Directors' Report, was first released to the ASX on 14 September 2022 and complies with JORC 2012. The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Persons' findings are presented has not been materially modified from the original market announcement.

The following drill holes were originally reported on the date indicated and using the JORC code specified in the table.

HOLE		DATE ORIGINALLY REPORTED	JORC REPORTED UNDER
KJCD	434	13/05/2021	2012
KJCD	556	27/09/2022	2012
KJCD	556D1	27/09/2022	2012
KJCD	557	19/01/2023	2012
KJD	570	28/06/2023	2012
KJD	571	28/06/2023	2012
KJD	572	28/06/2023	2012
KJCD	434D1	28/06/2023	2012
KJCD	556D2	28/06/2023	2012
KJCD	556D3	28/06/2023	2012

Auditor's Independence Declaration

BY A J WHYTE TO THE DIRECTORS OF KGL RESOURCES LIMITED

KGL RESOURCES LIMITED AND ITS CONTROLLED ENTITIES | ABN 52 082 658 080

Auditor's Independence Declaration

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY A J WHYTE TO THE DIRECTORS OF KGL RESOURCES LIMITED

As lead auditor of KGL Resources Limited for the period ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of KGL Resources Limited and the entities it controlled during the period.

A J Whyte
Director

BDO Audit Pty Ltd

Brisbane, 21 September 2023

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
		12 MONTHS 30 JUN 2023 $	6 MONTHS 30 JUN 2022 $
	NOTE	$	$
Other income	3	**416,802**	15,509
Administrative expenses	4(a)	**(1,180,687)**	(876,987)
Employee benefits expense	4(b)	**(1,394,320)**	(662,816)
Other expenses		**(154,662)**	(105,229)
Depreciation and amortisation expense		**(89,668)**	(44,462)
Finance expense	4(c)	**(1,933)**	(2,065)
Loss before income tax		**(2,404,468)**	(1,676,050)
Income tax benefit	5	**-**	-
Net loss for the year / period		**(2,404,468)**	(1,676,050)
Other comprehensive income, net of tax		**-**	-
Total comprehensive income for the year / period		**(2,404,468)**	(1,676,050)
Loss per share attributable to the owners of the Company			
Basic loss per share (cents per share)	6	**(0.52)**	(0.41)
Diluted loss per share (cents per share)	6	**(0.52)**	(0.41)

This financial statement should be read in conjunction with the accompanying notes.

Statement of Financial Position

AS AT 30 JUNE 2023

		CONSOLIDATED	
		30 JUN 2023	30 JUN 2022
	NOTE	$	$
Current assets			
Cash and cash equivalents	7	**22,513,602**	23,271,256
Trade and other receivables	8	**201,443**	83,363
Financial assets	9	**148,765**	148,765
Prepayments	10	**1,158,322**	662,554
Total current assets		**24,022,132**	24,165,938
Non-current assets			
Financial assets	9	**303,312**	303,312
Property, plant and equipment	11	**335,263**	198,355
Right-of-use assets	12	**163,238**	425,356
Exploration and evaluation assets	13	**100,947,584**	90,750,821
Intangible assets		**2,555**	3,428
Total non-current assets		**101,751,952**	91,681,272
Total assets		**125,774,084**	115,847,210
Current liabilities			
Trade and other payables	15	**1,662,977**	2,443,554
Lease liabilities	12	**108,202**	304,294
Total current liabilities		**1,771,179**	2,747,848
Non-current liabilities			
Lease liabilities	12	**53,798**	121,807
Total non-current liabilities		**53,798**	121,807
Total liabilities		**1,824,977**	2,869,655
Net assets		**123,949,107**	112,977,555
Equity			
Contributed equity	17	**250,691,208**	237,329,681
Reserves	16	**183,633**	169,140
Accumulated losses		**(126,925,734)**	(124,521,266)
Total equity		**123,949,107**	112,977,555

This financial statement should be read in conjunction with the accompanying notes.

For personal use only

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2023

		CONSOLIDATED	
		12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	NOTE	$	$
Cash flows from operating activities			
Receipts in the course of operations		**976,911**	1,075,858
Payments to suppliers and employees		**(3,566,696)**	(2,310,169)
Interest received		**383,344**	13,475
Finance costs – leases		**(13,792)**	(10,252)
Net cash used in operating activities	7(a)	**(2,220,233)**	(1,231,088)
Cash flows from investing activities			
Payment for exploration and evaluation assets		**(11,339,112)**	(10,840,328)
Payment for property, plant and equipment	11	**(212,924)**	(72,123)
Proceeds from disposal of property, plant and equipment		**-**	7,273
Payment for right-of-use assets		**-**	(4,384)
Payment for security deposits		**-**	(80,210)
Net cash used in investing activities		**(11,552,036)**	(10,989,772)
Cash flows from financing activities			
Proceeds from issue of shares	17	**13,524,346**	23,041,369
Payment of share issue costs		**(198,310)**	(131,271)
Principal elements of lease payments	7(d)	**(311,421)**	(160,954)
Net cash provided by financing activities		**13,014,615**	22,749,144
Net increase / (decrease) in cash and cash equivalents		**(757,654)**	10,528,284
Cash and cash equivalents at the beginning of the year / period		**23,271,256**	12,742,972
Cash and cash equivalents at the end of the year / period	7	**22,513,602**	23,271,256

This financial statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2023

CONSOLIDATED	CONTRIBUTED EQUITY	SHARE-BASED PAYMENT RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	$	$	$	$
Balance as at 1 July 2022	**237,329,681**	**169,140**	**(124,521,266)**	**112,977,555**
Loss for the year	-	-	**(2,404,468)**	**(2,404,468)**
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	**(2,404,468)**	**(2,404,468)**
Transactions with owners in their capacity as owners				
Issue of share capital (net of costs)	**13,361,527**	-	-	**13,361,527**
Share-based payments – expensed	-	**17,051**	-	**17,051**
Share-based payments – capitalised[i]	-	**(2,558)**	-	**(2,558)**
Balance as at 30 June 2023	**250,691,208**	**183,633**	**(126,925,734)**	**123,949,107**
Balance as at 1 January 2022	214,480,963	205,528	(122,845,216)	91,841,275
Loss for the period	-	-	(1,676,050)	(1,676,050)
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(1,676,050)	(1,676,050)
Transactions with owners in their capacity as owners				
Issue of share capital (net of costs)	22,848,718	-	-	22,848,718
Share-based payments – reversed	-	(114,589)	-	(114,589)
Share-based payments – expensed	-	15,612	-	15,612
Share-based payments – capitalised[i]	-	62,589	-	62,589
Balance as at 30 June 2022	237,329,681	169,140	(124,521,266)	112,977,555

i The value of share-based payments to employees of the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation Asset (refer Note 13).

This financial statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements for the year ended 30 June 2023

ABOUT THIS REPORT

On 31 January 2022 the board of directors of KGL Resources Limited (**Board**) resolved under s323D of the *Corporations Act 2001* to change the Group's financial year end from 31 December to 30 June. Accordingly, these financial statements are for the year ended 30 June 2023. The comparative period is the six-month period ended 30 June 2022. Therefore, the amounts presented in the financial statements for the current and comparative periods are not entirely comparable.

The financial statements of KGL Resources Limited for the year ended 30 June 2023 cover the consolidated entity consisting of KGL Resources Limited and its controlled entities (together referred to as the **Group**) as required by the *Corporations Act 2001.*

The registered office and principal place of business is Level 5, 167 Eagle Street, Brisbane, Queensland, 4000, Australia.

The financial statements are presented in the Australian currency.

KGL Resources Limited (**Company, Parent Entity**) is a public company, incorporated and domiciled in Australia.

The principal activity of the Group during the year was exploration and development of the Jervois Copper Project in the Northern Territory. There have been no significant changes in the nature of these activities during the year.

The consolidated general-purpose financial report of the Group for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 21 September 2023. The directors have the power to amend and reissue the financial report. The financial report is a general-purpose financial report which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (**AASB**) and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB and IFRS that are relevant to the operations of the Group and effective for reporting periods beginning on or after 1 July 2022. The impact of adopting these standards did not have any impact on the Group's accounting policies and did not require retrospective adjustments.
- Does not early adopt any Australian Accounting Standards and Interpretations that have been issued or amended but are not yet effective.

The financial statements have been prepared on a historical cost basis. The Company is a for-profit entity for the purposes of Australian Accounting Standards.

KEY JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates which are material to the financial report are found in the following notes:

- Note 5: Income taxes
- Note 12: Leases
- Note 13: Exploration and evaluation assets

BASIS OF CONSOLIDATION

Subsidiaries are those entities over which KGL Resources Limited has control. The Group controls an entity when the Group is exposed, or has the rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

BASIS OF CONSOLIDATION (CONTINUED)

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. The financial statements of subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

THE NOTES TO THE FINANCIAL STATEMENTS

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered relevant and material if, for example:

- The amount in question is significant because of its size or nature,
- It is important for understanding the results of the Group,
- It helps to explain the impact of significant changes in the Group's business, for example acquisitions and impairment write-downs, or
- It is related to an aspect of the Group's operations that is important to its future performance.

1. Going concern

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

As disclosed in the financial report, the Group incurred a net loss of $2,404,468, net operating cash outflows of $2,220,233 and net investing cash outflows of $11,552,036 for the year ended 30 June 2023. As at 30 June 2023, the Group has cash and cash equivalents of $22,513,602.

The ability of the Group to continue as a going concern is principally dependent upon one or more of the following:

- The ability of the Company to raise capital as and when necessary, and/or
- The successful exploration and subsequent exploitation of the Group's tenements.

These conditions give rise to material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The directors believe that the going concern basis of preparation is appropriate for the following reasons:

- The directors believe there is sufficient cash available for the Group to continue operating until it can raise further capital to fund its ongoing activities.
- Equity raisings have been successful in the past and, as recently as May 2023, an entitlement offer to existing shareholders at $0.12 per new ordinary share closed with 66.94% of entitlements taken up.
- The directors can curtail the Group's activities to preserve cash.

Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Group be unable to continue as a going concern.

2. Segment information

The Group identifies its operating segments based on the internal reports that are reviewed and used by the Board, the chief operating decision makers, in assessing performance and determining the allocation of resources.

All information provided to the Board is consolidated information. Accordingly, management currently identifies the Group as having only one reportable segment, being exploration at the Jervois Copper Project in the Northern Territory. The financial results from this segment are equivalent to the financial statements of the Group as a whole. All significant operating decisions are based upon analysis of the Group as one segment.

All assets of the Group are located in Australia.

The Group does not yet have any products or services from which it derives an income.

3. Other income

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
Interest revenue – third parties	**416,802**	15,509
Total other income	**416,802**	15,509

Recognition and measurement

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

All revenue is stated net of the amount of goods and services tax (GST).

4. Expenses

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
a) Administrative expenses		
Professional and consulting fees	**416,510**	441,392
Business development and investor relations expenses	**155,650**	18,752
Software development costs	**6,606**	87,318
Corporate office overheads	**172,597**	109,246
Corporate fees	**104,175**	77,043
Insurance	**321,483**	141,448
Expenses relating to leases of low-value assets	**3,666**	1,788
	1,180,687	876,987
b) Employee benefits expense		
Salaries, wages, and related costs	**1,146,700**	614,141
Directors' fees (excluding superannuation)	**141,553**	94,524
Expense reversal on forfeiture of employee share options (refer Note 18)	-	(114,589)
Share-based payments expense (refer Note 18)	**17,051**	15,612
Superannuation contributions	**89,016**	53,128
	1,394,320	662,816
c) Finance expense		
Interest on lease liabilities (refer Note 12)	**1,933**	2,065
	1,933	2,065

4. Expenses (continued)

Recognition and measurement

Post-employment benefits plans – defined contribution plans

The Group provides post-employment benefits through defined contribution plans.

The Group pays fixed contributions into independent entities in relation to several plans. The Group has no legal or constructive obligations to pay contributions in addition to its fixed contributions which are recognised as an expense in the period in which the relevant employee services are received.

5. Income taxes

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
a) Components of tax expense		
Current tax benefit on loss for the year	-	-
Deferred tax arising from origination and reversal of temporary differences	-	-
Total income tax benefit in profit or loss	-	-
b) The prima facie income tax on the loss is reconciled to income tax benefit as follows:		
Loss before income tax	**(2,404,468)**	(1,676,050)
Prima facie tax benefit on loss before income tax at 25% (2022: 25%)	**(601,117)**	(419,013)
Other deductible expenses	**(80,421)**	(62,926)
Adjustment recognised for prior periods	**(94,368)**	-
Deferred tax assets arising from temporary differences not recognised	**775,906**	481,939
Income tax benefit attributable to the Group	-	-
c) Unrecognised deferred tax assets		
Prior year tax losses brought forward – gross	**166,377,225**	157,778,818
Adjustment to prior period losses – gross	**377,470**	-
Total losses recognised – gross	**(96,902,547)**	(85,818,760)
Current period tax losses – gross	**13,811,922**	8,598,407
Unrecognised tax losses – gross	**83,664,070**	80,558,465
Deferred tax assets not taken up – at 25% (2022: 25%)	**20,916,017**	20,139,616
d) Recognised net deferred tax assets		
Deferred tax liabilities		
Exploration and evaluation	**(24,340,195)**	(21,820,839)
	(24,340,195)	(21,820,839)
Deferred tax assets		
Tax losses	**24,225,946**	21,454,690
Provisions / accruals	**114,249**	366,149
	24,340,195	21,820,839
Net deferred tax asset recognised	–	–

e) Franking credits

There are no franking credits available.

5. Income taxes (continued)

Recognition and measurement

The income tax expense / (benefit) for the year comprises current income tax expense / (benefit) and deferred tax expense / (benefit).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities / (assets) are measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense / (benefit) reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense / (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

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 reporting date. 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.

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.

6. Loss per share

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
Loss after income tax attributable to the owners of the Company used in calculating basic and diluted loss per share.	**(2,404,468)**	(1,676,050)
Basic loss per share (cents per share)	**(0.52)**	(0.41)
Diluted loss per share (cents per share)	**(0.52)**	(0.41)

	# SHARES	# SHARES
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share.	**465,704,875**	407,485,863

At 30 June 2023, the Company had granted 458,000 options (30 Jun 2022: 938,000 options) over unissued ordinary shares. No options had vested or were exercisable at financial year end. As the Company has generated losses, the options have been treated as anti-dilutive for the purposes of determining diluted loss per share (Refer to Note 18).

Recognition and measurement

Basic earnings per share

Basic earnings / (loss) per share is calculated by dividing the profit / (loss) attributable to the owners 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 financial year.

Diluted earnings 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-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.

7. Cash and cash equivalents

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Cash at bank	**15,513,602**	3,816,242
Term deposits with short-term maturity	**7,000,000**	19,455,014
Total cash and cash equivalents	**22,513,602**	23,271,256

Cash at bank balances bear floating interest rates between 0% and 4.1% (30 Jun 2022: 0% and 0.1%).

Term deposits bear fixed interest rates between 4.15% and 4.35% (30 Jun 2022: 0.05% and 0.95%).

Recognition and measurement

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions and other short term, highly liquid investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

7. Cash and cash equivalents (continued)

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
a) Reconciliation of loss after tax to net cash flows from operations		
Loss for the year/period after income tax benefit	**(2,404,468)**	(1,676,050)
Non-cash flows in loss:		
Depreciation and amortisation expense	**89,668**	44,462
Expense reversal on forfeiture of employee share options	**-**	(114,589)
Share-based payments expense	**17,051**	15,612
'Software as a service' costs expensed	**-**	17,357
Capitalised expenditure classified as cash flows from operating activity:		
Interest expense	**(11,859)**	(8,187)
Change in operating assets and liabilities:		
(Increase) / decrease in trade and other receivables	**(118,079)**	147,065
(Increase) / decrease in payables for exploration and evaluation assets [i]	**105,885**	62,770
(Increase) / decrease in prepayments	**(317,588)**	200,982
Increase / (decrease) in trade and other payables	**419,157**	79,490
Net cash used in operating activities	**(2,220,233)**	(1,231,088)

i Classified as investing activity

b) Facilities with banks

There are no borrowing facilities at the reporting date (30 Jun 2022: Nil).

c) Non-cash financing and investing activities

Non-cash investing and financing activities disclosed in other notes are:

- Additions to right-of-use assets – refer to Note 12, and
- Share options issued to employees for no cash consideration – refer to Note 18.

(d) Cash and non-cash movements in liabilities arising from financing activities

The following table reconciles the cash and non-cash movements in liabilities arising from financing activities:

Borrowings	Opening Balance	Non-cash Additions	Cash Lease Payments	Closing Balance
	$	$	$	$
30 Jun 2023				
Lease liabilities	426,101	47,320	(311,421)	162,000
30 Jun 2022				
Lease liabilities	529,462	57,593	(160,954)	426,101

8. Trade and other receivables

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
GST receivable (net)	**139,233**	72,839
Other receivables	**62,210**	10,524
Total trade and other receivables	**201,443**	83,363

Other receivables are non-interest bearing and have repayment terms up to thirty days.

9. Financial assets

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Current		
Term deposits	**148,765**	148,765
Total current financial assets	**148,765**	148,765
Non-current		
Security deposits	**303,312**	303,312
Total non-current financial assets	**303,312**	303,312

Financial assets are comprised of rental bonds, rolling interest-bearing term deposits supporting environmental bank guarantees with the Department of Mines and other guarantees. Security deposits and guarantees of $303,312 (30 Jun 2022: $303,312) have been provided to the Department of Mines and other suppliers.

10. Prepayments

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Prepayment for infrastructure [i]	**449,987**	449,987
Other operating prepayments [ii]	**708,335**	212,567
Total prepayments	**1,158,322**	662,554

i Prepayment for communications infrastructure to be built at the Jervois Copper Project. Construction is expected to commence in the financial year ended 30 June 2024.
ii Other operating prepayments include prepayments for insurance, software licences, tenement rents and other operating expenditure.

11. Property, plant and equipment

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Plant and equipment		
Cost	**856,267**	646,544
Accumulated depreciation	**(521,004)**	(448,189)
Total plant and equipment	**335,263**	198,355

Recognition and measurement

Each class of property, plant and equipment is carried at historical cost less, where applicable, any accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the assets. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

At each reporting period end, the carrying amount of property, plant and equipment is reviewed to ensure that carrying values are not in excess of the recoverable amounts. The assets' residual values and useful lives are also reviewed, and adjusted if appropriate, at each reporting date.

The depreciable amount of all property, plant and equipment is depreciated on a straight-line basis to allocate cost, net of any residual value, over the estimated useful lives to the Group commencing from the time the asset is held ready for use. The useful lives of assets classified as plant and equipment are between 3 and 10 years.

11. Property, plant and equipment (continued)

Movements in carrying amount of property, plant and equipment:

30 JUNE 2023	PLANT AND EQUIPMENT $
Carrying amount at 1 July 2022	**198,355**
Additions	**212,924**
Depreciation [i]	**(76,016)**
Disposals	**-**
Carrying amount at 30 June 2023	**335,263**

i $54,882 (30 Jun 2022: $20,987) of depreciation expense on property, plant and equipment acquired to advance the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

30 JUNE 2022	PLANT AND EQUIPMENT $
Carrying amount at 1 January 2022	159,838
Additions	72,123
Depreciation	(31,186)
Disposals	(2,420)
Carrying amount at 30 June 2022	198,355

12. Leases

This note provides information on the Group as a lessee.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Right-of-use assets		
Property	**11,277**	78,938
Infrastructure	**-**	81,800
Equipment	**-**	65,547
Motor vehicles	**151,961**	199,071
Total right-of-use assets	**163,238**	425,356
Lease liabilities		
Current	**108,202**	304,294
Non-current	**53,798**	121,807
Total lease liabilities	**162,000**	426,101

12. Leases (continued)

Amounts recognised in the statement of profit or loss and other comprehensive income

The statement of profit or loss and other comprehensive income includes the following amounts relating to leases:

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
Amortisation expense [i]	**67,661**	33,831
Interest expense [ii]	**1,933**	2,065
Expense relating to leases of low value assets	**3,666**	1,788

i Amortisation of $241,777 (30 Jun 2022: $138,773) relating to leased assets acquired for the purpose of advancing the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

ii Interest of $11,859 (30 Jun 2022: $8,187) recognised on leases entered into for the purposes of advancing the Jervois Copper Project has been capitalised as part of the Exploration and Evaluation asset.

Recognition and measurement

The Group leases various properties, motor vehicles, infrastructure and items of equipment. Lease contracts are typically made for periods of 2 to 5 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide variety of terms and conditions.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for the lease of real estate for which the Group is the lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments, less any lease incentive receivable,
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- Amounts expected to be payable by the Group under residual value guarantees,
- The exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rates implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group, where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third-party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

12. Leases (continued)

Recognition and measurement (continued)

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of the lease liability,
- Any lease payments made at or before the commencement date, less any lease incentives received,
- Any initial direct costs, and
- Restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low value assets are small items of office equipment.

Key judgements and estimations

In determining both the right-of-use asset and the lease liability certain estimates and judgements were made. These included the following:

- *Impairment identification*. No impairments were identified at 30 June 2023. Each of the right-of-use assets was allocated to a cash generating unit (**CGU**) and the CGUs were assessed for impairment based on value in use. No impairments to CGUs have been identified.

13. Exploration and evaluation assets

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Deferred exploration and evaluation assets	**100,947,584**	90,750,821
Deferred exploration and evaluation assets		
Balance at the beginning of the year / period	**90,750,821**	80,599,275
Current year / period expenditure	**10,196,763**	10,151,546
Balance at the end of the year / period	**100,947,584**	90,750,821

The ultimate recovery of exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Recognition and measurement

The Group applies AASB 6 *Exploration for and Evaluation of Mineral Resources*. Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

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

When production commences, the accumulated costs for the relevant area of interest are transferred to mine development and amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Where incidental income and other research and development grants are received that relate to capitalised exploration and evaluation expenditure, these amounts are offset against the amounts capitalised.

13. Exploration and evaluation assets (continued)

Key estimates and judgements

The directors determine when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. The directors' decisions are made after considering the likelihood of finding commercially viable outcomes balanced with acceptable political and environmental assessment. No tenements were abandoned in the current financial year.

Work undertaken in the current year has advanced the technical aspects of the project, however, until the financial investment decision is made by the Board, the vast majority of work undertaken is eligible for capitalisation under AASB6 *Exploration for and Evaluation of Mineral Resources*. Until such time as the financial investment decision has been made, the directors believe that the Jervois Project is still in the exploration and evaluation phase and have capitalised expenses to the Exploration and Evaluation asset in accordance with the prescribed accounting treatment.

14. Interests in other entities

Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group.

NAME	COUNTRY OF INCORPORATION	30 JUN 2023 % HELD	30 JUN 2022 % HELD
Jinka Minerals Limited	Australia	**100**	100
Jervois Holdings Pty Ltd	Australia	**100**	100
Jervois Operations Pty Ltd	Australia	**100**	100
KGL Resources Sales Pty Ltd	Australia	**100**	100

15. Trade and other payables

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Trade payables	**1,523,259**	2,240,423
Employee benefits	**139,718**	203,131
Total trade and other payables	**1,662,977**	2,443,554

Recognition and measurement

Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the period-end which are unpaid. These amounts are unsecured and have 7 to 60-day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. No assets of the Group have been pledged as security for the trade and other payables.

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries, superannuation, annual leave and long service leave.

Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlements.

Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the obligation is settled.

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16. Reserves

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Share-based payments reserve	**183,633**	169,140
Total reserves	**183,633**	169,140

Nature and purpose of reserves

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to directors and other employees as part of their remuneration (refer to Note 18).

17. Contributed equity

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Ordinary shares – fully paid	**250,691,208**	237,329,681

Movement in shares on issue

DETAILS	30 JUN 2023		30 JUN 2022	
	SHARES ISSUED NO.	ISSUED CAPITAL $	SHARES ISSUED NO.	ISSUED CAPITAL $
Beginning of the financial year / period	**454,588,974**	**237,329,681**	392,315,012	214,480,963
Entitlement offer – 12 May 2022	-	-	55,773,961	20,636,369
Entitlement offer – 28 June 2022	-	-	6,500,001	2,405,000
Entitlement offer – 25 May 2023	**112,702,889**	**13,524,346**	-	-
Share issue costs – 28 June 2022 raising	-	**20,520**	-	(192,651)
Share issue costs – 25 May 2023 raising	-	**(183,339)**	-	-
End of the financial year / period	**567,291,863**	**250,691,208**	454,588,974	237,329,681

Capital raising

On 26 April 2023, the Company announced a 10 for 27 non-renounceable entitlement offer for new fully paid ordinary shares in the Company (the **Offer**) at an offer price of $0.12 per new ordinary share to raise up to $20.2 million. The Offer was not underwritten and was subject to a minimum raise of $9.0 million.

The Offer closed on 18 May 2023 with the Company having received valid applications for 112,709,889 new ordinary shares, including 2,757,174 new ordinary shares applied for under the top-up facility. This represented approximately 66.94% of the total number of new ordinary shares offered to shareholders.

In total, the Offer raised $13,524,346 before costs of $183,339. 112,702,889 new ordinary shares were issued and allotted on 25 May 2023 and commenced trading on the ASX on 26 May 2023.

The proceeds of the Offer will be used to fund the activities following on from the feasibility study being:

- Project development; and
- The ongoing expansion of the resource.

17. Contributed equity (continued)

Ordinary shares

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

Ordinary shares have no par-value and the Company does not have a limited amount of authorised capital.

Capital risk management

The capital structure of the Group consists of equity as disclosed in the statement of financial position. Management controls the capital of the Group in order to generate long-term shareholder value, maximising the return to shareholders and ensuring that the Group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

The Group's capital is effectively managed by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

Recognition and measurement

Issued and paid-up capital is recognised at the fair value of the consideration received by the Group.

Transaction costs arising on the issue of equity instruments are recognised directly in equity as a reduction in the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments, and which would not have been incurred had those instruments not been issued.

18. Share-based payments

Share options granted to key management personnel and other employees

Zero-priced options were offered by the Board in prior financial years to incentivise members of key management personnel and other senior employees and to align their interests with those of shareholders. The zero-prices options were issued in two equal tranches, each with performance related vesting conditions.

A member of key management personnel who resigned from the Company during the financial year was the holder of a total of 480,000 zero-priced options (240,000 Tranche 1 options and 240,000 Tranche 2 options). In accordance with the terms and conditions of the issue, these zero-priced options were forfeited on the resignation of the holder. In the current financial year, a reversal of $20,370 resulting from the forfeiture has been adjusted to Exploration and Evaluation Assets in the statement of financial position where the amount was originally recognised in the prior financial period.

The zero-priced options on issue to members of key management personnel and other employees at 30 June 2023 are summarised as follows. All options are unlisted.

OPTION HOLDER	GRANT DATE	EXERCISE PRICE $	EXPIRY DATE	FAIR VALUE AT GRANT DATE $	NUMBER OF OPTIONS
Key management personnel	31 May 2021	-	22 Jun 2026	156,800	224,000
Other employees	31 May 2021	-	22 Jun 2026	163,800	234,000
				320,600	**458,000**

The grant of options to each option holder has been split into two equal tranches with each tranche subject to vesting conditions as outlined below:

TRANCHE	CONDITIONS
1	Vest upon achieving successful final investment decision for the Jervois Copper Project, on time and on budget based on the criteria approved by the Board of the Company. In respect of the Tranche 1 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful financial investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of KGL Resources Limited.
2	Vest following the construction of the mine for the Jervois Copper Project and achieving first production of at least 1000t of concentrate under the conditions approved by the Board of the Company. In respect of the Tranche 2 options, unless the Board of KGL Resources Limited determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of KGL Resources Limited.

The estimated vesting date of the tranches is based on management's best estimate as at 30 June 2023, and the probability of achieving the hurdles has been reflected in the fair value of the options granted.

18. Share-based payments (continued)

Terms and conditions of option issue

Unless the Board of the Company determines otherwise, the options will immediately lapse if a holder ceases to be employed by the Group.

If, in the opinion of the Board of the Company, a significant safety, environmental or social incident occurs, the Board of the Company may determine that the options will lapse.

In respect of the Tranche 1 options, unless the Board of the Company determines otherwise, 20% of the total Tranche 1 options granted to the holder will lapse for each month that a successful final investment decision for the Jervois Copper Project is delayed beyond the time approved and set by the Board of the Company.

In respect of the Tranche 2 options, unless the Board of the Company determines otherwise, 20% of the total Tranche 2 options granted to the holder will lapse for each month that the construction of the mine for the Jervois Copper Project and first production (1000t) is delayed beyond the time approved and set by the Board of the Company.

The options do not confer a right to participate in new issues of shares unless the options have vested and have been exercised on or before the record date for determining entitlements to the issue. Similarly, while they remain unexercised, the options will not give the holder any entitlement to receive any dividends declared and paid by the Company.

Each option entitles the holder to one ordinary fully paid share in the Company. Any shares issued on exercising an option will be issued on the same terms as, and rank in all respects on equal terms with, existing ordinary fully paid shares in the Company.

Option summary

A summary of the movements of all options issued for the year ended 30 June 2023 is as follows:

GRANT DATE	EXPIRY DATE	BALANCE AT START OF YEAR NO.	GRANTED NO.	EXERCISED NO.	LAPSED / FORFEITED NO.	BALANCE AT END OF YEAR NO.	TOTAL VALUE NO.
Tranche 1							
31 May 21	22 Jun 26	229,000	-	-	-	229,000	160,300
04 May 22	10 Aug 27	240,000	-	-	(240,000)	-	-
Tranche 2							
31 May 21	22 Jun 26	229,000	-	-	-	229,000	160,300
04 May 22	10 Aug 27	240,000	-	-	(240,000)	-	-
Total		**938,000**	**-**	**-**	**(480,000)**	**458,000**	**320,600**

No share options had vested or were exercisable as at 30 June 2023.

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is $17,051 which relates to equity-settled share-based payment transactions. A further $2,558 reversal of equity-settled share-based payment expenditure has been capitalised as part of the Exploration and Evaluation asset. This amount encompasses $17,812 in equity-settled share-based payment expenditure for the year ended 30 June 2023 and a $20,370 reversal of equity-settled share-based payment expenditure relating to the lapsed options of an employee who resigned during the year.

18. Share-based payments (continued)

Recognition and measurement

Equity-settled share-based payments with directors and employees are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of a Black Scholes-Merton valuation model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period with a corresponding increase in equity.

No expense is recognised for awards that do not ultimately vest because internal conditions were not met. An expense is still recognised for options that do not ultimately vest because a market condition was not met. Where options are cancelled, they are treated as if they had vested on the date of cancellation and any unrecognised expenses are taken immediately to profit or loss. However, if new options are substituted for the cancelled options and designated as a replacement on grant date, the combined impact of the cancellation and replacement is treated as if it were a modification.

Where share-based payments are forfeited due to a failure by the employee to satisfy the service conditions, any expenses previously recognised in relation to such share-based payments are reversed to the profit or loss effective from the date of forfeiture.

Equity-settled share-based payment transactions with other parties are measured at fair value of the goods and services received, except where the fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date goods or services were obtained.

19. Financial assets and liabilities

Fair value estimation of financial assets and financial liabilities

The fair values of financial assets and financial liabilities are presented in the following table. For all categories of financial assets and financial liabilities, the carrying amount is considered a reasonable approximation of fair value.

		CONSOLIDATED	
		30 JUN 2023	30 JUN 2022
	NOTE	$	$
Financial assets measured at amortised cost			
Cash and cash equivalents	7	**22,513,602**	23,271,256
Financial assets	9	**452,077**	452,077
Trade and other receivables	8	**201,443**	83,363
Total financial assets		**23,167,122**	23,806,696
Financial liabilities measured at amortised cost			
Trade and other payables	15	**(1,523,259)**	(2,240,423)
Lease liabilities	12	**(162,000)**	(426,101)
Total financial liabilities		**(1,685,259)**	(2,666,524)

19. Financial assets and liabilities (continued)

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. The subsequent measurement of financial assets and financial liabilities is described below.

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

Classification and subsequent measurement of financial assets

a) Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income (**OCI**), or through profit or loss); and
- Those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (**FVOCI**).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (**FVPL**), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

b) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- *Amortised cost*: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- *FVOCI*: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss.

  When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- *FVPL*: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

19. Financial assets and liabilities (continued)

Classification and subsequent measurement of financial assets (continued)

c) Impairment

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

For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include trade and other payables and lease liabilities.

Financial liabilities are measured subsequently at amortised cost using the effective interest method.

20. Financial risk management

Financial risk management objectives and policies

Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks. These risks include market risk (including interest rate risk, foreign currency risk and commodity price risk), credit risk, and liquidity risk.

The primary responsibility for identification and control of financial risks rests with the Board. The Group's financial and commodity risk management program supports the achievement of the Group's objectives by enabling the identification and evaluation of risks, setting acceptable risk thresholds, identifying and mapping controls against these risks and implementing policies and procedures to manage and monitor the risks.

These written policies establish the financial and commodity risk management framework and define the procedures and controls for the effective management of the Group's risks that arise through the Group's current exploration and development activities and those risks which may arise through other mining activities in the future.

The policy ensures all financial and commodity risks are fully recognised and treated in a manner consistent with:

- The Board's management philosophy,
- Commonly accepted industry practice and corporate governance, and
- Shareholders' expectations of becoming a copper and gold producer.

The policies are reviewed by the Board annually, at a minimum, as the Group's financial and commodity risks are likely to change over time. There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous period.

The Group's principal financial instruments comprise cash at bank, security deposits, trade and other receivables, trade and other payables and lease liabilities.

Exposure limits are reviewed by management on a continuous basis. The Group does not enter into, or trade, financial instruments for speculative purposes.

Credit risk exposures

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises principally from cash on deposit and trade and other receivables. The objective of the Group is to minimize risk of loss from credit risk exposure.

The maximum exposure to credit risk, excluding the value of any collateral or other security at reporting date, is the carrying amount of those assets, net of any impairment, as disclosed in the statement of financial position and notes to the financial statements.

In both the year ended 30 June 2023 and the period ended 30 June 2022, there has been no concentration of credit risk in trade and other receivables as the Group did not have customers at year / period end.

At year end, the Group has one material exposure of $22,662,367 to ANZ (30 Jun 2022: $23,420,021) relating to funds on deposit and cash at bank. The Group manages its credit risk associated with funds on deposit and cash at bank by only dealing with reputable financial institutions.

20. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The objective of managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they fall due.

Working capital is primarily comprised of cash. The Group has established policies and processes for managing liquidity risk including:

- Monitoring actual cashflows against budgeted cashflows,
- Regularly forecasting long term cashflows and stress testing, and
- Regularly monitoring the availability of equity capital and current market conditions.

Maturity Analysis

The following table shows the periods in which financial liabilities mature. Contractual cash flows shown in the table are at undiscounted values (including future interest expected to be paid). Accordingly, these values may not agree to the carrying amount.

CONSOLIDATED	<1 YEAR	1 – 5 YEARS	TOTAL CASHFLOWS	CARRYING AMOUNT
	$	$	$	$
30 June 2023				
Financial liabilities				
Trade and other payables	**1,523,259**	-	**1,523,259**	**1,523,259**
Lease liabilities	**114,097**	**55,853**	**169,950**	**162,000**
Total financial liabilities	**1,637,356**	**55,853**	**1,693,209**	**1,685,259**
30 June 2022				
Financial liabilities				
Trade and other payables	2,240,423	-	2,240,423	2,240,423
Lease liabilities	316,322	125,497	441,819	426,101
Total financial liabilities	2,556,745	125,497	2,682,242	2,666,524

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices (commodity price risk); foreign exchange rates (foreign currency risk) or interest rates (interest rate risk).

The objective of market risk management is to manage and control risk exposure within acceptable parameters whilst optimising returns.

It is the policy of the Group to manage the foreign currency risk on highly probable forecast capital expenditure by utilising foreign currency hedging where appropriate.

At 30 June 2023 and at 30 June 2022, there was no foreign currency that was being held as a hedging instrument.

The Group has no exposure to foreign currency risk at the reporting date.

20. Financial risk management (continued)

Market risk (continued)

Interest rate risk

The Group has established policies and processes for managing interest rate risk. These include monitoring risk exposure continuously and utilising fixed rate facilities where required. The Group's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and liabilities is set out in the following table:

CONSOLIDATED 30 JUNE 2023	WEIGHTED AVERAGE INTEREST RATE	FLOATING INTEREST RATE	MATURING IN		NON-INTEREST BEARING	TOTAL
			< 1 YEAR	1 TO 5 YEARS		
	%	$	$	$	$	$
Financial assets						
Cash and cash equivalents	**4.03**	**14,800,866**	**7,000,000**	**-**	**712,736**	**22,513,602**
Security deposits	**2.98**	**-**	**148,765**	**-**	**303,312**	**452,077**
Trade and other receivables	**N/A**	**-**	**-**	**-**	**201,443**	**201,443**
Total financial assets		**14,800,866**	**7,148,765**	**-**	**1,217,491**	**23,167,122**
Financial liabilities						
Trade and other payables	**N/A**	**-**	**-**	**-**	**(1,523,259)**	**(1,523,259)**
Lease liabilities	**5.34**	**-**	**(108,202)**	**(53,798)**	**-**	**(162,000)**
Total financial liabilities		**-**	**(108,202)**	**(53,798)**	**(1,523,259)**	**(1,685,259)**
30 June 2022						
Financial assets						
Cash and cash equivalents	0.42	2,999,279	19,455,014	-	816,963	23,271,256
Security deposits	0.15	-	148,765	-	303,312	452,077
Trade and other receivables	N/A	-	-	-	83,363	83,363
Total financial assets		2,999,279	19,603,779	-	1,203,638	23,806,696
Financial liabilities						
Trade and other payables	N/A	-	-	-	(2,240,423)	(2,240,423)
Lease liabilities	4.41	-	(304,294)	(121,807)	-	(426,101)
Total financial liabilities		-	(304,294)	(121,807)	(2,240,423)	(2,666,524)

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20. Financial risk management (continued)

Market risk (continued)

Interest rate risk (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. At 30 June 2023, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net loss and other comprehensive income would have been affected as follows:

CONSOLIDATED	NET LOSS HIGHER / (LOWER)		OTHER COMPREHENSIVE INCOME HIGHER / (LOWER)	
	30 JUN 2023	30 JUN 2022	30 JUN 2023	30 JUN 2022
	$	$	$	$
+0.5% (50 basis points)	**51,712**	51,697	**-**	-
-0.5% (50 basis points)	**(51,712)**	(51,697)	**-**	-

21. Fair value measurement

Due to their short-term nature, the net fair values of financial assets and liabilities approximate their carrying value as disclosed in the statement of financial position. No financial assets or liabilities are readily traded on organised markets in standardised form.

Recognition and measurement

Fair values may be used for asset and liability measurement as well as for sundry disclosures.

Fair value is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. It is based on the presumption that the transaction takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market. The principal or most advantageous market must be accessible to, or by, the Group.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset at its highest and best use or by selling it to another market participant who would use the asset at its highest and best use.

In measuring fair value, the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs.

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22. Commitments

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Capital expenditure commitments – exploration and evaluation assets		
No longer than 1 year	**1,656,868**	2,382,860
Between 1 and 5 years	**79,644**	150,264
Total capital expenditure commitments – exploration and evaluation assets	**1,736,512**	2,533,124

Capital expenditure commitments of less than one year are Group lease commitments and outstanding purchase order commitments relating to the Jervois Copper Project. There are Group lease commitments ranging from $4,912 to $17,781 per annum with expiry terms of between 1 and 3 years.

Non-cancellable rental commitments – tenements *Commitments for rental payments in relation to tenements are payable:*		
No longer than 1 year	**75,980**	107,312
Between 1 and 5 years	**267,029**	236,481
Greater than 5 years	**193,816**	211,950
Total commitments for rental payments in relation to tenements	**536,825**	555,743

Rental commitments comprise the tenement rentals at Jervois, Unca Creek and Yambah. The annual rental commitments on these leases range from $1,080 to $34,782 per annum with expiry terms of between 1 and 11 years. AASB 16 *Leases* does not apply to mining tenements.

23. Related party transactions

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

Parent entity

The parent entity is KGL Resources Limited, which is incorporated in Australia.

Subsidiaries

Interests in subsidiaries are disclosed in Note 14

Key management personnel compensation

Information regarding the identity of key management personnel and their compensation can be found in the audited Remuneration Report contained in the Directors' Report. The directors, the chief financial officer and the former chief operating officer are the only key management personnel.

The total remuneration paid to key management personnel of the Company and the Group during the year is as follows:

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
Key management personnel compensation		
Short-term employee benefits	**1,189,190**	570,932
Post-employment benefits	**85,996**	46,054
Other long-term benefits	**5,723**	1,758
Share-based payments	**(3,319)**	(84,502)
Total key management personnel compensation	**1,277,590**	534,242

23. Related party transactions (continued)

Key management personnel compensation (continued)

Short-term employee benefits

These amounts include fees and benefits paid to the Board of Directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other key management personnel.

Post-employment benefits

These amounts are superannuation contributions made during the year.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefit schemes as measured by the fair value of share options granted on grant date. Refer to Note 18 for further information.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 41 to 49.

Amounts payable to key management personnel

At 30 June 2023, the following amount due to a member of key management personnel was outstanding:

	CONSOLIDATED	
	30 JUN 2023	30 JUN 2022
	$	$
Payable to key management personnel		
Director's fees and superannuation	**4,786**	4,351

Other related party transactions

KGL engaged JAGX Pty Ltd, a related party of Mr Jeff Gerard, during the financial year, to manage the delivery of the Jervois Feasibility Study. Under a separate arm's length consulting agreement, JAGX Pty Ltd was entitled to total fees of $100,000, to be paid in two tranches of $50,000, with the second tranche payable only on completion of the study. Both tranches of $50,000 were paid during the financial year.

Other than as noted above, there were no other transactions with other related parties during the year.

24. Auditor's remuneration

	CONSOLIDATED	
	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
Amounts paid or payable to BDO Audit Pty Ltd for audit or review of the financial statements of the Company and any other entity in the Group	**71,250**	68,250
Other assurance services	**24,500**	-
Total services provided by BDO Audit Pty Ltd	**95,750**	68,250

25. Contingent liabilities and contingent assets

Contingent assets

There were no contingent assets as at 30 June 2023 or at 30 June 2022.

Contingent liabilities

There were no contingent liabilities at 30 June 2023.

A contingent liability of $237,500 to the Group's preferred mining contractor disclosed at 30 June 2022 was resolved during the financial year with no financial outlay required of the Group.

26. Events after reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

27. Parent entity information

The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the Group accounting policies.

The financial information for the parent entity, KGL Resources Limited, has been prepared on the same basis as the consolidated financial statements, except as set out below:

i) Investment is Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of KGL Resources Limited.

	30 JUN 2023	30 JUN 2022
	$	$
Parent entity		
Current assets	**22,419,066**	22,724,048
Non-current assets	**102,457,634**	91,457,890
Total assets	**124,876,700**	114,181,938
Current liabilities	**(932,930)**	(539,250)
Non-current liabilities	-	(12,088)
Total liabilities	**(932,930)**	(551,338)
Net assets	**123,943,770**	113,630,600
Contributed equity	**250,691,208**	237,329,681
Share-based payment reserve	**183,633**	169,140
Accumulated losses	**(126,931,071)**	(123,868,221)
Total shareholders' equity	**123,943,770**	113,630,600

	12 MONTHS 30 JUN 2023	6 MONTHS 30 JUN 2022
	$	$
Total comprehensive loss for the year / period	**(3,062,850)**	(1,569,812)

Guarantees

No guarantees have been entered into by the parent entity in relation to debts of its subsidiaries.

Contractual commitments

The parent entity has no capital commitments.

Contingent liabilities

The parent entity has no known contingent liabilities.

28. Other accounting policies

Goods and services tax (GST)

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cashflows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

New and amended standards and interpretations not yet adopted

New Accounting Standards and Interpretations not yet mandatory or early adopted Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the year ended 30 June 2023.

From management's review of the new Australian Accounting Standards and Interpretations issued not yet adopted there are no significant impacts on the financial performance or position of the Group envisaged.

New, revised or amended accounting standards and interpretations adopted by the Group

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

There were no material effects requiring disclosure, on applying the new, revised or amended standards and interpretations in the current reporting period.

Directors' Declaration

1. In the opinion of the directors of KGL Resources Limited:

   (a) The consolidated financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and accompanying notes, are in accordance with the *Corporations Act 2001* and:

      (i) comply with Australian Accounting Standards (including the Australian Accounting Interpretations), which as stated in the notes to the financial statements constitutes compliance with International Financial Reporting Standards and the Corporations Regulations 2001; and

      (ii) give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date.

   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the executive chairman and chief financial officer for the year ended 30 June 2023.

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

On behalf of the Board

Denis Wood
Executive Chairman
Brisbane

Dated: 21 September 2023

Independent Auditor’s Report

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INDEPENDENT AUDITOR'S REPORT

To the members of KGL Resources Limited

Report on the Audit of the Financial Report

Opinion

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

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

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. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of exploration and evaluation assets

Key audit matter	How the matter was addressed in our audit
Refer to note 13 in the financial report. There is significant balance of exploration and evaluation assets as at 30 June 2023. The recoverability of exploration and evaluation assets is a key audit matter due to: • The significance of the total balance; and • The level of procedures undertaken to evaluate management's application of the requirements of AASB 6 Exploration for and Evaluation of Mineral Resources ('AASB 6') in light of any indicators of impairment that may be present.	Our procedures included, but are not limited to the following: • Obtaining evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditure by obtaining supporting documentation such as licence agreements and also considering whether the Group maintains the tenements in good standing; • Making enquiries of management with respect to the status of ongoing exploration programs in the respective areas of interest and assessing the Group's cash-flow forecast for the level of budgeted spend on exploration projects; and • Enquiring of management, reviewing ASX announcements and reviewing directors' minutes to ensure that the Group had not decided to discontinue activities in any applicable areas of interest and to assess whether there are any other facts or circumstances that existed to indicate impairment testing was required.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group'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 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 group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 41 to 49 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of KGL Resources 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.

BDO Audit Pty Ltd

BDO

A J Whyte
Director

Brisbane, 21 September 2023

Additional Information

AS AT 8 SEPTEMBER 2023

1. Names of substantial holders

NAME OF HOLDER	NO. OF SECURITIES	ISSUED CAPITAL %
KMP INVESTMENTS PTE LTD	162,793,021	28.70
MR DENIS LESLIE WOOD & MRS ANNE WOOD	57,582,192	10.15
MARSHALL PLENTY INVESTMENTS	45,295,022	7.98

2. Number of holders in each class of equities

	NO. OF HOLDERS	NO. OF UNITS
Ordinary Shares	2,932	567,291,863

3. Voting rights attached to each class of security

Each fully paid ordinary share is entitled to one vote.

4. Distribution schedule

RANGE	NO. OF SECURITIES	NO. OF HOLDERS
100,001 and Over	527,711,142	290
10,001 to 100,000	33,653,521	959
5,001 to 10,000	3,258,266	419
1,001 to 5,000	2,549,820	914
1 to 1,000	119,114	350
TOTAL	**567,291,863**	**2,932**

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5. Unmarketable parcels

Number of holders with a holding of less than a marketable parcel is 1,075 (1,805,049 securities, at a price of $0.125 on 8 September 2023).

6. 20 largest holders in each class of quoted security

RANK	NAME	8 SEPTEMBER 2023	ISSUED CAPITAL %
1	KMP INVESTMENTS PTE LTD	162,793,021	28.70
2	BNP PARIBAS NOMS PTY LTD	50,397,786	8.88
3	MR DENIS LESLIE WOOD & MRS ANNE WOOD	50,116,684	8.83
4	MARSHALL PLENTY INVESTMENTS	45,295,022	7.98
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	26,153,191	4.61
6	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	24,950,050	4.40
7	CITICORP NOMINEES PTY LIMITED	19,688,537	3.47
8	ROBRIAN PTY LTD	10,000,000	1.76
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	8,535,049	1.50
10	COAL INDUSTRY SERVICES PTY LTD	7,465,508	1.32
11	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,830,819	1.03
12	HAY SUPERANNUATION PTY LTD	4,431,093	0.78
13	MRS MELINDA GAYE TURNER	4,000,000	0.71
14	SCML INVESTMENTS PTY LTD	3,906,618	0.69
15	INVIA CUSTODIAN PTY LIMITED	2,800,000	0.49
16	IMMEUBLE PTY LTD	2,725,000	0.48
17	INVIA CUSTODIAN PTY LIMITED	2,466,667	0.43
18	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD	2,418,381	0.43
19	R J TURNER PROPERTIES PTY LTD	2,400,000	0.42
20	TRI-STAR E&P PTY LTD	2,254,375	0.40
	TOTAL	**438,627,801**	**77.32**

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