CASTILE RESOURCES LTD ANNUAL REPORT

ASX : CST | OTCQB : CLRSF

For the Year Ended 30 June 2023

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CONTENTS

CORPORATE DIRECTORY	3
CHAIRMAN'S LETTER	4
MANAGING DIRECTOR'S LETTER	5
DIRECTORS' REPORT	7
AUDITOR'S INDEPENDENCE DECLARATION	39
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	40
STATEMENT OF FINANCIAL POSITION	41
STATEMENT OF CHANGES IN EQUITY	42
STATEMENT OF CASH FLOWS	43
NOTES TO THE FINANCIAL STATEMENTS	44
DIRECTOR'S DECLARATION	71
INDEPENDENT AUDITOR'S REPORT	72
ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES	77

CORPORATE DIRECTORY

DIRECTORS

Peter Cook	Non-Executive Chairman
Mark Hepburn	Managing Director
John Braham	Non-Executive Director
Jake Russell	Non-Executive Director

SECRETARY
Sebastian Andre

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STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: CST
OTCQB: CLRSF

CHAIRMAN'S LETTER

Dear Shareholders

It is my pleasure to present you the 2023 Annual Report for Castile Resources Ltd.

The Company's core focus continues to be the geological unravelling and future commercialisation of our Rover Project south of Tennant Creek. This remains an intriguing proposition as we explore blindly beneath approximately 200m of younger rocks for the treasures a geological repeat of the prolific Tennant Creek Goldfield can deliver.

It is pleasing that the exploration drill-out at our most advanced Rover 1 Prospect has transitioned to a pre-development phase as was evidenced by the sound economic outcomes delivered by the Pre-Feasibility Study (PFS).

A highlight of that study is that it applies the most modern technologies to develop a mine of the future with low emissions and minimal environmental footprint, and maximises metal recovery by going completely downstream to efficiently use the resource.

The scientific approach to exploration at Rover continues to be exciting and cutting edge. To date the Company has drill tested only six distinct geophysical anomalies and has made four unique new discoveries. Only Rover 1 has been drilled to the point of commercial advancement.

In the ensuing year we will apply new cutting-edge exploration techniques to further advance the scientific technology behind blind mineral discoveries with many more anomalies to be tested.

The past few years have seen tough markets for explorers, especially for those with traditional metals. It is pleasing to get continued support from shareholders with the vision to back our continued exploration efforts. Our team has rewarded that loyalty with PFS outcomes showing future values in multiples of what the market currently attributes.

We will continue to try and close this gap and make new discoveries in the future.

On behalf of the Board, I thank our shareholders, contractors, management, and employees for their unwavering efforts during the year.

Yours Sincerely

Peter Cook
Non-Executive Chairman

27 September 2023

MANAGING DIRECTOR'S LETTER

Dear Shareholders,

I am pleased to present the Annual Report for Castile Resources Ltd for the 2023 financial year.

It has been a remarkable period of growth and progress for our company, marked by significant achievements and strategic advancements that position us for a promising future.

Throughout the year, we remained committed to advancing our existing projects and exploring new opportunities within our portfolio.

Rover Mineral Field, Tennant Creek Region, Northern Territory (NT)

Our primary focus during the first half of the year was the successful delivery of the Rover 1 Pre-Feasibility Study (PFS). This comprehensive study highlighted the potential of our project, showcasing a plan to construct a modern and environmentally conscious underground mine coupled with a state-of-the-art 500,000tpa processing plant.

The overarching project concept is 'in-country' downstream processing maximising multi-metal recovery of precious and downstream critical minerals, including gold, copper, cobalt, and magnetite.

One of the most exciting developments of the year was the discovery of a significant new high-grade gold zone and a large Iron Oxide Copper Gold (IOCG) alteration at the base of the Rover 1 deposit. This breakthrough not only added significant ounces to our Mineral Resource Estimate (MRE) but also highlighted the potential to expand mine life beyond the focus in the PFS.

Further, our commitment to regional expansion through our "hub and spoke" strategy revealed potential to further extend project life with advanced prospects such as Rover 4, Explorer 142 and Explorer 108 being able to leverage off a single processing hub initially built for the Rover 1 Development.

The results of the Rover 1 PFS speak to our commitment to sustainability and efficiency. The project is expected to yield significant economic benefits, including total revenues of A$1.94 billion and a pre-tax cash flow of A$1.02 billion over an initial project life of eight years. Our ability to produce downstream products gives us a unique advantage, allowing us to directly engage with end user consumers of these metals both domestically and globally.

We have long held the view that the Rover Mineral Field is a repetition of the nearby and prolific Tennant Creek goldfield beneath approximately 200m of un-conforming younger cover rocks. We apply magnetic and gravity geophysical techniques to target these hidden ore systems and will add passive seismic as another tool to identify more hidden ore bodies.

In addition to Rover 1, extensional exploration drill programs at Rover 4 encountered magnetite-rich (IOCG) alteration with zones of copper mineralisation. Further works on our virgin Explorer 108 project continued to express the riches hidden under cover with high-grade zinc, lead, silver, and copper mineralisation expanding the region's endowment.

Our team's technical and scientific excellence for exploration ingenuity has again been rewarded with another exploration grant from the Northern Territory Government's Geophysics and Drilling Collaborations (GDC) Program. This reflects our dedication to cutting-edge exploration techniques and our commitment to deepening our understanding of the hidden Rover Mineral Field stratigraphy. We maintain strong working relationships with our traditional owners and the Northern Territory Government who share our vision of creating downstream processing capability.

Other Exploration

The strategic acquisition of the Milgun Project tenements in Western Australia further diversified our portfolio and introduced new opportunities. These tenements have shown promising geochemistry anomalies in critical minerals such as lithium, niobium, and Rare Earth Elements (REEs), which we are eager to explore in the near future.

Corporate

We are excited to have listed on the OTCQB in New York, enabling a broader range of investors across North America to engage with Castile's shares. This move responds to growing interest from investors in the region and enhances our accessibility on a regulated market during American market hours.

Our equity raising of $5.5 million in August 2022 was a resounding success, with strong support from existing shareholders and new investors alike. The active participation of all board members demonstrates our collective confidence in Castile's trajectory. The Company remains in a strong cash position to fund all upcoming activities with $5.4 million in cash as at the close of this financial year on 30th June 2023.

In closing, I want to extend my gratitude to our shareholders and stakeholders for your unwavering support and trust. The operational achievements of this year are a testament to the dedication of our team and the resilience of our vision. As we move forward, we are committed to continued excellence, sustainable practices, and delivering value to our shareholders.

Yours Sincerely,

Mark Hepburn
Managing Director

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DIRECTOR'S REPORT

TECHNICAL OVERVIEW – ROVER PROJECT

Castile's Rover Project is located approximately 100km west-southwest of the town of Tennant Creek. It comprises seven granted tenements within aboriginal freehold lands of the Karlantijpa South Land Trust and Karlantijpa North Land Trust.

The project area is considered a repeat of the rich Tennant Creek goldfield beneath approximately 200m of un-conforming younger rocks. Like Tennant Creek, the area is prospective for copper, gold and base metals mineralisation associated with IOCG mineralising systems. ELR29957 and ELR29958 host the high-grade Cu-Au-Co Rover 1 Resource, EL27372 hosts the Rover 4 Cu resource, and EL27039 hosts two advanced mineral systems including the Explorer 108 Pb-Zn-Ag resource and the Explorer 142 Cu-Au resource. The presence of these mineralised systems demonstrates the excellent prospectivity of the Rover Mineral Field.

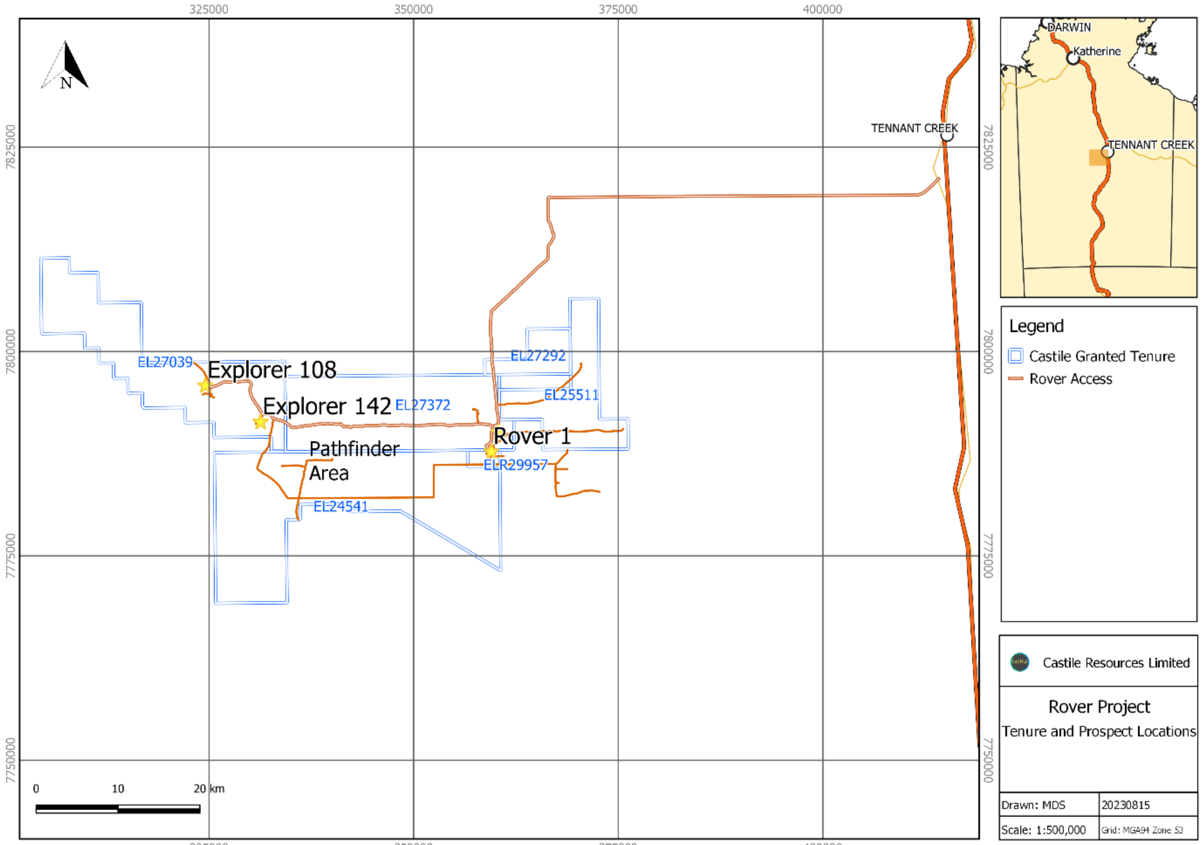

Figure 1: Rover Project Tenement Locations

DIRECTORS' REPORT continued

ROVER 1

Castile completed one primary hole during the year to test the potential of depth extensions at Rover 1 for its upcoming PFS study. The hole into the Jupiter Deeps zone has significantly expanded the known extents of ironstone alteration at least 150m down dip of previous drilling. Significantly, it also discovered new zones of copper and gold mineralisation with notable downhole mineralisation intercepts of:

- 22CRD001-1: 31.0m @ 4g/t Au with 1% Cu from 868m including 9.5m @ 9.6g/t Au with 1.4% Cu from 881.5m
- 22CRD001-2A: 27.2m @ 0.5g/t Au with 1% Cu from 1012.7m downhole.

These results were incorporated into a revised Mineral Resource Estimate (MRE) in September 2022 which was the subject of a Pre-Feasibility Study (PFS) that was completed and released to the market in December 2022.

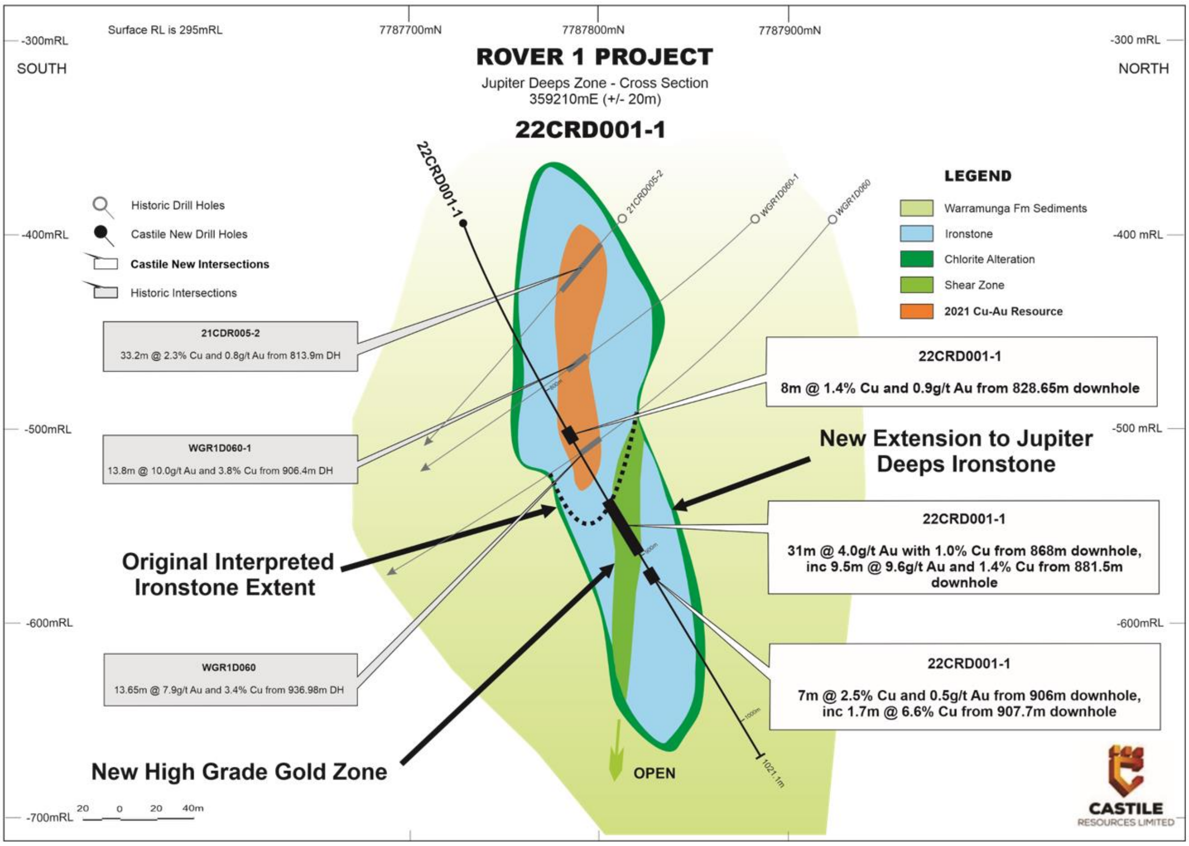

Figure 2: Cross section of Jupiter Deeps showing new high grade gold discovery and significant extension to ironstone alteration

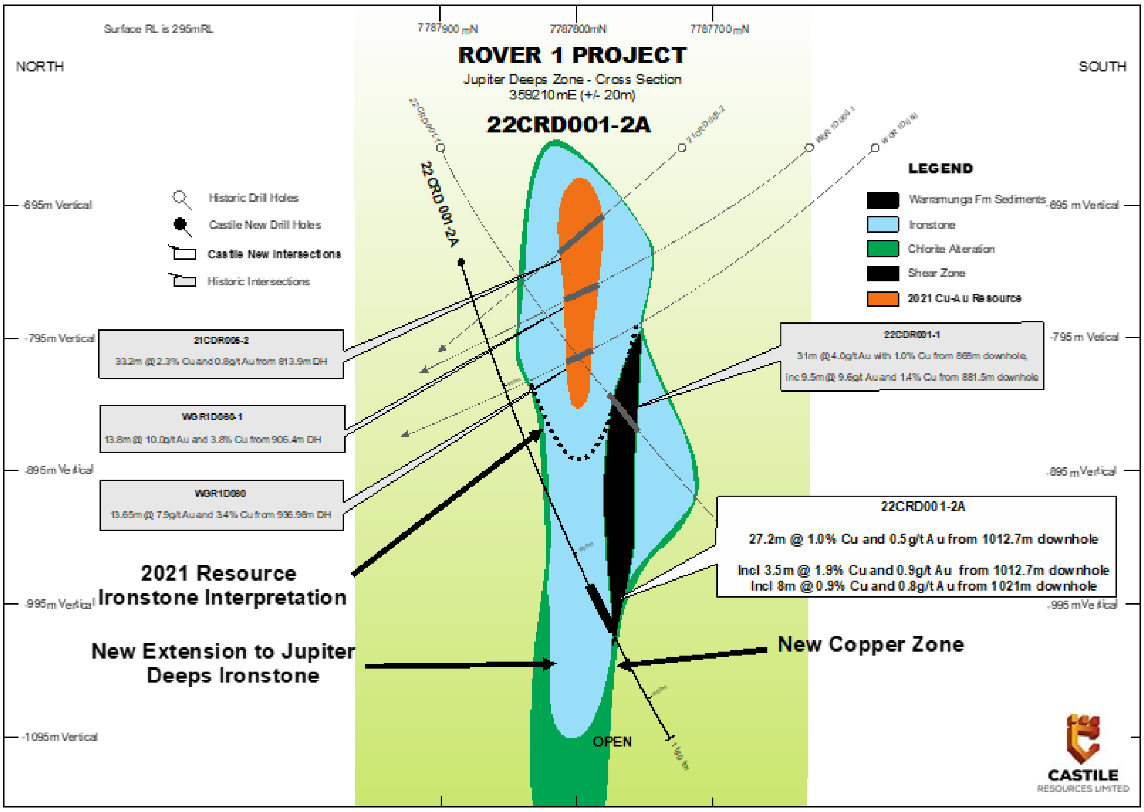

Figure 3: Cross section of Jupiter Deeps Showing extension to the interpreted ironstone alteration and copper mineralisation.

Rover 1 PFS

The Rover 1 PFS defined a robust project with an estimated commercial outcome showing a pre-tax NPV$_{6.5\%}$ of $451.7M with an IRR of 46%.

The total revenue over the project life from the four products generated was estimated at A$1.94 billion with an EBITDA of A$1.02 billion generated. The project currently has a life of ten years, with eight years of steady-state production. The final products from the project will be 99% copper plate, 99% cobalt, gold doré and 96.4% magnetite concentrate.

The Rover 1 Project has the following Mineral Resource Estimate:

Table 1: Rover 1 Mining Project Mineral Resource Estimate

Class	Tonnes (Mt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Measured									
Indicated	3.97	1.83	1.59	0.07	23.64	233,800	63,100	2,900	938,000
Inferred	1.61	1.57	1.25	0.07	22.13	81,400	20,100	1,100	357,000
Total	5.58	1.76	1.49	0.07	23.20	315,200	83,200	4,000	1,295,000

DIRECTORS' REPORT continued

As a result of the PFS a maiden ore reserve was announced:

Table 2: December 2022 Rover 1 Ore Reserve

Class	Tonnes (Mt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Proven									
Probable	3.11	2.02	1.52	0.07	22.92	201,800	47,400	2,200	713,300
Total	**3.11**	**2.02**	**1.52**	**0.07**	**22.92**	**201,800**	**47,400**	**2,200**	**713,300**

Applying the mine development plan, a portion of the inferred resource is fully developed and hence applied to the economic assessment. This material has had the same modifying factors applied as the Indicated Mineral Resource. Mining of the Inferred Mineral Resource has been delayed until year six of the project, and assuming successful conversion to Indicated Mineral Resource, could be mined earlier.

Table 3: Rover 1 Total Material Extracted and Processed for PFS

Class	Tonnes (Mt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Probable Ore Reserve	3.11	2.02	1.52	0.07	22.92	201,800	47,400	2,200	713,300
Inferred Mineral Resource	1.20	1.75	1.17	0.07	20.78	67,800	14,000	800	250,000
Total	**4.31**	**1.94**	**1.42**	**0.07**	**22.33**	**269,600**	**61,400**	**3,100**	**963,400**

The following table shows the annual production profile and initial life of mine production of the final products:

Table 4: Rover 1 Annual Production Profile and LOM Production

Production Summary	Units	Average Annual Production	Initial Life of Project
Total Ore Mined	t Ore	500,000t	4,315,000t
Gold	(oz Au)	28,700oz Au	252,300oz Au
Copper	(t Cu)	6,900t Cu	58,600t Cu
Cobalt	(t Co)	300t Co	2,600t Co
Magnetite	(t Fe_3O_4)	75,300t Fe_3O_4	652,000t Fe_3O_4

A process plant for the project has been designed and is planned to be constructed on site. Ore delivered from the underground mine will be stored on a ROM Pad (run-of-mine). It is then crushed and milled to 80% passing 105µm size. The simplified process flowsheet is shown in Figure 2.

DIRECTORS' REPORT continued

The magnetite portion of the ore is then separated and reground to meet product specifications. The gravity gold portion of the ore will then be separated prior to the remaining gold and sulphides being floated and concentrated.

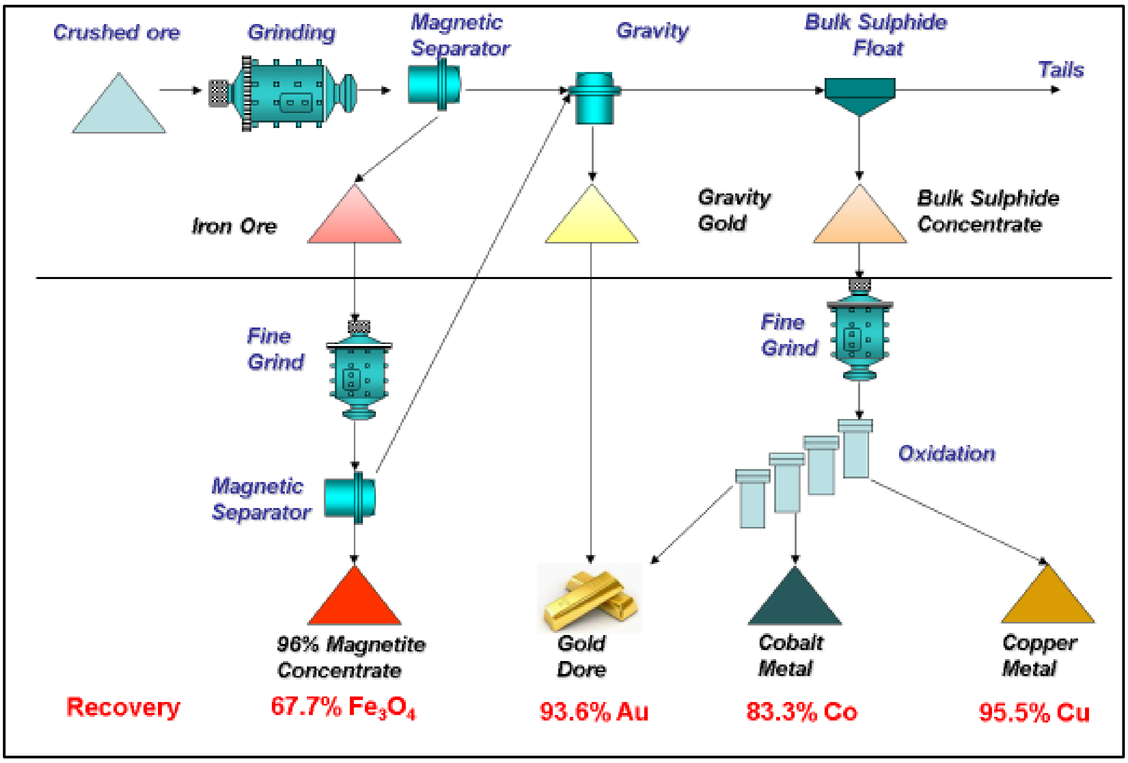

Figure 2: Rover 1 Simplified Flowsheet

This concentrated mass will then be reground and oxidised at 220°C and 3,018kPa for two hours, dissolving the copper and cobalt. The gold will be extracted from the solid mass utilising carbon in leach, while the copper and cobalt will be extracted from the liquor using solvent extraction and electrowinning techniques.

Work during the year has focused on broadening the metallurgical test work prior to the completion of a pilot test plant. Results received from this test work have been consistent with works undertaken historically.

Work has also progressed on the environmental approvals with the referral to the Northern Territory Environmental Protection Agency (NT EPA) lodged after the end of the 2023 financial year. As part of this referral, greenhouse gas emissions have been estimated, along with work completed on the waste rock characterisation, archaeology investigations, flora and fauna studies and water supply.

DIRECTORS' REPORT continued

ROVER 4

The Rover 4 prospect is located approximately 2.5 km north of Rover 1. Previous drilling had defined a broad zone of IOCG style mineralisation with highly anomalous copper grades.

Two resource definition drill holes were completed at Rover 4 targeting extensions to copper mineralisation. While significant mineralisation was intersected, the drilling showed that continuity up dip of the lower ironstone zone was patchy.

Notable mineralisation intercepts include:

- 22CRD002: 7.5m @ 2% Cu with 0.2g/t Au from 336m downhole, including 3.6m @ 3.2% Cu with 0.3g/t Au from 339.4m downhole
- 22CRD002: 4.2m @ 2.9g/t Au with 0.9% Cu from 363.8m downhole, including 2.4m @ 4.7g/t Au with 0.8% Cu from 365.55m downhole.

A maiden Mineral Resource Estimate (MRE) was prepared in October 2022, further enhancing the metal inventory of the Rover Mineral Field.

Table 5: October 2022 Rover 4 Mineral Resource Estimate. 2.0g/t AuEq cut-off grade

2.0g/t AuEq COG		Grade				Metal Content			
Class	Tonnes (kt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Measured									
Indicated	50.6	0.38	1.90	0.03		600	1,000	10	
Inferred	307.6	0.60	1.81	0.01		5,900	5,600	50	
Total	358.2	0.56	1.82	0.01		6,500	6,500	60	

The mine design for Rover 1 exploitation was shifted to enable simple access to this zone as part of the overall development strategy. Whilst not included it could provide immediate upside and early access to ore for copper circuit commissioning.

REGIONAL EXPLORATION

Detailed ground gravity surveys on 200x100m station spacing were completed in August 2022 in the Pathfinder region on EL24541. Several untested coincident magnetic-gravity anomalies were identified in the survey area that have been flagged for follow-up.

Activities for the 2023 field season have been planned for the Rover Project. Castile was successful in securing two Geophysical and Drilling Collaboration (GDC) grants from the Northern Territory Government:

- An Innovative Targeting Grant to support a passive seismic trial using Ambient Noise Tomography (ANT) technology at Rover 1 and Pathfinder to attempt to discriminate ironstone bodies at depth and under cover.
- A Greenfields Exploration Grant to support a 600m drillhole at Pathfinder 35 targeting a coincident magnetic-gravity anomaly with the aim of discovering further IOCG mineralisation in the Rover Mineral Field.

GDC exploration work is planned to commence in September 2023.

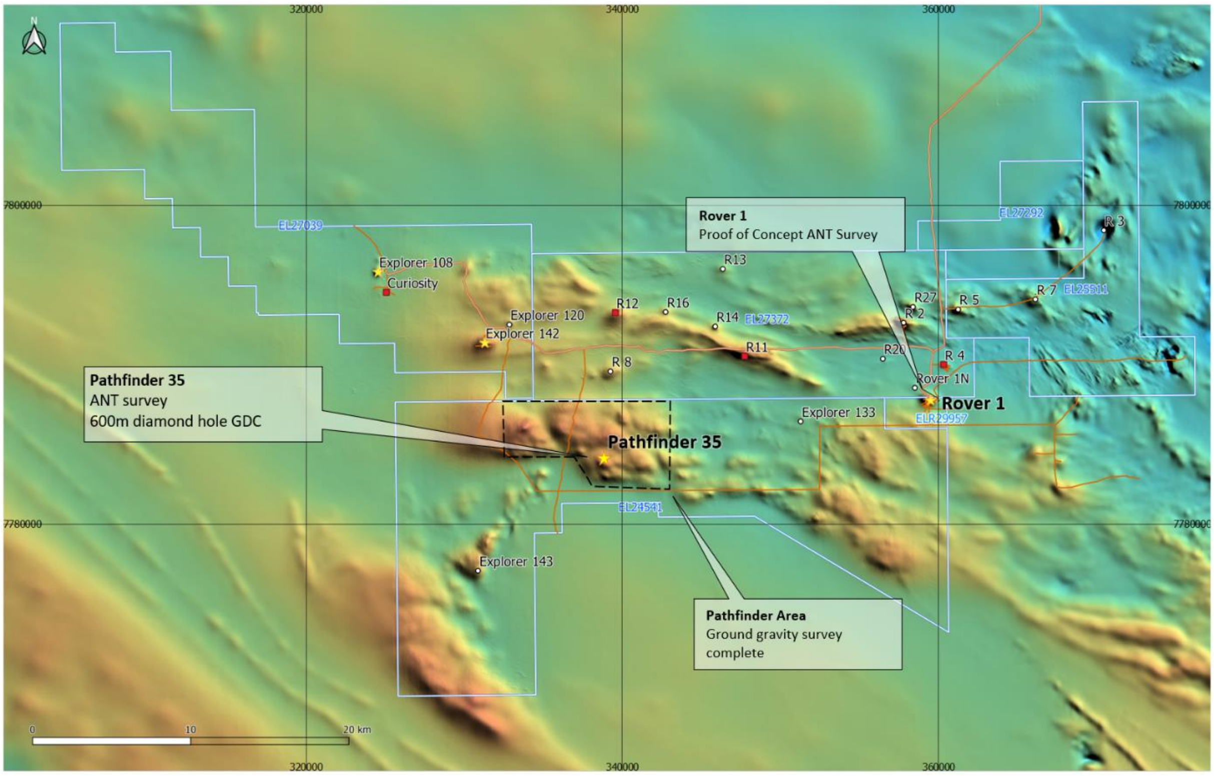

Figure 5: Rover Project Regional Exploration Locations

TECHNICAL OVERVIEW – MILGUN

The Milgun Project comprises two granted tenements E52/4206 and E52/4235 located in the Peak Hill mineral field, approximately 425km north-northwest of Meekatharra and within the Nharnuwangga Wajarri Ngarlawangga Native Title Area. Tenure acquisitions are subject to the Nharnuwangga Wajarri and Ngarlawangga Indigenous Land Use Agreement.

The tenements are considered prospective for critical minerals including Rare Earth Elements ("REE") and Lithium-Caesium-Tantalum (LCT) pegmatites.

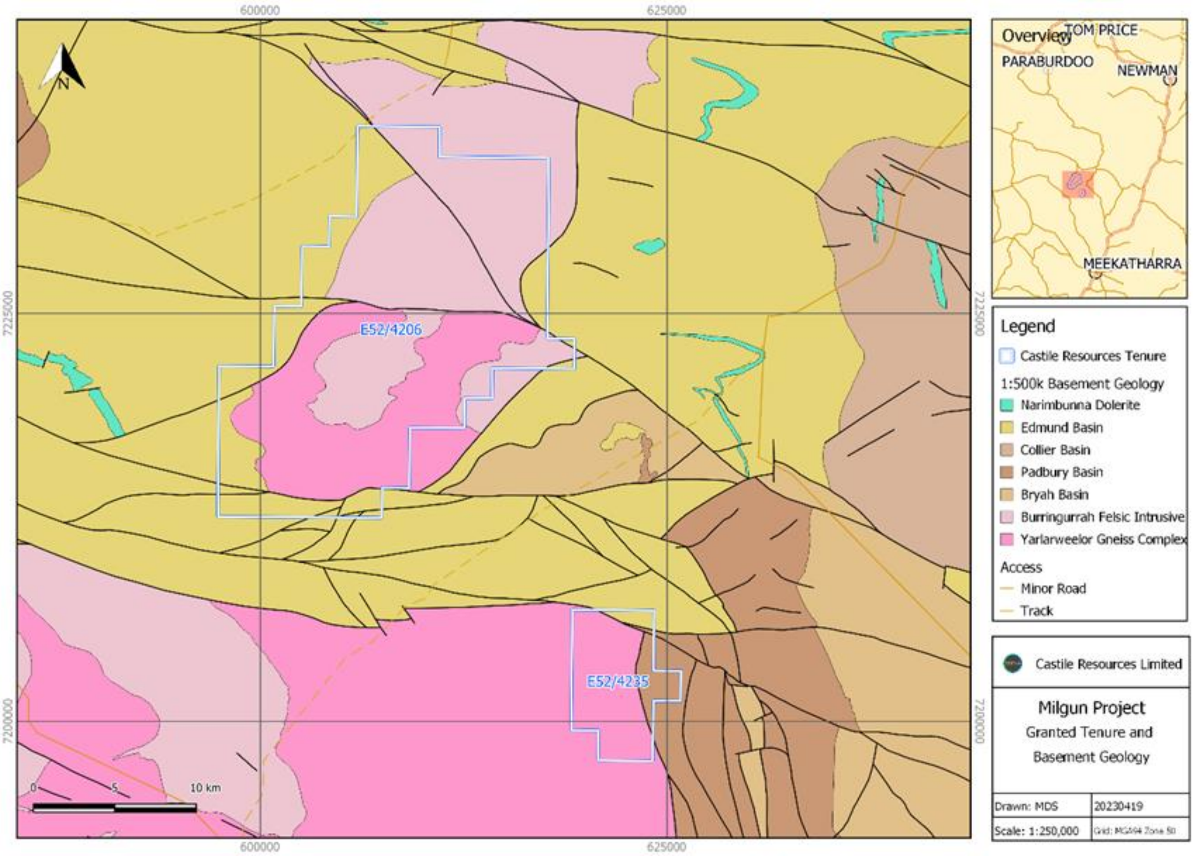

Figure 6: Milgun Project Regional Exploration Locations

A review of publicly available geochemical data within the newly acquired tenure identified numerous elemental anomalies. Whilst previous exploration has had a strong focus on gold, copper and ferrous metals in the region, a historic, detailed multi-element soil geochemical survey covering part of the tenure E52/4235 defined the following critical mineral anomalies:

- A coherent 900m x 300m Li-Cs-Rb anomaly with associated low order Ce-W on the margin of the survey area that magnetic data suggests is open to the south where there is no geochemical coverage.
- A coherent 800m x 175m Nb-Y-Th anomaly with associated low order Be-Sn that magnetic data suggests continues to the south, where there is no geochemical coverage.

Once a heritage agreement is in place, Castile plans to undertake field reconnaissance, geological mapping and extend geochemical sampling.

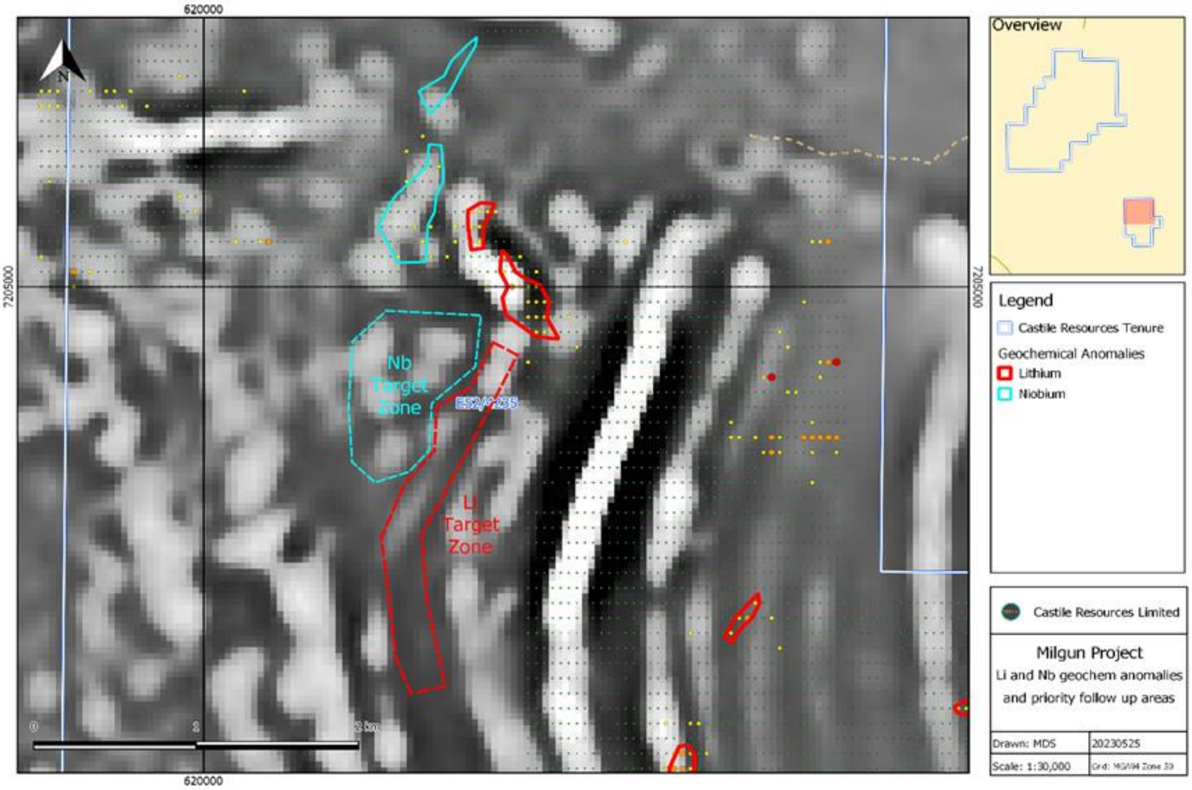

Figure 7: Milgun Project Critical Mineral Geochemical Trends

TECHNICAL OVERVIEW – WARUMPI PROJECT

The Company's tenement package also includes the Warumpi Project which is a prospective grass-roots exploration project located approximately 300km west of Alice Springs and approximately 500km southwest of the Rover Project. Activities at Warumpi were limited for the year due to Native Title access constraints.

Due to the uncertainty of access, the board has taken a conservative approach and impaired the carry value of the Warumpi Project.

DIRECTORS' REPORT continued

TECHNICAL OVERVIEW – ANNUAL MINERAL RESOURCES ESTIMATE AND ORE RESERVES INVENTORY

The Mineral Resource and Reserve inventory for the Rover Project has increased with the update to the Rover 1 Resource and addition of the maiden Rover 4 resource. No changes to the Company's mineral resources holdings in the period between its annual review of mineral resources and its end of financial year balance date.

Table 6: Rover 1 Project Resource Summary

2.0g/t AuEq COG		Grade				Metal Content			
Class	Tonnes (Mt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Measured									
Indicated	3.97	1.83	1.59	0.07	23.64	233,800	63,100	2,900	938,000
Inferred	1.61	1.57	1.25	0.07	22.13	81,400	20,100	1,100	357,000
Total	5.58	1.76	1.49	0.07	23.20	315,200	83,200	4,000	1,295,000

Table 7: Rover 4 Project Resource Summary

2.0g/t AuEq COG		Grade				Metal Content			
Class	Tonnes (kt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Measured									
Indicated	50.6	0.38	1.90	0.03		600	1,000	10	
Inferred	307.6	0.60	1.81	0.01		5,900	5,600	50	
Total	358.2	0.56	1.82	0.01		6,500	6,500	60	

Table 8: Explorer 108 Project Resource Summary

2.5% Pb + Zn COG		Grade					
Class	Tonnes (Mt)	Ag (g/t)	Pb (%)	Zn (%)	Ag (koz)	Pb (t)	Zn (t)
Measured							
Indicated	8.44	14.32	2.05	3.41	3,886	172,800	288,100
Inferred	3.43	3.32	1.88	2.81	365.6	64,400	96,500
Total	11.87	11.14	2.00	3.24	4,251.6	237,200	384,600

0.1% Cu COG		Grade	Metal Content
Class	Tonnes (Mt)	Cu (%)	Cu (t)
Measured			
Indicated	5.69	0.36	20,300
Inferred			
Total	5.69	0.36	20,300

DIRECTORS' REPORT continued

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Table 9: Explorer 142 Project Resource Summary

2.5% Cu COG		Grade		Metal Content	
Class	Tonnes (kt)	Au (g/t)	Cu (%)	Au (oz)	Cu (t)
Measured					
Indicated					
Inferred	175.6	0.21	5.21	1,200	9,150
Total	175.6	0.21	5.21	1,200	9,150

Table 10: Rover Project Ore Reserve Summary

Class	Tonnes (Mt)	Au (g/t)	Cu (%)	Co (%)	Fe_3O_4 (%)	Au (oz)	Cu (t)	Co (t)	Fe_3O_4 (t)
Proven									
Probable	3.11	2.02	1.52	0.07	22.92	201,800	47,400	2,200	713,300
Total	3.11	2.02	1.52	0.07	22.92	201,800	47,400	2,200	713,300

This annual Mineral Resource Estimate statement is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Mark Savage BSc (Hons) MAusIMM who has sufficient experience which is relevant to the styles of mineralisation, the types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Editions of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012)". Mr Savage consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mr Savage is a full-time employee of Castile Resources Limited. The Annual Review Statement is approved by Mr Savage.

This annual Ore Reserve statement is based on, and fairly represents, information and supporting documentation prepared and compiled by Mr Michael Poepjes, MAusIMM who has sufficient experience which is relevant to the styles of mineralisation, the types of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Editions of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2012)". Mr Poepjes consents to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mr Poepjes is a full-time employee of Castile Resources Limited. The Annual Review Statement is approved by Mr Poepjes.

The metallurgical results are based on, and fairly and accurately represents, information and supporting documentation prepared by Damian Connelly. Mr Connelly is a full-time employee of METS Engineering, a Contractor to Castile, and is a Fellow of The Australasian Institute of Mining and Metallurgy.

Mr Connelly has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration, and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Connelly consents to the inclusion in the report of the matters based on the results in the form and context in which they appear.

Governance Arrangements

The Company stores all primary geological data in a database management system located on a secure SQL server. As new data is acquired it passes through a validation system designed to pick up any significant errors before the information is loaded into the master database.

Geological interpretation of any given deposit is carried out using a systematic approach to ensure that the resultant estimated mineral resource figure is both sufficiently constrained, and representative of the expected sub-surface conditions. In all aspects of resource estimation the factual and interpreted geology are used to guide the development of the interpretation. Geological matrixes are established to assist with interpretation and construction of the estimation domains.

All modelling and estimation work undertaken by the Company is carried out in three dimensions using appropriate software. After validating the drillhole data to be used in the estimation, interpretation of the orebody is undertaken in sectional and / or plan view to create the outline strings which form the basis of the three-dimensional orebody wireframe. Wireframing is then carried out using a combination of automated stitching algorithms and manual triangulation to create an accurate three-dimensional representation of the sub-surface mineralised body.

Drillhole intersections within the mineralised body are defined, these intersections are then used to flag the appropriate sections of the drillhole database tables for compositing purposes. Drillholes are subsequently composited to allow for grade estimation.

Once the sample data has been composited, a statistical analysis is undertaken to assist with determining estimation search parameters, top-cuts etc. Variographic analysis of individual domains is undertaken to assist with determining appropriate search parameters, which are then incorporated with observed geological and geometrical features to determine the most appropriate search parameters.

An empty block model is then created for the area of interest. This model contains attributes set at background values for the various elements of interest as well as density, and various estimation parameters that are subsequently used to assist in resource categorisation. The block sizes used in the model will vary depending on orebody geometry, minimum mining units, estimation parameters and levels of informing data available.

Grade estimation is then undertaken, using estimation techniques appropriate to the domain being estimated. Both by-product and deleterious elements are estimated at the time of primary grade estimation if required. Estimation results are validated against primary input data, previous estimates and mining output (if available).

DIRECTORS' REPORT continued

A resource is then depleted for mining voids (if required), and subsequently classified in line with JORC guidelines utilising a combination of estimation derived parameters and geological / mining knowledge. This approach considers all relevant factors and reflects the Competent Person's view of the deposit.

The cut off grades used for the reporting of the mineral resource estimates have been selected based on the style of mineralisation, depth from surface of the mineralisation and the most probable extraction technique.

Resource estimates are peer reviewed by the corporate technical team prior to reporting, and where appropriate external consultants are engaged to provide additional technical review.

All currently reported mineral resources estimates are considered robust, and representative on both a global and local scale.

HEALTH, SAFETY AND FINANCIAL EFFECTS OF COVID-19

The Castile Resources COVID-19 Business Management Plan (CBMP) has continued to provide protection for our employees and contractors and the communities in which we interact. All employees of Castile are provided with ongoing state and federal government health department recommendations and information regarding testing, vaccinations and boosters as they become available.

As the restrictions and regulations around vaccinations, interstate and local travel, isolation requirements and mask wearing have largely been discontinued, the impact on operations and the financial position of the Company has been extremely low. Castile continues to monitor developments and government recommendations of COVID-19 variants and refresh hygiene protocol supplies as required according to the CBMP.

Castile maintains the distribution of federal and state government policies and procedures to employees as part of the protocols of the plan with cases reported as per the appropriate channels.

ENVIRONMENTAL SOCIAL AND GOVERNANCE RESPONSIBILITIES

Environmental Impact Study

Castile is in the final stages of preparation for the presentation and first referral of the Rover 1 Project Environmental Impact Study (EIS) to the Northern Territory Environmental Protection Agency (EPA). Work included in the EIS referral will be the estimate for the Green House Gas Emission from the Rover 1 Project. As part of the EIS, work continues on waste rock characterisation and the local ground water study.

Central Land Council and Traditional Owner Engagement

Castile continues to work closely with the Central Land Council (CLC) who represent the Traditional Owners of the land on which the Rover Mineral Field is situated. Castile continues to consult with the CLC on clearances for field works and facilitating engagement with local communities regarding future training and employment opportunities.

DIRECTORS' REPORT continued

The CLC remain supportive of Castile's development and exploration activities in the region. Interaction over the course of the year culminated in a range of Traditional Owner Meetings in conjunction with the Central Land Council in Tennant Creek in early July 2023. The meetings were well attended by Traditional Owners who continue to offer their strong support for the development of the Rover 1 Mining Project.

Castile maintained its focus on ESG outcomes with continued participation in stakeholder and community support programs. Progressive rehabilitation of inactive drill sites and the management of any pollutants and waste materials continued. Castile continues to engage with local communities in Tennant Creek and will be part of a coordinated approach to conducting discussions around employment opportunities for Traditional Owner groups and the business sector of the local Tennant Creek area. Castile is in discussions with peer group resources companies located in the region regarding coordinated efforts within the resources sector for training and employment programs.

Castile was once again honoured to be the major sponsor of the 2023 Tennant Creek Memorial Club ANZAC Roll Call and Dinner to show support and thanks to the service men and women from the region.

Castile continues to support the NT Government Sports Education Co-Ordinator for the Barkly region by supplying sporting equipment so that the children of the region can work on individual skills, and team uniforms so they can apply those skills in a team environment. This aligns with Castile's values of striving to improve our individual work skills with training programs to allow our employees to execute them for the benefit of all in a team-based work environment.

DIRECTORS' REPORT continued

FINANCIAL REPORT

Castile continued to focus the majority of expenditure into the development of the Rover 1 Mining Project as well as investing measured amounts into the surrounding tenements within our portfolio. The first half of the year saw a concentration of funds used on drilling and the completion of the Pre-Feasibility Study (PFS) which was released to the market in December 2022. Some of the larger costs involved in development in the PFS included metallurgical testing, environmental studies and plant design conducted by third party specialist contractors.

Funds were spent drilling at Rover 4 which resulted in a maiden resource for that prospect. Geophysical studies were financed in several tenements seeking further prospects to analyse. This concurs with the Company's "hub and spoke" strategy which aims to commit funds to explore for mineral deposits near the planned development at Rover 1. The longer strategy is committing funds to early exploration creating a regional hub and extending the use of the infrastructure from the original Rover 1 development with new deposits. The latter half of the year saw the company commit to funding a Bankable Feasibility Study on the Rover 1 Project with further metallurgical testing to finalise processing parameters and optimise metal recoveries.

In August 2022 the Company completed an equity raising of $5.5 million which was well supported by new and existing shareholders.

FEDERAL GOVERNMENT

Castile is strongly aligned with the Federal Government's strategy regarding critical minerals. The Federal Government's Critical Minerals Accelerator Initiative (CMAI) is tasked with bringing new sources of critical mineral supplies online within Australia by supporting early and mid-stage projects that contribute to robust global supply chains, build domestic capability and create high-paying regional jobs for Australians now and into the future.

Federal Government Recognition for Castile Resources

Castile was selected to appear in the Australian Federal Government's Australian Critical Minerals Prospectus which was published in December 2022. The Australian Critical Minerals Prospectus is the Commonwealth Government's flagship critical minerals publication. The Prospectus is used widely across international markets by potential investors, off-takers and foreign governments as the go-to source for Australian-based projects that have satisfied major development milestones. The Prospectus seeks to feature active and investment-ready projects, which have at least completed a pre-feasibility study and plan to produce critical minerals. The Australian Government has been vocal in its support of projects that intend to mine and produce downstream critical minerals for the the world's 2050 climate goals.

Castile was extremely pleased to also have been selected by the Australian Government to present on downstream critical mineral production in Australia at the Prospectors and

Developers Association of Canada Conference (PDAC). Castile was invited as part of the Australian Critical Minerals delegation as our strategy heavily aligns with the Federal Government's push to promote domestic production and guarantee supply of downstream critical minerals for the Net Zero 2050 Agreement requirements. The delegation included representatives from Minerals Australia and each of the state governments. The theme and messaging from Government was very clearly in support of locally produced critical minerals using downstream processing with Castile selected for the delegation in recognition of the early adoption in this strategy.

Copper is classified as a critical mineral by the Northern Territory Government and this metal is also now under consideration to become classified as a critical mineral by the Federal Government. Cobalt has been assigned as a critical mineral by the Australian Federal Government for use in the electrification revolution. Castile with Rover 1 is one of very few pure metal cobalt producers in Australia and the western world.

This aligns strongly with Castile's broader strategy of producing pure metals which can be sold directly to the customer. This will improve margins for Castile by significantly expanding our potential customer base to seek the highest prices for our metal and avoiding offshore third-party smelting costs.

Northern Territory Government

Castile has been in regular consultation with Northern Territory government representatives to ensure application and permitting requirements will be dealt with in a timely manner. The Northern Territory Government Mineral Development Task Force has published its Final Report[1] heavily in favour of mine development and downstream processing. The mining sector currently contributes close to a quarter of the Territory's gross state product and is a key contributor to the Northern Territory Government's vision of a $40 billion economy by 2030. The mining sector currently employs around 3,500 people directly, and the total value of mineral production in the Northern Territory was $4.86 billion for 2021−22. Securing new producing mines and increased Territory-based minerals processing and value-add will be critical to economic growth, industry diversification, labour force expansion and productivity.

The Mineral Development Taskforce has been tasked with identifying barriers to investment in the Territory and developing options to drive external investment to realise the Territory's enormous mineral development potential to support increased economic and social benefits across the region for all Territorians. The taskforce has identified a range of opportunities to increase and enhance the competitiveness of the Territory as an investment destination and position the Territory to achieve its $40 billion by the 2030 economic target. Castile's downstream critical minerals strategy is heavily endorsed in the findings of the task force.

[1] https://resourcingtheterritory.nt.gov.au/__data/assets/pdf_file/0004/1216930/mdt-final-report2022.pdf

DIRECTORS' REPORT continued

A summary of the key conclusions from the task force report follow:

1. Targeted initiatives need to be introduced to encourage increased exploration and mining activity.
2. Securing coordinated, streamlined, transparent and efficient land access processes that respect landowners and recognise co-existing uses is critical.
3. Risk proportionate regulations focussed on outcomes rather than inputs can deliver improved project dynamics and have to be targeted.
4. Focus on building local skills, and, through multi-industry collaboration, ensure a focus on workforce retention.
5. De-risk exploration, mining and downstream value-add investment opportunities.
6. Trust in the regulator and social licence must be secured.
7. The NT Royalty regime must be revamped.
8. Better designed and targeted project capital support programs are necessary.
9. Capitalising on economically sustainable downstream mineral value-add opportunities is critical to securing a $40b economy by 2030.

Castile will look to optimise opportunities and benefits from any improvements to state government taxes and royalty incentives in our planning and forecasting. Discussions have been underway with the NT Government to take advantage of the favourable outcomes of the Mineral Task Force report.

BUSINESS DEVELOPMENT

Castile leveraged off our Federal Government support to present at meetings in North America and at the PDAC Conference with investors, debt financiers and offtake/prepayment providers from Asia and North America with discussions advancing as the Bankable Feasibility Study proceeds.

The Company was granted the tenements for the Milgun Project in the Peak Hill Mineral Field which is aligned with our strategy of pursuing precious and critical minerals.

Castile will continue to look for corporate opportunities to maximise the use of our combined Board and Management skill set. Castile currently provides investors with significant exposure to battery metals and gold and will continue to pursue strategic opportunities in those commodities.

Castile Lists on the OTCQB Exchange in New York

During the year Castile gained approval for quotation under a secondary listing in the United States of America on the OTCQB platform under the symbol CLRSF. The OTCQB market is operated by OTC Markets Group Inc based in New York. The OTCQB Market offers transparent, regulated trading for US institutional and retail investors during US market hours for development stage international companies listed on exchanges such as the ASX. To be eligible to be quoted on the OTCQB, Castile must adhere to high financial and securities standards.

DIRECTORS' REPORT continued

Castile is very pleased to be quoted on the OTCQB in New York to allow a broader range of investors across North America to trade in Castile's shares. The Company already has several large North American institutions with substantial holdings on our register that Castile management present to via teleconference and roadshows on a regular basis. Whilst North American institutions can easily trade on the ASX it is more difficult for North American individual retail investors.

Our recent presentations in North America and at the Prospectors and Developers Association of Canada Conference (PDAC) in Toronto as a guest of Minerals Australia has prompted enquiries from high net worth, family office and retail sector investors. These US investors would like the opportunity to trade Castile shares on a regulated market during American market hours and the OTCQB quotation provides that.

The USA has established large scale Electric Vehicle (EV), electric battery and charging network industries. Australia has none of these capabilities. This provides the investment community in North America with a strong understanding of the metal demands to meet 2050 Net Zero Agreements and the benefits of producing downstream products for those industries. Whilst the Rover 1 Project is highly leveraged to the gold price, it is even more leveraged to the copper price which is classified as a critical mineral in North America unlike Australia. We therefore anticipate that North American investors will have a strong understanding and appreciation of our flagship asset.

Castile has also recently announced a scoping study on the Explorer 108 deposit which has a large zinc/lead mineral resource estimate of approximately 11.9 million tonnes. Zinc has also been classified as a critical mineral in the United States, although again, not in Australia. We similarly anticipate that North American investors will have a thorough understanding of the value of Explorer 108 as well.

INVESTOR RELATIONS

Castile has taken the opportunity to present to a wide range of individual and institutional investors in the United Kingdom. In addition to gold production, Castile's proposed strategy of producing end-user critical minerals products such as pure cobalt metal and pure copper metal is appreciated by the investment community. The Company has attracted positive feedback for the strategy to go to downstream processing well before most others in the sector. Castile completed a roadshow across the Eastern States of Australia in late January to promote the outcomes of the Rover 1 PFS.

DECLARATION OF SIGNIFICANT SUBSEQUENT EVENTS

Other than references to ongoing events reported here there have been no significant events post the financial year ended 30 June 2023.

DIRECTORS' REPORT continued

CHANGES IN THE STATE OF AFFAIRS

Other than the developments reported here and elsewhere in this report there were no significant changes in the state of affairs of the Company during the financial year ended 30 June 2023.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There are no likely developments of which the Directors are aware other than those disclosed in this report which could be expected to significantly affect the results of the Company's operations in subsequent financial periods not otherwise disclosed in the 'Principal Activities' and 'Review of Operations' or the 'Significant Events after the Balance Date' sections of the Directors' report.

COMPETENT PERSON STATEMENT

The information contained in this announcement was previously disclosed to the market ("Announcements"). Castile is not aware of any new information or data that materially affects the information in the Announcements.

The Mineral Resources contained in this report were first disclosed in the prospectus dated 3 December 2019 and released on the ASX market announcements platform on 12 February 2020 ("Prospectus"). A further announcement on the 8th of March 2022 provided an update to the Rover 1 Mineral Resource. The Company has provided a further update to the Rover 1 Mineral Resource on 16 September 2022. The Company announced on 14th November 2022 the maiden Rover 4 Mineral Resource. Castile is not aware of any new information or data that materially affects the Mineral Resources included in these announcements. All material assumptions and technical parameters underpinning the estimates in the Prospectus continue to apply and have not materially changed.

The Ore Reserve contained in this report were announced on the 5th December 2022 as part of the Rover 1 Preliminary Feasibility Study Outcomes. Castile is not aware of any new information or data that materially affects the Ore Reserves included in this report.

MATERIAL BUSINESS RISKS

Key risk factors

The Board of Directors review the key risks associated with conducting exploration and evaluation activities in Australia and steps to manage those risks. The key material risks faced by the Group include:

Exploration and development

Mineral exploration and development is a speculative and high-risk undertaking that may be impeded by circumstances and factors beyond the control of the Company. There can be no assurance that exploration on the projects, or any other exploration properties that may be acquired in the future, will result in the discovery of an economic mineral resource.

Even if an apparently viable mineral resource is identified, there is no guarantee that it can be economically exploited.

Climate Change Regulation

Mining of mineral resources is relatively energy intensive and is dependent on the consumption of fossil fuels. Increased regulation and government policy designed to mitigate climate change may adversely affect the Company's cost of operations and adversely impact the financial performance of the Company.

The efforts of the Australian government to transition towards a lower-carbon economy may also entail extensive policy, legal, technology and market changes to address mitigation and adaption requirements related to climate change that could significantly impact the Company. Depending on the nature, speed and focus of these changes, transition risks may pose varying levels of financial and reputational risk to the company.

Furthermore, the physical risks to the Company resulting from climate change can be event driven (acute) or longer-term shifts (chronic) in climate patterns. These physical risks may have financial implications for the Company, such as direct damage to assets and indirect impacts from supply chain disruption.

Operational risks

The operations of the Company may be affected by various factors, including, among other things:

- failure to locate or identify mineral deposits;
- failure to achieve predicted grades in exploration and mining; and
- operational, metallurgical and technical difficulties encountered in mining.

In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected.

Commodity prices and exchange rates

The value of the Company's assets and potential earnings may be affected by fluctuations in commodity prices and exchange rates, such as the USD and AUD denominated cobalt and copper prices (among other commodities) and the AUD/USD exchange rate.

These prices can significantly fluctuate, and are exposed to numerous factors beyond the control of the Company such as world demand for precious and other metals, forward selling by producers, and production cost levels in major metal producing regions.

Conditions to tenements

Interests in tenements in the Northern Territory are governed by legislation and are evidenced by the granting of leases and licences by the Territory. The Company is subject to the Mining Act and the Company has an obligation to meet conditions that apply to the Tenements, including the payment of rent and prescribed annual expenditure commitments.

The Tenements are subject to annual review and periodic renewal. While it is the Company's intention to satisfy the conditions that apply to the Tenements, there can be no guarantees made that, in the future, the Tenements that are subject to renewal will be renewed or that minimum expenditure and other conditions that apply to the Tenements will be satisfied.

Land access

There is a substantial level of regulation and restriction on the ability of exploration and mining companies to have access to land in Australia. Negotiations with both Native Title and land owners/occupiers are generally required before the Company can access land for exploration or mining activities. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.

Resource and reserve estimates

Whilst the Company intends to undertake exploration activities with the aim of upgrading existing resources or defining new resources, no assurances can be given that the exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that this can be economically extracted.

Resource and reserve estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource and reserve estimates are imprecise and depend to some extent on interpretation which may prove to be inaccurate.

Future funding needs

The funds to be raised under the Offer are considered sufficient to meet the immediate objectives of the Company. However, further funding may be required by the Company in the event costs exceed estimates or revenues do not meet estimates, to support its ongoing operations and implement.

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DIRECTORS' REPORT continued

Your Directors submit the financial report of the Company for the period ended 30 June 2023.

DIRECTORS WHO HELD OFFICE DURING OR SINCE THE END OF THE YEAR

Name	Title
Peter Cook	Independent Non-Executive Chairman
Mark Hepburn	Managing Director
John Braham	Independent Non-Executive Director
Jake Russell	Independent Non-Executive Director

COMPANY SECRETARY

Name	Title
Sebastian Andre	Company Secretary

PRINCIPAL ACTIVITIES

The principal activity of the Company is minerals exploration and project development.

REVIEW OF RESULTS

The loss after tax for the period ended 30 June 2023 was $1,392,385 (2022: loss of $1,536,603). The earnings of the Company for the past three years are summarised below:

	30 June 2023 $	30 June 2022 $	30 June 2021 $
Revenue	201,418	60,128	78,747
EBITDA	(1,312,625)	(1,028,937)	(1,357,593)
EBIT	(1,509,331)	(2,785,449)	(1,500,460)
Loss after income tax	(1,392,385)	(1,536,603)	(1,055,870)

The factors that are considered to affect total shareholders return are summarised below:

	30 June 2023 $	30 June 2022 $	30 June 2021 $
Share price at financial period end	0.085	0.145	0.22

DIRECTORS' REPORT continued

DIRECTORS QUALIFICATIONS AND EXPERIENCE

The Current Directors' qualifications and experience follow:

Director	Details
Peter Cook	**Independent Non-Executive Chairman**
Qualifications	BSc (Applied Geology), MSc (Min. Econ), WASM, MAusIMM
Appointment Date	7 June 2011
Resignation Date	N/A
Length of Service	12 years
Biography	Mr Cook has over 35 years' experience in the fields of exploration, project, operational and corporate management of mining companies.
Committee Memberships	Member of Board in its capacity as Audit and Risk Management Committee Member of Board in its capacity as Nomination and Remuneration Committee
Other Current Directorships	Nico Resources Limited – Non-Executive Chairman Titan Minerals Ltd – Non-Executive Chairman
Former ASX Listed Directorships (3 years)	Breaker Resources NL – Non-Executive Chairman Westgold Resources Limited

Mark Hepburn	**Managing Director**
Qualifications	B.Econ. & Fin, AICD
Appointment Date	29 November 2019
Resignation Date	N/A
Length of Service	3 years 7 months
Biography	Mr Hepburn has significant experience in the management and corporate development of public companies, their interaction with small, institutional investors and their servicing through communication and management. Mark brings substantial market aptitude and understanding of the risk aspects of exploration and development combined with the intricacies of capital markets.
Committee Memberships	N/A
Other Current Directorships	Firefinch Limited – Non-Executive Director
Former ASX Listed Directorships (3 years)	Leo Lithium Limited – Non-Executive Director

John Braham	Independent Non-Executive Director
Qualifications	
Appointment Date	29 November 2019
Resignation Date	N/A
Length of Service	3 years 7 months
Biography	Mr Braham is an experienced Mining Finance and Investment professional. He had 24 years with Macquarie Bank until 2017 and for the last 11 years of his service was an Executive Director of the bank's Global Mining and Finance Division. John has vast experience in the provision of debt and equity to mining, exploration and development companies worldwide, and brings a set of finance and corporate skills to greatly assist Castile.
Committee Memberships	Member of Board in its capacity as Audit and Risk Management Committee Member of Board in its capacity as Nomination and Remuneration Committee
Other Current Directorships	Equus Mining Limited
Former ASX Listed Directorships (3 years)	None

Jake Russell	Independent Non-Executive Director
Qualifications	B.Sc. (Hons) MAIG
Appointment Date	28 November 2019
Resignation Date	N/A
Length of Service	3 years 7 months
Biography	Mr Russell is a geologist with 20+ years of experience in exploration, mining, resource development and management. He is currently the General Manager Technical Services of Westgold Resources Limited and prior to its demerger from Metals X Limited, he was the Group Chief Geologist of Metals X Limited. Jake has an expert knowledge of Castile's assets and a high degree of technical expertise to progress and maximise the Company's exploration and resource development.
Committee Memberships	Member of Board in its capacity as Audit and Risk Management Committee Member of Board in its capacity as Nomination and Remuneration Committee
Other Current Directorships	None
Former ASX Listed Directorships (3 years)	None

The Current Company Secretary's qualifications and experience are set out below.

Company Secretary	Details
Sebastian Andre	
Qualifications	BCom, BA, GradDip AppCorpGov
Appointment Date	11 December 2020
Resignation Date	N/A
Length of Service	2 years 6 months
Biography	Mr Andre is a Chartered Secretary with over 10 years of experience in corporate advisory, governance and risk services. He has previously acted as an adviser at the ASX and has a thorough understanding of the ASX Listing Rules, specialising in providing advice to companies and their boards in respect to capital raisings, IPOs, backdoor listings, corporate compliance and governance matters. Mr Andre holds qualifications in accounting, finance, and corporate governance and is a member of the Governance Institute of Australia.

MEETINGS OF DIRECTORS

Meetings and attendance for the year was as follows:

	Board	Audit & Risk Committee	Nomination Committee	Remuneration Committee
Number of Meetings held	**5**	**N/A**	**N/A**	**N/A**
Number of Meetings attended				
Peter Cook	5	N/A	N/A	N/A
Mark Hepburn	5	N/A	N/A	N/A
John Braham	5	N/A	N/A	N/A
Jake Russell	5	N/A	N/A	N/A

The Company does not have an Audit, Remuneration or Nomination Committee with the full Board carrying out the functions that would otherwise be dealt with by such Committees. All Directors were eligible to attend all Board Meetings held when they were in office.

SHARE OPTIONS

As at the date of this report:

Number of Options	Exercise Price	Expiry Date	Listed/Unlisted
1,000,000	$0.313	21-Dec-23	Unlisted
600,000	$Nil	21-Dec-24	Unlisted
1,000,000	$0.2392	02-Dec-24	Unlisted
12,307,673	$0.20	09-Aug-24	Unlisted
1,756,409	$0.20	09-Aug-24	Unlisted

No shares as a result of the exercise of the options were issued as at the date of this report.

REMUNERATION REPORT

Introduction

The Directors present the Remuneration Report for the Company for the year ended 30 June 2023. This Remuneration Report forms part of the Directors' Report in accordance with the requirements of the Corporations Act 2001 and its regulations. For the purposes of this report, Key Management Personnel ("KMP") of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

The current Directors of the Company are considered to be the Key Management Personnel of the Company, being:

Name	Appointment Date
Peter Cook	7 June 2011
Mark Hepburn	29 November 2019
John Braham	29 November 2019
Jake Russell	28 November 2019

Remuneration Policy

The remuneration policy of the Company has been designed to align KMP objectives with Shareholders' interests and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Company's financial results. The Board believes that the remuneration policy is appropriate and effective in its ability to attract and retain the best KMP to run and manage the Company, as well as create goal congruence between Directors, Executives and Shareholders.

DIRECTORS' REPORT continued

Executive Directors and Key Management Personnel

The Board's policy for determining the nature and amount of remuneration for Executive Directors and Key Management Personnel of the Company was in place for the year ended 30 June 2023. The Board is responsible for evaluating the performance of the Company's senior executives in accordance with the Company's Board Performance Evaluation Policy. The Chair is responsible for evaluating the performance of the Company's Managing Director in accordance with the Company's Board Performance Evaluation Policy. During the financial year an evaluation of the performance of the Board and its members was not formally carried out. However, a general review of the Board and executives occurs on an on-going basis to ensure that structures suitable to the Company's status as a listed entity are in place.

Non-Executive Directors

The Board's policy is to remunerate Non-Executive Directors based on market practices, duties and accountability, and not to award options or performance rights to Non-Executive Directors. Independent external advice is sought when required. The fees paid to Non-Executive Directors will be reviewed annually. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by Shareholders at the Annual General Meeting ("AGM"). The maximum aggregate amount of fees payable has been set at $300,000pa.

Use of Remuneration Consultants

To ensure the Remuneration Committee (of which the function is performed by the Board as a whole at this stage) is fully informed when making remuneration decisions, it may seek external remuneration advice. The Board did not engage external remuneration advice in 2023.

Remuneration Report Approval at FY2023 AGM

The remuneration report for the year ended 30 June 2023 will be put to shareholders for approval at the Company's AGM which will be held during November 2023. The remuneration report for the year ended 30 June 2022 was approved by shareholders with 98.41% support votes at the AGM held on 24 November 2022.

Details of Remuneration

Details of remuneration of the Directors and KMP of the Company (as defined by AASB 124 Related Party Disclosures) and specified executives are set out as follows:

DIRECTORS' REPORT continued

		Fixed				STI	LTI	Total	Proportion of Remuneration		
	Year	Salary fees and leave $	Other Fees $	Super-annuation $	Share Based Payments $	Incentive Payments $	Fair value of Share Options (equity settled) $	$	Fixed %	STI %	LTI %
Executive and Non-Executive Directors											
Peter Cook	**2023**	**72,398**	**-**	**7,602**	**-**	**-**	**-**	**80,000**	**100%**	**-**	**-**
	2022	72,727	-	7,273	-	-	-	80,000	100%	-	-
Mark Hepburn	**2023**	**368,462**[2]		**31,500**	**76,592**	**-**	**-**	**476,554**	**84%**	**-**	**16%**
	2022	300,000	-	30,000	224,963	-	-	554,963	100%	-	-
John Braham	**2023**	**54,299**	**-**	**5,701**	**-**	**-**	**-**	**60,000**	**100%**	**-**	**-**
	2022	54,545	-	5,455	-	-	-	60,000	100%	-	-
Jake Russell	**2023**	**54,299**	**-**	**5,701**	**-**	**-**	**-**	**60,000**	**100%**	**-**	**-**
	2022	54,545	-	5,455	-	-	-	60,000	100%	-	-
Total Remuneration	**2023**	**549,458**	**-**	**50,504**	**76,592**	**-**	**-**	**676,554**	**89%**	**-**	**11%**
	2022	481,817	-	48,183	224,963	-	-	754,963	100%	-	-

<u>Service Agreements</u>

The Company has entered into an employment agreement with Mark Hepburn on the following material terms:

- Position: Managing Director.
- Commencement Date: 29 November 2019.
- Term: Until agreement is validly terminated.
- Notice period: Either party may terminate the agreement without cause by providing the other party with no less than three months' notice in writing, or by payment of the Company to Mark Hepburn of three months' salary in lieu of such notice, as the case may be. The Company may terminate the agreement by summary notice to Mr Hepburn with cause in circumstances considered standard for agreements of this nature in Australia, including serious or persistent breaches of the agreement, grave misconduct, or wilful neglect in the discharge of his duties under the agreement.
- Salary: Upon the Company listing on the Official List, Mark Hepburn received a salary of $300,000 per annum (exclusive of statutory superannuation). Mr Hepburn has also been issued 4,600,000 options.
- Expenses: The Company will reimburse Mark Hepburn for all reasonable expenses incurred by him in the performance of his duties in connection with the Company.
- Leave: The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

[2] Includes annual leave provision.

DIRECTORS' REPORT continued

The Company has entered into agreements with its Non-Executive Directors. Remuneration has been agreed as follows:

Director	Annual Remuneration inclusive of Superannuation
Peter Cook	$80,000
John Braham	$60,000
Jake Russell	$60,000
Total	**$200,000**

Cash Bonuses included in Remuneration

There were no cash bonuses issued during the year ended 30 June 2023.

Share Based Payments Granted as Compensation

The options that were granted as compensation during the year ended 30 June 2023 are detailed in the following tables.

DIRECTORS' INTERESTS AND BENEFITS

The movement during the reporting year in the number of ordinary shares of the Company and the number of options over ordinary shares of the Company held directly, indirectly or beneficially, by each Director or key management personnel, including their personally-related entities is as follows:

Director	No. Shares Held at 30 June 2023	No. Shares Held at Date of this Report	No. Options Held at 30 June 2023	No. Options Held at Date of this Report
Peter Cook				
Directly	3,377,783	3,377,783	-	-
Indirectly	12,555,498	12,555,498	1,282,051	1,282,051
Mark Hepburn				
Directly	-	-	-	-
Indirectly	3,103,846	3,103,846	2,984,615	2,984,615
John Braham				
Directly	468,218	468,218	64,102	64,102
Indirectly	-	-	-	-
Jake Russell				
Directly	-	-	-	-
Indirectly	76,923	76,923	25,641	25,641
Total	**19,582,268**	**19,582,268**	**4,356,409**	**4,356,409**

DIRECTORS' REPORT continued

The following table sets out the details of unlisted share option movements during the year ended 30 June 2023:

	Balance at 30 June 2022	Granted	Exercised	Net Other Change	Balance at 30 June 2023	Vested and Unexercised at 30 June 2023
Executive and Non-Executive Directors						
Peter Cook	-	-	-	1,282,051	1,282,051	1,282,051
Mark Hepburn	4,600,000	-	-	(1,615,385)	2,984,615	2,984,615
John Braham	-	-	-	64,102	64,102	64,102
Jake Russell	-	-	-	25,641	25,641	25,641
Total	**4,600,000**	**-**	**-**	**(243,591)**	**4,356,409**	**4,356,409**

<u>Loans to Director and their related parties</u>
No loans have been made to any Director or any related parties during the year ended 30 June 2023.

<u>Other transactions with related parties</u>
During the reporting year, there were no related party transactions other than the remuneration and option grants as detailed in the report.

End of Audited Remuneration Report.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to payment of dividends.

CORPORATE GOVERNANCE STATEMENT

The Company and its Board of Directors are committed to achieving and demonstrating high standards of corporate governance. The Company has adopted (where suitable for its circumstances) the Corporate Governance Principles and Recommendations (Fourth Edition) published by the ASX Corporate Governance Council. The Company has reviewed its corporate governance practices against the Fourth Edition for the financial year ended 30 June 2023.

The Company's 2023 Corporate Governance Statement reflects its corporate governance practices for the financial year ended 30 June 2023 and was approved by the Board. The Company's 2023 Corporate Governance Statement and Corporate Governance Plan are available on its website at www.castile.com.au.

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified, to the extent permitted by law, the Directors and officers of the Company against any liability incurred by a Director or officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties. No amount was paid pursuant to these indemnities during the financial year, nor subsequently to the date of this Annual Report.

During the financial year the Company paid, as permitted by law, a premium in respect of a contract to insure the Directors and officers of the Company against a liability (including legal costs) incurred by a Director or officer in or arising out of the conduct of the business of the Company or in or arising out of the discharge of that officer's duties. Under the terms of that contract, the details of the nature and extent of the liabilities insured against and the amount of premiums paid are confidential.

INDEMNITY AND INSURANCE OF AUDITOR

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

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings. No proceedings have been brought or intervened in on behalf of the Company pursuant to section 236 with leave of the Court under section 237 of the Corporations Act 2001.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 5 to the financial statements. The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services as disclosed in Note 5 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocates for the Company or jointly sharing economic risks and rewards.

AUDITOR'S DECLARATION OF INDEPENDENCE

The auditor's independence declaration for the year ended 30 June 2023 has been received and is included within the financial statements.

AUDITOR

Hall Chadwick WA Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2) of the Corporation Act 2001 and is signed for and on behalf of the Directors.

Peter Cook
Non-Executive Chairman

27 September 2023

To the Board of Directors

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

As lead audit director for the audit of the financial statements of Castile Resources Ltd for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated this 27th day of September 2023
Perth, Western Australia

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

	Note	30 June 2023 $	30 June 2022 $
Revenue	3	**201,418**	60,128
Accounting fees		**(75,528)**	(106,020)
Compliance fees		**(191,731)**	(177,514)
Consultancy fees		**(52,310)**	-
Depreciation: other assets	10	**(115,761)**	(114,312)
Depreciation: right of use assets	11	**(45,824)**	(48,131)
Directors' remuneration		**(462,246)**	(437,168)
Exploration expenditure written off	12	**-**	(23,582)
Exploration expenditure impaired	12	**(35,121)**	(1,028,937)
Insurance expense		**(70,824)**	(74,134)
Interest expense: lease liability		**(3,281)**	(3,655)
IT expenses		**(88,452)**	(67,749)
Legal fees		**(18,224)**	(2,489)
Marketing expense		**(92,937)**	(163,740)
Occupancy expenses		**(18,351)**	(45,232)
Other expenses		**(70,965)**	(59,407)
Share based payments expense	17	**(76,592)**	(224,963)
Staff expenses		**(202,436)**	(228,084)
Travel expenses		**(93,447)**	(44,115)
Profit/(loss) before tax		**(1,512,612)**	(2,789,104)
Income tax benefit/(expense)	4	**120,227**	1,252,501
Net profit/(loss) for the year from operations		**(1,392,385)**	(1,536,603)
Other comprehensive income		**-**	-
Total comprehensive profit/(loss)for the year		**(1,392,385)**	(1,536,603)
Basic and diluted profit/(loss) per share (cents)	6	**(0.59)c**	(0.8)c

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	7	**5,428,817**	4,430,825
Trade and other receivables	8	**84,565**	162,224
Other assets	9	**126,544**	126,911
Total Current Assets		**5,639,926**	4,719,960
Non-Current Assets			
Other assets	9	**300,893**	647,587
Property, plant and equipment	10	**457,443**	569,631
Right of use assets	11	**61,359**	66,594
Exploration and evaluation assets	12	**29,741,456**	27,285,361
Total Non-Current Assets		**30,561,151**	28,569,173
Total Assets		**36,201,077**	33,289,133
LIABILITIES			
Current Liabilities			
Trade and other payables	13	**842,591**	1,626,831
Lease liabilities		**25,595**	16,916
Employee obligations	14	**118,014**	126,985
Total Current Liabilities		**986,200**	1,770,732
Non-Current Liabilities			
Lease liabilities		**37,909**	61,793
Deferred tax liability	4	**1,758,014**	1,880,008
Total Non-Current Liabilities		**1,795,923**	1,941,801
Total Liabilities		**2,782,123**	3,712,533
Net Assets		**33,418,954**	29,576,600
EQUITY			
Contributed equity	15	**23,912,227**	18,754,081
Reserves	16	**408,395**	561,802
Retained earnings		**9,098,332**	10,260,717
Total Equity		**33,418,954**	29,576,600

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	Contributed Equity $	Share Based Payments Reserve $	Retained Earnings $	Total $
Balance at 1 July 2022	**18,754,081**	**561,802**	**10,260,717**	**29,576,600**
Equity issues	5,485,001	-	-	5,485,001
Equity issue expenses (tax adjusted)	(326,855)	-	-	(326,855)
Share based payments	-	76,593	-	76,593
Reversal of share based payments	-	(230,000)	230,000	-
Profit/(loss) for the year	-	-	(1,392,385)	(1,392,385)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the year	-	-	(1,392,385)	(1,392,385)
Balance at 30 June 2023	**23,912,227**	**408,395**	**9,098,332**	**33,418,954**
Balance at 1 July 2021	**18,861,969**	**336,839**	**11,797,320**	**30,996,128**
Equity issue expenses (tax adjusted)	(107,888)	-	-	(107,888)
Share based payments	-	224,963	-	224,963
Profit/(loss) for the year	-	-	(1,536,603)	(1,536,603)
Other comprehensive income	-	-	-	-
Total comprehensive profit/(loss) for the year	-	-	(1,536,603)	(1,536,603)
Balance at 30 June 2022	**18,754,081**	**561,802**	**10,260,717**	**29,576,600**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	Note	30 June 2023 $	30 June 2022 $
Cash flows from operating activities			
Payments to suppliers and employees		**(1,429,208)**	(1,355,256)
Interest received		**188,385**	18,409
Interest paid: leases		**(3,281)**	(3,655)
Refunds of/(payments for) tenement and other deposits		**345,974**	(199,940)
Net cash used in operating activities	17	**(898,130)**	(1,540,442)
Cash flows from investing activities			
Payments for property, plant and equipment		**(3,663)**	(14,501)
Payment for exploration and evaluation assets		**(3,241,241)**	(5,189,022)
Net cash used in investing activities		**(3,244,904)**	(5,203,523)
Cash flows from financing activities			
Proceeds from equity issues		**5,490,001**	-
Payment for costs of equity issues		**(333,771)**	-
Proceeds from borrowings		**26,461**	-
Repayment of borrowings		**(41,665)**	(45,301)
Net cash from/(used in) from financing activities		**5,141,026**	(45,301)
Net increase/(decrease) in cash held		**997,992**	(6,789,266)
Cash and cash equivalents at beginning of the year		**4,430,825**	11,220,091
Cash and cash equivalents at year end	7	**5,428,817**	4,430,825

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

1. *Corporate information*

This annual report covers Castile Resources Limited (the "Company"), a company incorporated in Australia for the year ended 30 June 2023. The presentation currency of the Company is Australian Dollars ("$"). A description of the Company's operations is included in the review and results of operations in the Directors' Report. The Directors' Report is not part of the financial statements. The Company is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code "CST" and OTCQB code CLRSF. The financial statements were authorised for issue on 27 September 2023 by the Directors. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. *Accounting policies*

a. Basis of preparation

The general-purpose financial statements of the Company have 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. Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial report has also been prepared on a historical cost base. It is recommended that the annual financial report be considered together with any public announcements made by the Company up to the issue date of this report, which the Company has made in accordance with its continuous disclosure obligations arising under the *Corporations Act 2001.* The financial statements have been prepared on an accruals basis and is based on historical costs, modified where applicable, by the measurement at fair value of financial assets and financial liabilities.

b. Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

2. *Accounting Policies (continued)*

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

c. Comparatives

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

d. Significant management judgement in applying accounting policies and estimate uncertainty

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below.

i. Exploration and evaluation expenditure

Exploration and evaluation costs have been capitalised and are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Key judgements are applied in considering the costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

ii. Leases – incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

2. *Accounting Policies (continued)*

iii. Share based payment transactions

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

e. Accounting Standards that are mandatorily effective for the current reporting year

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

The Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to Company accounting policies.

f. Standards and Interpretations on issue not yet adopted

At the date of authorisation of the financial statements, the Company has not applied the new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective. Based on a preliminary review of the standards and amendments, the Directors do not anticipate a material change to the Company's accounting policies, however further analysis will be performed when the relevant standards are effective.

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

	30 June 2023 $	30 June 2022 $
3. *Revenue*		
Interest revenue	**188,228**	19,412
Other revenue	**13,190**	40,716
	201,418	60,128

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

4. *Income tax benefit/(expense)*

	30 June 2023 $	30 June 2022 $
Income statement		
a. Major components of income tax expense:		
Statement of profit or loss and other comprehensive income: current income tax benefit	**-**	-
Deferred income tax – relating to origination and reversal of temporary differences in current year	**120,227**	1,252,501
Income tax benefit/(expense)	**120,227**	1,252,501
Statement of changes in equity		
a. Deferred income tax: capital raising costs	**(1,767)**	107,888
Income tax expense reported in equity	**(1,767)**	107,888

	30 June 2023 $	30 June 2022 $
4. *Income tax benefit/(expense) (continued)*		
b. A reconciliation of income tax benefit and the product of accounting loss before income tax multiplied by the Company's applicable income tax rate is as follows:		
Profit/(loss) before tax	**(1,512,612)**	(2,789,104)
At statutory income tax rate of 30% (2022: 30%)	**(453,784)**	(697,276)
Non-deductible expenses (non-assessable income)	**25,760**	56,779
Adjustments in respect of previous year	**(242)**	(12)
Adjustments in respect of previous deferred income tax as a result of change in tax rate	**403,017**	(544,637)
Capital raising costs	**(94,978)**	(67,355
	(120,227)	(1,252,501)

4. *Income tax benefit/(expense) (continued)*

c. Deferred income tax relates to the following:

	Statement of Financial Position		Statement of Profit or Loss and Other Comprehensive Income	
	30 June 2023 $	**30 June 2022 $**	**30 June 2023 $**	**30 June 2022 $**
Deferred tax liabilities				
Trade and other receivables	**(285)**	(277)	**(8)**	(246)
Other assets	**(37,963)**	(31,728)	**(6,236)**	(21,217)
Exploration and evaluation assets	**(8,033,851)**	(6,016,536)	**(2,017,315)**	(365,033)
Property, plant and equipment	**(112,946)**	(118,980)	**6,035**	(66,911)
Gross deferred tax liabilities	**(8,185,045)**	(6,167,521)		
Deferred tax assets				
Trade and other payables	**16,882**	15,262	**1,620**	(2,090)
Employee obligations	**35,404**	31,746	**3,658**	4,592
Right of use assets	**644**	3,029	**(2,385)**	116,829
Business related costs – profit/loss	**300**	501	**(201)**	(399)
Business related cost - equity	**137,076**	135,309	**-**	-
Tax losses	**6,236,725**	4,101,666	**2,135,059**	1,586,976
Gross deferred tax assets	**6,427,031**	4,287,513		
Net deferred tax liabilities	**(1,758,014)**	(1,880,008)		
Deferred income tax benefit/(expense)			**120,227**	1,252,501

d. Unrecognised losses

At 30 June 2023, there were no unrecognised losses for the Company (2022: Nil).

4. *Income tax benefit/(expense) (continued)*

Accounting policy:

Income taxes

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable income. Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

Management periodically evaluates positions taken in the tax returns with respect to situations where applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax is provided for using the full liability balance sheet approach. The tax rates and tax laws used to compute the amount of deferred tax assets and liabilities are those that are enacted or substantively enacted at the reporting date in the countries where the Company operates and generates taxable profits.

Deferred tax liabilities are recognised for all taxable temporary differences except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures when the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future.

4. *Income tax benefit/(expense) (continued)*

Deferred tax assets are recognised for all deductible temporary differences, including carry-forward tax losses and tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised except when:

- the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit (or tax loss); and
- the deductible temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures and it is not probable that the temporary difference will reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets and deferred tax liabilities are reassessed at each reporting date and are recognised to the extent that they satisfy the requirements for recognition. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. Income taxes relating to transactions recognised outside profit and loss (for example, directly in other comprehensive income or directly in equity) are also recognised outside profit and loss.

<u>Other taxes</u>
Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on purchase of goods or 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, which 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 Cash Flows 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 are classified as operating cash flows. Commitments and contingencies are disclosed net of amounts of GST recoverable from, or payable to, the taxation authority.

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

	30 June 2023 $	30 June 2022 $
5. *Auditor's remuneration*		
Audit of the financial statements	**45,024**	42,044
	45,024	42,044

	30 June 2023	30 June 2022
6. *Earnings per share*		
Basic and diluted profit/(loss) per share (cents per share)	**(0.59)c**	(0.8)c
Net profit/(loss) attributable to ordinary shareholders ($)	**$(1,392,385)**	$(1,536,603)
	Shares	**Shares**
Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**236,384,248**	199,710,121

Accounting policy:

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element. Diluted earnings per share is calculated as net profit attributable to members of the parent adjusted for:

- cost of servicing equity (other than dividends) and preference share dividends;
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised; and
- other non-discriminatory changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares divided by the weighted average number of ordinary shares and dilutive potential ordinary shares; adjusted for any bonus element.

	30 June 2023 $	30 June 2022 $
7. *Cash and cash equivalents*		
Cash at bank	**5,428,817**	4,430,825
	5,428,817	4,430,825

Accounting policy:
Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

	30 June 2023 $	30 June 2022 $
8. *Trade and other receivables*		
Accrued interest revenue	**950**	1,106
GST receivable	**78,929**	161,118
Other receivables	**4,686**	-
	84,565	162,244

Trade and other receivables are non-interest bearing and are generally receivable within 3 months. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

Accounting policy:
Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method, less any impairment losses. This category generally applies to trade and other receivables. Trade and other receivables are generally due for settlement within no more than 30 days from the date of recognition. Due to their current nature, the carrying amount of trade and other receivables approximates fair value. The carrying amount of trade and other receivables is reduced through the use of an allowance account and the loss is recognised in the profit or loss.

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

9. *Other assets*

	30 June 2023 $	30 June 2022 $
Current		
Prepaid expenses	**126,544**	126,911
	126,544	126,911
Non-Current		
Tenement and other deposits	**300,893**	647,587
	300,893	647,587

10. *Plant and equipment*

	30 June 2023 $	30 June 2022 $
Opening written down value at beginning of year	**569,631**	669,442
Additions	**3,663**	14,501
Write-offs	**(186,422)**	-
Accumulated depreciation on write-offs	**186,332**	-
Depreciation	**(115,761)**	(114,312)
Closing written down value at end of year	**457,443**	569,631

Accounting policy:
Property, plant and equipment is stated at historical cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, or where appropriate, over the estimated life of the mine. Major depreciation periods are:

- Mine specific plant and equipment is depreciated using – the shorter of life of mine and useful life. Useful life ranges from 2 to 25 years.
- Buildings – the shorter of life of mine and useful life. Useful life ranges from 5 to 40 years.
- Office plant and equipment is depreciated at 20% per annum for computers, office machines and other office equipment and furniture.

10. *Plant and equipment (continued)*

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit and loss in the year the item is derecognised.

	30 June 2023 $	30 June 2022 $
11. *Right of use assets*		
Balance at beginning of year	**66,594**	114,725
Recognition	**65,279**	-
De-recognition	**(24,690)**	-
Depreciation	**(45,824)**	(48,131)
Balance at end of year	**61,359**	66,594

Accounting policy:

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

	30 June 2023	30 June 2022 $
12. *Exploration and evaluation assets*		
Balance at beginning of year	**27,285,361**	22,315,452
Exploration and evaluation expenditure incurred during the year	**2,491,216**	6,022,428
Impairment and write-off[3]	**(35,121)**	(1,052,519)
Balance at end of year	**29,741,456**	27,285,361

Accounting policy:
Expenditure on acquisition, exploration and evaluation relating to an area of interest is carried forward at cost where rights to tenure of the area of interest are current and:

- it is expected that expenditure will be recouped through successful development and exploitation of the area of interest or alternatively by its sale; and/or
- exploration and evaluation activities are continuing in an area of interest but at reporting date have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of 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 uncertainty exists as to the future viability of certain areas, the value of the area of interest is written off to the profit and loss or provided against.

Impairment
The carrying value of capitalised exploration and evaluation expenditure is assessed for impairment on a regular basis or whenever impairment indicators are present. When information becomes available suggesting that the recovery of expenditure which had previously been capitalised is unlikely or that the Company no longer holds tenure, the relevant capitalised amount is written off to the profit or loss in the period when the new information becomes available.

[3] $1,028,937 relates to the impairment of tenements EL10379 in 2022.

	30 June 2023 $	30 June 2022 $
13. *Trade and other payables*		
Accrued expenses	**42,450**	40,851
Employee payables	**52,054**	138,694
Trade payables[4]	**748,087**	1,447,286
	842,591	1,626,831

Accounting policy:
Trade and other payable amounts represent liabilities for goods and services provided to the entity prior to the end of the year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of invoice.

14. *Employee obligations*

	30 June 2023 $	30 June 2022 $
Annual leave provision	**118,014**	126,985
	118,014	126,985

Accounting policy:
Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

[4] Trade payables are non-interest bearing and are normally settled on 30-day terms. All amounts are short-term. The net carrying value of trade payables is considered a reasonable approximation of fair value.

	30 June 2023		30 June 2022	
	No.	$	No.	$
15. *Contributed equity*				
Balance at beginning of year	**199,710,121**	**18,754,081**	199,710,121	18,861,969
Equity issue: 08-Aug-22	**36,923,077**	**4,800,001**	-	-
Equity issue: 11-Oct-22	**5,269,229**	**685,000**	-	-
Equity issue expenses (tax adjusted)	**-**	**(326,855)**	-	(107,888)
Balance at end of year	**241,902,427**	**23,912,227**	199,710,121	18,754,081

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have limited amount of authorised capital.

Accounting policy:
Issued and paid-up capital is recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction in the proceeds received.

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

	30 June 2023 $	30 June 2022 $
16. *Reserves*		
Share based payments reserve		
Balance at beginning of year	**561,802**	336,839
Share based payments expense[5]	**76,593**	224,963
Reversal of lapsed share based payments	**(230,000)**	-
Balance at end of year	**408,395**	561,802

Inputs used to calculate the option valuations are as follows:

Non-performance based options

Inputs	Director Options (T1)	Director Options (T2)	Short Term Director Options (T1)	Short Term Director Options (T2)
Number of options	1,000,000	1,000,000	500,000	500,000
Exercise price	$0.25	$0.25	$0.313	$0.313
Expiry date	26-Nov-22	26-Nov-22	21-Dec-23	21-Dec-23
Grant date	26-Nov-19	26-Nov-19	26-Nov-20	26-Nov-20
Vesting date	14-Feb-21	14-Feb-22	21-Dec-21	21-Dec-22
Share price at grant date	$0.20	$0.20	$0.29	$0.29
Risk free interest rate	0.62%	0.62%	0.09%	0.09%
Volatility	100%	100%	108%	108%
Option value	$0.115[5]	$0.115[5]	$0.1848	$0.1848

[5] The reserve is used to record the value of equity benefits to employees and Directors.

16. *Reserves (continued)*

The following table illustrates the number and weighted average exercise prices of and movements in share options issued during the year:

	30 June 2023		30 June 2022	
	Number	Weighted Average Exercise Price $	Number	Weighted Average Exercise Price $
Outstanding at beginning of year	4,600,000	$0.2287	3,600,000	$0.2258
Granted during the year	14,064,082	$0.20	1,000,000	$0.2392
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	(2,000,000)	$0.25	-	-
Outstanding at end of year	**16,664,082**	**$0.1803**	**4,600,000**	**$0.2287**
Exercisable at end of year	**16,664,082**	**$0.1803**	**2,500,000**	**$0.2287**

Accounting policy:

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

17. *Reconciliation of cashflows from operating activities*

	30 June 2023 $	30 June 2022 $
Profit/(loss)	**(1,392,385)**	(1,563,603)
Depreciation	**161,585**	162,443
Exploration expenditure written off	**-**	23,582
Exploration expenditure impaired	**35,121**	1,028,937
Income tax benefit/(expense)	**(120,227)**	(1,252,501)
Share based payments	**76,593**	224,963
Tax effect on capital raising costs	**93,977**	-
Change in trade & other receivables	**77,659**	78,298
Change in other assets	**163,561**	(291,814)
Change in trade & other payables	**14,957**	(12,782)
Change in employee obligations	**(8,971)**	36,471
	(898,130)	(1,540,442)

18. *Operating segments*

The Company has determined operating segments based on the information provided to the Board of Directors. The Company operates predominantly in one business segment being the exploration for minerals in one geographic segment, being Australia.

Accounting policy:
An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors. Operating segments have been identified based on the information provided by management to the Board of Directors. The Company aggregates two or more operating segments when they have similar economic characteristics. Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately.

However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements. Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

19. *Events after the end of the reporting year*

There are no matters or circumstances have arisen since the end of the year which will significantly affect, or may significantly affect, the state of affairs or operations of the reporting entity in future financial years.

	30 June 2023 $	30 June 2022 $

20. *Related party transactions*

a. KMP compensation

Short-term employee benefits	**549,458**	481,817
Post-employment benefits	**50,504**	48,182
Share based payments	**76,592**	224,963
Total	**676,554**	754,962

b. Transactions with related parties

During the reporting year, there were the following related party transactions:

- During the year a total of $2,520 (2022: $4,816) plus GST was paid to Westgold Resourced Limited (former parent entity) in relation to reimbursement of costs.

Refer to Note 16 for details of share-based payments to Directors and further detail in the remuneration report.

21. *Financial risk management*

The Company's principal financial instruments comprise receivables, payables, cash and cash equivalents, deposits and borrowings. The Company manages its capital to ensure that entities in the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from 2019. The capital structure of the Company consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. None of the Company's entities are subject to externally imposed capital requirements. Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax, dividends and general administrative outgoings. Gearing levels are reviewed by the Board on a regular basis in line with its target gearing ratio, the cost of capital and the risks associated with each class of capital.

21. *Financial risk management (continued)*

Risk exposures and responses

The Company manages its exposure to key financial risks in accordance with the Company's financial risk management policy. The objective of the policy is to support the delivery of the Company's financial targets while protecting future financial security. The main risks arising from the Company's financial instruments are interest rate risk, credit risk, equity price risk and liquidity risk. The Company uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate, foreign exchange risk and assessments of market forecasts for interest rate, foreign exchange and commodity prices. Ageing analysis and monitoring of receivables are undertaken to manage credit risk, liquidity risk is monitored through the development of future rolling cash flow forecasts. The Board reviews and agrees policies for managing each of these risks as summarised below. Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below, including for interest rate risk, credit allowances and cash flow forecast projections.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed below.

a. Interest rate risk

The Company's exposure to risks of changes in market interest rates relate to the Company's interest-bearing liabilities and cash balances. Therefore, the Company does not have any variable interest rate risk on its debt. The Company constantly analyses its interest rate exposure. Within this analysis, consideration is given to potential renewals of existing positions, alternative financing positions and the mix of fixed and variable interest rates. There is no significant exposure to changes in market interest rates at the reporting date.

21. *Financial risk management (continued)*

At the reporting date the Company's exposure to interest rate risk for classes of financial assets and financial liabilities is set out below:

	Variable interest $	Fixed interest $
30 June 2023		
Financial assets		
Cash and cash equivalents	5,428,817	-
Total	**5,428,817**	**-**
Financial liabilities		
Lease liabilities	-	63,504
Total	**-**	**63,504**
30 June 2022		
Financial assets		
Cash and cash equivalents	4,430,825	-
Total	**4,430,825**	**-**
Financial liabilities		
Lease liabilities	-	78,709
Total	**-**	**78,709**

The following table illustrates the estimated sensitivity to a 1.0% increase and decrease to interest rate movements.

Impact on pre-tax profit/(loss)	$
30 June 2023	
Interest rates + 1.0%	**(13)**
Interest rates – 1.0%	**13**
30 June 2022	
Interest rates + 1.0%	(1)
Interest rates – 1.0%	1

21. *Financial risk management (continued)*

b. Credit risk

Credit risk arises from the financial assets of the Company, which comprises cash and cash equivalents, trade and other receivables and other financial assets held as security and loans. Cash and cash equivalents are held with National Australia Bank, which is an Australian Bank with an AA- credit rating (Standard & Poor's). The Company's exposure to credit risk arises from potential default of the counter party, with the maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note). The Company does not hold any credit derivatives to offset its credit exposure. The Company trades only with recognised, creditworthy third parties and as such collateral is not requested nor is it the Company's policy to securitise its trade and other receivables. Receivable balances are monitored on an ongoing basis with the result that the Company does not have a significant exposure to bad debts. Significant concentrations of credit risk are in relation to cash and cash equivalents with Australian banks.

c. Liquidity risk

Liquidity risk arises from the financial liabilities of the Company and the subsequent ability to meet the obligations to repay the financial liabilities as and when they fall due. The table below reflects all contractually fixed payables for settlement, repayment and interest resulting from recognised financial liabilities as of 30 June 2023.

Cash flows for financial liabilities without fixed amount or timing are based on the conditions existing as 30 June 2023 and 30 June 2022. The remaining contractual maturities of the Company's financial liabilities are:

	30 June 2023	**30 June 2022**
	$	**$**
<6 months	**12,797**	8,458
6-12 months	**12,798**	8,458
1-5 years	**37,909**	61,793
>5 years	**-**	-

<u>Maturity analysis of financial assets and liabilities based on management's expectation</u>

The risk implied from the values shown in the table below reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments of working capital e.g. inventories and trade receivables. To monitor existing financial assets and liabilities, as well as to enable effective controlling of future risks, management monitors its Company's expected settlement of financial assets and liabilities on an ongoing basis.

21. *Financial risk management (continued)*

Details	<6 months $	6-12 months $	1-5 Years $	>5 Years $	Total $
30 June 2023					
Financial assets					
Trade and other receivables	84,565	-	-	-	84,565
Total	**84,565**	**-**	**-**	**-**	**84,565**
Financial liabilities					
Trade and other payables	842,591	-	-	-	842,591
Lease liabilities	12,797	12,798	37,909	-	63,504
Total	**855,388**	**12,798**	**37,909**	**-**	**906,195**
30 June 2022					
Financial assets					
Trade and other receivables	162,224	-	-	-	162,224
Total	**162,224**	**-**	**-**	**-**	**162,224**
Financial liabilities					
Trade and other payables	1,626,831	-	-	-	1,626,831
Lease liabilities	23,321	23,321	32,067	-	78,709
Total	**1,650,152**	**23,321**	**32,067**	**-**	**1,705,540**

Accounting policy:

Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified at initial recognition, and subsequently measured at amortised cost, or fair value through profit or loss or fair value through OCI. The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Trade receivable that do not contain a significant financing component or for which the Company has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price determined under AASB 15. The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows.

21. *Financial risk management (continued)*

The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement
For purposes of subsequent measurement, the Company's financial assets are classified in these categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)
The Company's financial assets at amortised cost include cash, short-term deposits, and trade and other receivables. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of other income in the Statement of Comprehensive Income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value, i.e., where they fail the SPPI test. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that do not pass the SPPI test are required to be classified, and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

21. *Financial risk management (continued)*

Impairment of financial assets

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages.

For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL).

For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). For trade receivables, the Company applies the simplified approach in calculating ECLs, as permitted by AASB 9. Therefore, the Company does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL. The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information. The Company considers a financial asset in default when contractual payments are 90 days past due.

However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity. At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

21. *Financial risk management (continued)*

<u>Financial Liabilities</u>

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables as appropriate. All financial liabilities are recognised initially at fair value and, in the case of trade and other payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income. After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of comprehensive income.

22. *Commitments and contingencies*

	30 June 2023 $	30 June 2022 $
Committed expenditure for the Company comprises:		
<1 year	**1,671,352**	365,509
1-5 years	**41,509**	202,171
>5 years	**-**	-
	1,712,861	567,680

The Company's contingent liabilities are:

- Pursuant to the Deed of Assignment and Assumption – Rover Royalty and Tenement Transfer Agreement, the Company granted a perpetual royalty, payable by the Company at a rate of 1.5% where gold is not the product; and as outlined in the table below where the product is gold:

22. *Commitments and contingencies (continued)*

Average Spot Price per Ounce	Cumulative Gold Production (Ounces): <500,000	Cumulative Gold Production (Ounces): >500,000
> $600	1.50%	1.75%
$601 to $700	1.75%	2.00%
>$700	2.00%	2.50%

The Company has bank guarantees totalling $163,127 as at 30 June 2023.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

In the Directors' opinion, the financial statements and notes are in accordance with the *Corporations Act* 2001 and:

- comply with Australian Accounting Standards;
- are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in Note 2 to the financial statements; and
- give a true and fair view of the Company's financial position as at 30 June 2023 and of the performance for the year ended 30 June 2023.

In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors

Peter Cook
Non-Executive Chairman
27 September 2023

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF CASTILE RESOURCES LTD

Report on the Audit of the Financial Report

Opinion

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

In our opinion:

a. the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and

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

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Exploration and Evaluation Assets (Refer to Note 12) The Company has exploration and evaluation assets of $29,741,456 as at 30 June 2023. Exploration and evaluation assets is a key audit matter due to: • The significance of the balance to the Company's financial position. • The level of judgement required in evaluating management's application of the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources ("AASB 6")*. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset. • The assessment of impairment of exploration and evaluation expenditure requires judgement.	Our procedures included, amongst others: • Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the Company holds an interest and the exploration programs planned for those tenements. • For each area of interest, we assessed on a sample basis the Company's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable. • We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets. • Substantiated a sample of expenditure by agreeing to supporting documentation. • We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: - the licenses for the right to explore expiring in the near future or are not expected to be renewed; - substantive expenditure for further exploration in the specific area is neither budgeted or planned - decision or intent by the Company to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and

Key Audit Matter	How our audit addressed the Key Audit Matter
	- data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale. • Examined the disclosures made in the financial report.

Other Information

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

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

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

If, based on the work we have performed, we conclude 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 Note 2(a), the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

HALL CHADWICK

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 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.

Auditor's Opinion

In our opinion, the Remuneration Report of the Company, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated this 27th day of September 2023
Perth, Western Australia

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES

As at 6 September 2023

Issued Securities

	Listed on ASX	Unlisted	Total
Fully paid ordinary shares	241,902,427	-	241,902,427
$0.2392 unlisted options expiring 2 Dec 2024		1,000,000	1,000,000
$Nil unlisted options expiring 21 Dec 2024		600,000	600,000
$0.313 unlisted options expiring 21 Dec 2023		1,000,000	1,000,000
$0.20 unlisted options expiring 9 Aug 2024		14,064,091	14,064,091
Total	**241,902,427**	**16,664,091**	**258,566,518**

Distribution of Listed Ordinary Fully Paid Shares

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	380	117,963	0.05
1,001 - 5,000	759	2,205,181	0.91
5,001 - 10,000	363	2,870,542	1.19
10,001 - 100,000	717	26,011,633	10.75
100,001 - and over	198	210,697,108	87.10
Rounding			
Total	2,417	241,902,427	100.00

The number of holders holding less than marketable parcels: 1,319.

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES continued

Top 20 Listed Ordinary Fully Paid Shareholders

Rank	Shareholder	Shares Held	% Issued Capital
1	CITICORP NOMINEES PTY LIMITED	25,193,245	10.41
2	PETER GERARD COOK	15,902,392	6.57
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	15,568,996	6.44
4	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	15,303,163	6.33
5	MR RAM SHANKER KANGATHARAN	14,383,765	5.95
6	MR RAM SHANKER KANGATHARAN	10,000,000	4.13
7	BNP PARIBAS NOMS PTY LTD <DRP>	7,824,785	3.23
8	BNP PARIBAS NOMS PTY LTD <GLOBAL MARKETS DRP>	7,625,987	3.15
9	THE TRUST COMPANY (AUSTRALIA) LIMITED <MOF A/C>	6,500,000	2.69
10	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	6,298,931	2.60
11	NO BULL HEALTH PTY LTD	5,772,373	2.39
12	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	3,260,791	1.35
13	MR MARK STEVEN HEPBURN + MRS AMANDA JANE HEPBURN <HEPBURN SUPERFUND A/C>	3,103,846	1.28
14	NEWBALL PTY LIMITED	3,100,000	1.28
15	PHH PTY LIMITED	2,810,000	1.16
16	MR ADAM ANDREW MACDOUGALL	1,719,000	0.71
17	GREENHILL ROAD INVESTMENTS PTY LTD	1,708,586	0.71
18	ALL-STATES FINANCE PTY LIMITED	1,705,844	0.71
19	BARGOLD HOLDINGS PTY LTD <MOIR SUPER FUND A/C>	1,700,000	0.70
20	MR DARYL LINDSAY ALLEN	1,640,426	0.68
Total		**151,122,130**	**62.47**

Distribution of Unlisted Options

Spread of Holdings	Number of Holders	Number of Units	% of Total Issued Capital
1 - 1,000	0	0	0.00
1,001 - 5,000	0	0	0.00
5,001 - 10,000	1	9,955	0.06
10,001 - 100,000	23	1,328,909	7.97
100,001 - and over	18	15,325,227	91.97
Total	**42**	**16,664,091**	**100.00**

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES continued

Substantial Holders as at 6 September 2023

The following entities have disclosed a substantial shareholder notice to the Company.

Name	Number of Shares	% of Voting Power
Ram Shanker Kangatharan	22,383,765	9.25%
Samarang UCITS – Samarang Asian Prosperity	14,119,831	5.97%
Kingdon Capital Management, LLC	15,568,996	6.644%
CQS (UK) LLP	15,083,621	6.37%
Mr Peter Gerard Cook	15,793,301	6.57%

Ordinary Shares Voting Rights - Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid Shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

Class	Number of Holders	Name	Number of Securities
$0.313 unlisted options expiring 21 December 2023	1	MH Cornerstone Pty Ltd <The Mulligan Family A/C>	1,000,000
$Nil unlisted options expiring 21 December 2024	1	MH Cornerstone Pty Ltd <The Mulligan Family A/C>	600,000
$0.2392 unlisted options expiring 2 December 2024	1	MH Cornerstone Pty Ltd <The Mulligan Family A/C>	1,000,000
$0.20 unlisted options expiring 9 August 2024	40	Mr Ram Shanker Kangatharan	3,333,333

The Company has no restricted securities on issue as at the date of this report.

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES continued

Other

The Company is not currently conducting an on-market buy-back. There are no issues of securities approved for the purposes of item 7 of section 611 of the Corporations Act which have not yet been completed. No securities were purchased on-market during the reporting period in respect of an employee incentive scheme.

Electronic Communications

Castile encourages shareholders to receive information electronically. Electronic communications allow Castile to communicate with shareholders quickly and reduce the Company's paper usage. Shareholders who currently receive information by post can log in at https://www.computershare.com.au/easyupdate/CST to provide their email address and elect to receive electronic communications.

Castile email shareholders when important information becomes available such as financial results, notices of meeting, voting forms and annual reports.

Castile will issue notices of annual and general meetings and the annual report electronically where a shareholder has provided a valid email address, unless the shareholder has elected to receive a paper copy of these documents.

Recent legislative changes to the Corporations Act 2001 (Cth) effective 1 April 2022 mean there are new options available to shareholders as to how they elect to receive their communications. An important notice regarding these rights is available on Castile's website at https://www.castile.com.au/investors/asx-announcements/

For further information, please contact Castile's share registry, Computershare, at https://www-au.computershare.com/Investor/#Contact/Enquiry

ADDITIONAL INFORMATION FOR PUBLIC LISTED COMPANIES continued

Schedule of Exploration Tenements

Castile held the following tenements as of 30 June 2023.

Tenement	Project	Location	Interest	Status
EL 24541	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 25511	Rover	Northern Territory	100%	Expiry 17/12/2023
EL 27039	Rover	Northern Territory	100%	Expiry 14/05/2023
EL 27292	Rover	Northern Territory	100%	Expiry 26/05/2024
EL 27372	Rover	Northern Territory	100%	Expiry 26/05/2024
ELR 29957	Rover	Northern Territory	100%	Expiry 16/09/2023
ELR 29958	Rover	Northern Territory	100%	Expiry 16/09/2023
EL 33121	Rover	Northern Territory	100%	Expiry 3/11/2028
EL 10397	Warumpi	Northern Territory	100%	Expiry 10/09/2023
EL 31794	Lake Mackay JV	Northern Territory	14%	Expiry 27/02/2024
E52/4206	Milgun	Western Australia	100%	Expiry 19/01/2028
E52/4235	Milgun	Western Australia	100%	Expiry 26/03/2028