



MetalsGrove

MINING LIMITED

A S X | M G A

ACN 655 643 039

For personal use only

Annual Report
30 June 2024

MetalsGrove Mining Limited Annual Report - 30 June 2024

Contents Page

Corporate Directory	3
Chairman's Report	4
Directors' Report	5
Auditor's Independence Declaration	17
Financial Statements	18
Directors' Declaration	34
Independent Auditor's Report to the Members	35
Additional Information	40
Interest in Mining Tenements	42

For personal use only

Corporate Directory

Board of Directors

Richard Beazley	Independent Non-Executive Chair
Lijun Yang	Managing Director and CEO
Haidong Chi	Non-Executive Director
John Reynolds	Alternate Non-Executive Director to Mr Haidong Chi
Peter Stern	Independent Non-Executive Director
Luke Huang	Independent Non-Executive Director

Company Secretary

Rebecca Broughton

Registered Office

Level 2, 389 Oxford Street
Mount Hawthorn WA 6016
Telephone: 08 9380 6789
Email: info@metalsgrove.com.au
Website: www.metalsgrove.com.au

Share Registry

Automic Pty Ltd
Level 5, 191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664
Email: hello@automic.com.au
Website: www.automic.com.au

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Securities Exchange Listing

Shares and options in MetalsGrove Mining Limited are quoted on the Australian Securities Exchange under trading codes MGA and MGAO respectively.

For personal use only

Dear Shareholders,

It is my pleasure to present the 2024 Annual Report for MetalsGrove Mining Limited.

The past 12 months has been a very active and productive period, with our team continuing to deliver considerable progress towards building a sustainable and successful critical metals exploration and development business.

The previous year's work at the Bruce Prospect delivered very encouraging results from the extensive soil sampling program highlighting REE mineralisation with a defined outcropping strike of carbonatite and high grade REE mineralisation that extends more than 9 km. Following this phase of exploration work was the 16-hole maiden RC drilling program which was completed on time and within budget at the beginning of this fiscal year to test multiple high priority carbonatite and REE bearing drill targets.

The drilling results at Bruce confirmed the initial indications which then led to further work through a detailed grid spaced soil sampling campaign to define targets for the next phase of RC drilling. This soil program resulted in the confirmation in defining two 3,000 m by 300 m carbonatite REE anomalies. On the back of this program of work the initial round of mineralogy test work commenced confirming REE minerals with a strong potential for favourable LREE and HREE mineralisation.

The first quarter also saw exploration activity at Edwards Creek with the maiden RC drilling program. The initial program was a modest undertaking of 431 metres to test several targets identified through both historical and recent geophysical, electromagnetic and radiometric datasets. The observations from the drilling program aligned with the pre-drill geological model that indicated the potential to host a large REE and copper-zinc mineralisation system at depth.

Our work in developing the lithium business saw a dramatic step in expanding beyond our Pilbara Upper Coondina project and into Zimbabwe. Mid-year MGA was able to go public on the work done to find and acquire an international lithium asset outside the inflated markets in Canada and Brazil. The initial work around the mapping and limited rock chip samples demonstrated an encouraging opportunity. Extensive surface mapping and soil sampling followed from which the assay results were delivered and reported in the last quarter. The results from this program unfortunately were not as hoped. In the absence of any further perceived opportunity and having regard to the weakness in the lithium market since the project was acquired the Board made the strategic decision to relinquish the Zimbabwean assets.

During the second half of the year there was several changes to the Board and the executive team.

In March was the welcomed appointment of Mr John Reynolds as the alternate non-executive director to Mr Haidong Chi. Mr Reynolds brought an important skill set to the Board with more than 20 years' experience in private practice as a lawyer and a wealth of commercial experience working in-house with a number of mining companies.

Then in early April Mr Lijun Yang was appointed as non-executive director. Mr Yang importantly brought a skill set in capital generation and growth alongside his geological background.

It was at this time, the Company saw the resignation of Mr Sean Sivasamy in mid-April as the Managing Director and CEO. Mr Sivasamy made a valuable contribution and commitment to the Company. His efforts in bringing the assets of the Company together and leading the Company through the IPO process are noteworthy and a true reflection of his character.

Subsequently on this news, Mr Lijun Yang was appointed as the new Managing Director and CEO.

Concurrently in mid-April, the Board was delighted to have secured Mr Peter Stern's services as a non-executive director with his commercial and corporate advisory experience and knowledge bringing a significant addition to the team.

In May the Company announced that the capital raising through an entitlement offer was fully subscribed with \$2.1 million before costs. This was a remarkable outcome in view of the current tough capital markets. A credit to the executive team, shareholders and new investors who believe in in our shared vision.

The Company has a clear vision to provide its shareholders with direct exposure to the rapidly growing global battery energy market through high-quality critical metals assets.

However, in light of the market changes particularly over the last 6 months and of note the lithium market, the Board is changing its strategic direction towards gold and copper assets. As part of this strategy, the Company will continue to assess and review new project opportunities that complement our existing portfolio and provide compelling value for our shareholders.

Thus, Bruce and Edwards Creek Prospects in the Northern Territory have a renewed interest with respect to gold and copper along with the latest tenement in the Fraser Range - the Leake Prospect. The coming year will present many opportunities as this change in mineral focus takes effect.

I would like to take this opportunity to thank our Board and management team for their hard work and commitment over the past year, and your efforts have the company well positioned to achieve further success over the coming year. I also extend thanks to our contractors and consultants for their contributions to the business over the past 12 months.

I would also like to acknowledge all our stakeholders, including the Traditional Owners of our exploration ground, in Western Australia; Palyku-Jartayi Aboriginal Corporation and Nyamal Aboriginal Corporation and in the Northern Territory; Aboriginal Area Protection Authority, Huckitta Aboriginal Corporation, Ingkekure Aboriginal Corporation, Central Land Council, for their support and we look forward to continuing to build these relationships well into the future.

Finally, I thank our shareholders for their continued support and our team looks forward to delivering further exciting updates as we work hard to unlock the true potential of our assets.



Richard Beazley
Independent Non-Executive Chairman
16 September 2024

For personal use only

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity comprising MetalsGrove Mining Limited (the "Company" or "MGA" or "MetalsGrove") and its controlled entities (the "Group") for the financial year ended 30 June 2024.

Directors

The following persons held office as Directors of MetalsGrove Mining Limited during the financial year.

Name	Title	Appointed	Resigned
Richard Beazley	Independent Non-Executive Chair	22 Dec 2021	
Lijun Yang	Managing Director and CEO	11 Apr 2024	
Haidong Chi	Non-Executive Director	7 Jan 2022	
John Reynolds	Alternate Non-Executive Director to Haidong Chi	12 Mar 2024	
Peter Stern	Independent Non-Executive Director	15 Apr 2024	
Luke Huang	Independent Non-Executive Director	04 Sep 2024	
Anbarasan (Sean) Sivasamy	Managing Director and CEO	26 Nov 2021	15 Apr 2024

Company Secretary

Ms Rebecca Broughton was appointed Company Secretary on 28 February 2023.

Information on Directors

Richard Beazley	Independent Non-Executive Chair
Qualifications	B.Eng. (Mining), MBA, MAusIMM (CP), MAICD
Experience	Mr Beazley is an experienced mining engineer with 35 years of experience with a strong corporate, operational and technical background in the resources industry. Throughout Mr Beazley's career, he has worked on projects throughout Australia, Africa, North and South America. Mr Beazley's former roles include Chief Operating Officer of Sandfire Resources NL (ASX: SFR), Managing Director at Peak Resources Limited (ASX: PEK), General Manager Operations at Consolidated Minerals and General Manager – Southern Cross Operations at St Barbara Limited (ASX: SBM).
Interest in MGA Performance Rights and Options at the date of this report	400,000 Performance Rights 1,500,000 Unlisted Options at \$0.30, expiry 22 Dec 2024
Directorships held in other ASX listed entities in the last three years	Non-Executive Chair of Nova Minerals Limited (July 2024 to date). Non-Executive Director of Catalina Resources Ltd (August 2022 to date). Managing Director of Troy Resources Limited (September 2021 to date). Non-Executive Director of Troy Resources Limited (October 2018 to September 2021)

Lijun Yang	Managing Director and CEO
Qualifications	B.Geo, MAIG, MSEG
Experience	Mr Yang has over 15 years' experience in geology and mineral exploration in both China and Australia. Mr Yang is bilingual in English and Mandarin and a Competent Person as defined in the 2012 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Yang has served as exploration geologist, exploration manager, Executive Director and consultant to the board of KalNorth Gold Mines Limited (KGM) from 2013 to 2019.
Interest in MGA Shares, Performance Rights and Options at the date of this report	5,000,000 Fully Paid Ordinary Shares 5,000,000 Listed Options at \$0.12, expiry 28 May 2027
Directorships held in other ASX listed entities in the last three years	Nil

For personal use only

Haidong Chi	Non-Executive Director
Qualifications	B.BA, MBA, Mast.Fin
Experience	<p>Mr Chi is one of the Co-founders of Kimberley Metals Group and KMG Mining Pty Ltd. Mr Chi has been the Managing Director of the company's business operations, liaising with key relevant stakeholders, driving strategic company growth, and responsible for the overall performance of the business for more than 20 years.</p> <p>Mr Chi has strong experience in market insights, strategic advice, business operations, financial performance, investments and ventures. He has delivered valued outcomes and maintained positive relations with business partners, shareholders and relevant authorities. Most recently, Mr Chi was a Vice President of US Capital Holdings Group, a US based private equity investment company that specialises in assisting Chinese companies gain access to international markets.</p>
Interest in MGA Shares, Performance Rights and Options at the date of this report	<p>10,660,000 Fully Paid Ordinary Shares</p> <p>5,330,000 Listed Options at \$0.12, expiry 28 May 2027</p> <p>1,350,000 Performance Rights</p> <p>1,500,000 Unlisted Options at \$0.30, expiry 22 Dec 2024</p>
Directorships held in other ASX listed entities in the last three years	Nil

John Reynolds	Alternate Non-Executive Director to Haidong Chi
Qualifications	B.A. LL.B
Experience	Mr Reynolds has more than 20 years' experience in private practice as a lawyer in Australia and the United Kingdom and has worked in house with a number mining companies. Mr Reynolds is currently the Commercial Manager at KMG Mining Pty Ltd.
Interest in MGA Shares, Performance Rights and Options at the date of this report	Nil
Directorships held in other ASX listed entities in the last three years	Nil

Peter Stern	Independent Non-Executive Director
Qualifications	BSc (Hons), FAICD
Experience	Mr Stern is a graduate of Monash University with a Bachelor of Science (geology major). Mr Stern's career has been in corporate advisory, spending six years with Macquarie Bank and three years with both UBS and Deutsche Bank. In 2000, Mr Stern established Metropolis Pty Ltd, a corporate advisory firm specialising in mergers and acquisitions, capital raisings and proxy contests. Mr Stern is a Fellow of the Australian Institute of Company Directors.
Interest in MGA Shares, Performance Rights and Options at the date of this report	Nil
Directorships held in other ASX listed entities in the last three years	<p>Non-Executive Director of Astral Resources Ltd (November 2011 to date).</p> <p>Chair of Troy Resources Limited (16 June 2017 to current).</p>

For personal use only

Luke Huang	Independent Non-Executive Director
Qualifications	CFA
Experience	Mr Huang is an accomplished Investment Director with extensive experience in Australia's resource operation and investment industry. Mr Huang has a solid background d in economics and finance, demonstrated by his leadership as the Managing Director at Au Xingao Investment, where he successfully resolved high stakes litigation and secured significant assets for his company.
Interest in MGA Shares, Performance Rights and Options at the date of this report	2,628,171 Fully Paid Ordinary Shares 2,628,171 Listed Options at \$0.12, expiry 28 May 2027
Directorships held in other ASX listed entities in the last three years	Nil

Sean Sivasamy	Managing Director and CEO (Resigned 15 April 2024)
Qualifications	Mast. Geo, AusIMM, MAICD
Experience	Mr Sivasamy is a mining professional with more than 25 years' global experience. He was the Founding Director of the Company and has had previous director roles with Tambourah Metals (ASX: TMB) and Pilgangoora Minerals. Mr Sivasamy is a skilled geologist. His professional contribution includes improving the efficiency of mining operations and optimising processing methods. During his working life prior to becoming an entrepreneur, he has identified a gold resource concession in Victoria, which eventually had an estimated gold deposits of circa 1m ounces and discovered a copper sulphide deposit in Western Australia. He has also identified four copper deposits in Queensland for further exploration and mining.

Rebecca Broughton	Company Secretary
Qualifications	B.Com, CA, MAICD
Experience	Ms Broughton is a finance professional with 20 years' experience in both financial accounting and governance. Ms Broughton has worked for a number of listed companies in both financial and company secretarial roles.

Meeting of Directors

The numbers of meetings of the Company's Board of Directors and of each Board committee held during the financial year ended 30 June 2024, and the numbers of meetings attended by each Director were:

	Board	
	A	B
Mr Richard Beazley	14	14
Mr Lijun Yang	4	4
Mr Haidong Chi	14	13
Mr John Reynolds	6	6
Mr Peter Stern	4	4
Mr Anbarasan (Sean) Sivasamy	10	10

A = Number of meetings held during the time the Director held office or was a member of the committee during the year.

B = Number of meetings attended.

Principal Activities

The Group's principal activities for the period ended 30 June 2024 focussed on lithium, rare earth and base metal exploration as well as new project acquisition.

Dividends

No dividends have been declared or paid for the year ended 30 June 2024 (2023: Nil).

Operating Results and Financial Position

The net result of operations for the period ending 30 June 2024 was a loss of \$3,349,453 (2023: \$871,210). Included in this loss is an impairment of exploration expenditure of \$2,409,940.

Going Concern

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

For the year ended 30 June 2024 the Consolidated Entity incurred a loss of \$3,349,453 (2023: \$871,210) including non-cash impairment expense of \$2,409,940 (2023: nil) and net cash outflows from operating and investing activities of \$2,483,062 (2023: \$3,047,787). As at balance date the Consolidated Entity had a working capital surplus of \$2,574,429 (2023: \$2,514,814) and minimum spend exploration commitments due within twelve months of \$307,000.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Entity has the ability to defer discretionary expenditure in line with available funds.

Review of Operations

Corporate

In November 2023, Shareholders of the Company approved amendments to the terms of issue of the Company's Performance Rights.

Mr Sean Sivasamy resigned as Managing Director and CEO on 15 April 2024. Mr Lijun Yang was appointed as Director on 11 April 2024 and as Managing Director and CEO on 15 April 2024.

Mr Peter Stern was appointed on 15 April 2024.

Mr John Reynolds was appointed as Alternate Director to Mr Haidong Chi on 12 March 2024.

The Company relocated offices to Level 2, 389 Oxford Street, Mount Hawthorn, WA 6016.

EXPLORATION

AUSTRALIAN PROJECTS

Bruce –NT

The Bruce Project, which is prospective for gold, copper and Rare Earth Elements (**REE**), is located within the Central Desert Region of the Northern Territory and approximately 300 km by road from Alice Springs and 13 km north of the Plenty Highway. The project covers an area of approximately 17,722ha. The maximum distance across the project is about 25 km east–west and 10 km north–south.

In August 2023, the Company reported that high-grade REE carbonatite mineralisation was discovered from the maiden RC drilling program at the Bruce Project. The results highlighted carbonatite REE grades of up to 7,000ppm (0.70%) TREO, 35% MREO/TREO, 28% NdPr/TREO and 36% Y₂O₃/TREO with multiple zones of mineralisation and exceptionally high-grade carbonatite of 38% MREO/TREO, 58% HREO/TREO, 28% NdPr/TREO and 36% Y₂O₃/TREO.

In October 2023, MetalsGrove reported that mineralogical analysis of RC drilling chip samples further confirmed strong Light Rare Earth Element ("**LREE**") potential. A further soil sampling program generated two 3,000m by 300m carbonatite REE anomalies at the Plenty River target which sits within the Bruce Prospect. The most significant soil sampling assay from the recent program included 1,130ppm TREO, 35% HREO/TREO, 30% MREO/TREO, 22% NdPr/TREO and 19% Y₂O₃/TREO.

With the gold price at or near to its all-time high and with the supply-demand profile for copper looking very encouraging, the company is reviewing the Gold-Copper potentials from Bruce from very limited previous work.

Edwards Creek - NT

The Edwards Creek polymetallic project, which comprises a single granted mineral exploration licence (EL32420), is located approximately 85 km north-northeast of Alice Springs, NT. The tenement covers an area of approximately 7,568ha and is prospective for copper, lead, zinc, gold and REE.

The Edwards Creek Project area includes the Edwards Creek Cu-Zn-Pb and Mueller Creek Cu-Au prospects. Previous exploration discovered Cu-Au mineralisation interpreted as metamorphosed VMS bodies. The Project is situated within the Paleoproterozoic Strangways Metamorphic Complex (SMC) units which are a thick package of complexly folded Palaeoproterozoic mafic and felsic granulites and metasedimentary rocks. Prospective mineralisation of the Project was aimed at the stratiformed Pb-Zn occurrences within the SMC.

The Company completed the initial drilling program in early October 2023, including two RC holes for a total of 431 metres which was designed to test several targets identified through both historic and recent geophysical, electromagnetic and radiometric data sets. The drilling provided invaluable data on the mineralogy, geology, and geometry of the mineralisation, identifying mineralisation zones up to 17 metres (drill width) of weak to intense sericite and silicification with disseminated sulphides in gneissic granitoid structures.

The observations from the initial drilling program align with the pre-drill geological model indicating that Edwards Creek could potentially host a scalable REE and copper-zinc mineralisation system. The returned results show the

drilling intersected only a small portion of the system and the REE and gossan mineralisation remains open in all directions.

Upper Coondina - WA

The Company's Upper Coondina Project is located 85km south-west of Marble Bar in the East Pilbara district of WA. The Project is located approximately halfway between the major mining regional service centres of Port Hedland and Newman, located approximately 200km northwest and 180km south-southeast of the project, respectively.

The Company completed and reported maiden 4,200m RC drilling program at the Upper Coondina Lithium Project in 2023, intercepting multiple stacked spodumene pegmatites including the best result at 40 meters 0.20% Li₂O, 0.6% Rb₂O and 118ppm Ta₂O₅.

Box Hole –NT

The Box Hole zinc-lead, REE prospect comprises a single granted mineral exploration licence (EL32419), located approximated 340 km northeast of Alice Springs, NT. The tenement covers an area of approximately 12,765 ha.

The project lies within the Upper Cambrian Arrinthunga Formation of the Georgina Basin. The Palaeozoic successions of the Georgina Basin are prospective for base metal deposits, including Mississippi Valley Type ("MVT"), stratiform sediment-hosted and sandstone-hosted.

Woodie Woodie North - WA

The Woodie Woodie North project is a highly mineralised region which has clearly demonstrated the potential to host significant manganese mineralisation.

Southern Geoscience has processed and overlaid significant historical geochemistry, electromagnetic and radiometric data sets to assist with identifying and refining new priority drill targets.

Dundas – Lithium and REE - WA

Dundas project comprised 9 licences (E77/3149, E77/3152, E63/2359, E63/2360, E63/2363, E63/2364, E63/2366, E28/3358 and E28/3388) the Company lodged in broader Dunda and Leake area of West Australia in July 2023 for prospecting lithium and gold. Applications E63/2360 and E63/2363 have since been granted and E28/3388 has been withdrawn due to its lower ranking in ballot. The Company is reconciling the historical exploration data and reviewing the potential prospectivity.

ZIMBABWE LITHIUM PROJECTS

On 11 December 2023, MetalsGrove announced the acquisition of two lithium projects in Zimbabwe:

- The Arcturus Lithium Project (ALP), which is situated 35km northeast of Harare.
- The Beatrice Lithium Project (BLP), which is located 55km south of Harare.

Arcturus is located approximately 15km to the west of the Arcadia Lithium Mine which is considered to be one of the world's largest hard-rock lithium resources. The Beatrice Lithium Project is located a short distance from the Joyce Gold Mine. Both regions were considered highly prospective in lithium (spodumene and lepidolite)-caesium-tantalum (LCT) and beryllium.

The Company has completed two site visits since acquisition. In February 2024, the Company embarked on its initial mapping and surface sampling program by the Company's previous management and consultants. Geological mapping consisted of defining several pegmatites although with less detailed geological observations. A total of 104 rock samples were submitted for analysis. 95 from the Arcturus project and 9 samples were from the Beatrice project. More than one-third of the samples collected were from areas outside the Company's tenements. Pathfinder elements commonly associated with lithium mineralisation, such as tantalum, potassium and rubidium were not included in the assay suite. There are no lithium-bearing minerals were observed from mapping in Arcturus Project area and all samples recorded lithium values at trace levels or below detection limits. In respect of Beatrice, 9 samples recorded encouraging lithium grades, with values of up to 1.44% Li₂O. Unfortunately, only one of these samples, at the grade of 0.88% Li₂O, was collected from within MetalsGrove's granted tenements.

Towards the end of June, MetalsGrove Managing Director and CEO, Mr Lijun Yang, undertook a site visit to the two properties and also held discussions with local geologists and other stakeholders with a view to assessing whether anything had perhaps been overlooked.

Material Business Risks

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 materials risks faced by the Group include:

Exploration

The mineral exploration licences comprising the Projects are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of these licences, or any other mineral licences that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company being able to maintain title to the mineral exploration licences comprising the Projects and obtaining all required approvals for their contemplated activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of one or more of the mineral exploration licences comprising the Projects.

Tenure, Access and Grant of Applications

Mining and exploration tenements are subject to periodic renewal. The renewal of the term of granted tenements is subject to compliance with the applicable mining legislation and regulations and the discretion of the relevant mining authority. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the tenements. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the Company.

The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Western Australia and the Northern Territory and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of granted tenements for reasons beyond the control of the Company could be significant.

Native Title & Aboriginal Heritage

In relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate common law native title rights of Aboriginal Australians exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

The land under the Projects is subject to Native Title Determinations that native title exists in relation to parts of the land subject of those Tenements. In addition, several of the Tenements that comprise the Bruce Project contain Aboriginal heritage sites of significance which have been registered with the Department of Indigenous Affairs. The existence of the Aboriginal heritage sites within these Tenements can lead to restrictions on the areas that the Company will be able to explore and mine.

The Directors will closely monitor the potential effect of native title claims or Aboriginal heritage matters involving tenements in which the Company has or may have an interest.

Future Funding Risk

Continued exploration and evaluation is dependent on the Company being able to secure future funding from equity markets. The Company will need to undertake equity/debt raisings for continued exploration and evaluation. There can be no assurance that such funding will be available on satisfactory terms or at all at the relevant time. Any inability to obtain sufficient financing for the Group's activities and future projects may result in the delay or cancellation of certain activities or projects, which would likely adversely affect the potential growth of the Group.

Unforeseen Expenditure Risks

Exploration and evaluation expenditures and development expenditures may increase significantly above existing projected costs. Although the Group is not currently aware of any such additional expenditure requirements, if such expenditure is subsequently incurred, this may adversely affect the expenditure proposals of the Group and its proposed business plans.

Environmental, Weather and Climate Change

The highest priority climate related risks include reduced water availability, extreme weather events, changes to legislation and regulation, reputational risk, and technological and market changes. Mining and exploration activities have inherent risks and liabilities associated with safety and damage to the environment, including the disposal of waste products occurring as a result of mineral exploration and production, giving rise to potentially substantial costs for environmental rehabilitation, damage control and losses. Delays in obtaining approvals of additional remediation costs could affect profitable development of resources.

Cyber Security and IT

The Group relies on IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. Systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error.

For personal use only

Likely Developments and Business Strategies

The likely developments of the Group and the expected results of those developments are to continue exploration activities on the Company's exploration projects.

The Company will continue to assess any other opportunities that are available that have strategic fit for the Company.

Events Subsequent to the End of the Reporting Period

Given the disappointing geological and assay results and having regards to the weakness in the lithium market since the projects were acquired, the Company has made the decision to relinquish its Zimbabwean lithium projects and Upper Coordina lithium project on 02 August and 02 September 2024 respectively.

On 5 September 2024, the Company announced that Mr Luke Huang had been appointed as an Independent Non-Executive Director.

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Environmental Regulation

The Group's operations are subject to significant environmental regulation under both Commonwealth and relevant State legislation in relation to the discharge of hazardous waste and materials arising from any exploration or mining activities and development conducted by the Group on any of its tenements. Subject to ongoing rehabilitation, the Group believes it has complied with all environmental obligations.

Heritage and Community Relations

The Company recognises the importance of establishing relationships with the Traditional Owners that are based on trust and mutual advantage and are respectful of the needs and concerns of the communities located within the regions in which it operates. The Company has agreements in place with the Traditional Owners and is committed to building strong relationships by:

- Being open and transparent in its communications;
- Improving cross-cultural awareness through training and education;
- Developing community relations management procedures that include business alliances;
- Being sensitive to the values and heritage issues of the local communities; and
- Being a good neighbour.

AUDITED REMUNERATION REPORT

This report sets out the remuneration arrangements in place for Directors and senior management of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* and its regulations. For the purposes of the report, Key Management Personnel (**KMP**) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company.

Key Management Personnel Covered in this Report

The names and positions of the KMP of the Company and the Group for the period ending 30 June 2024 were:

Richard Beazley	Independent Non-Executive Chair
Lijun Yang	Managing Director & Chief Executive Officer (appointed 11 April 2024)
Haidong Chi	Non-Executive Director
John Reynolds	Alternate Non-Executive Director to Haidong Chi (appointed 12 March 2024)
Peter Stern	Independent Non-Executive Director (appointed 15 April 2024)
Luke Huang	Independent Non-Executive Director (appointed 4 September 2024)
Sean Sivasamy	Managing Director & Chief Executive Officer (resigned 15 April 2024)

Overview

Remuneration levels for key management personnel are competitively set to attract the most qualified and experienced candidates. Details of the Company's remuneration strategy are set out below.

This remuneration report:

- explains the Board's policies relating to remuneration of key management personnel;
- discusses the relationship between these policies and the Company's performance; and
- sets out remuneration details for each of the key management personnel.

Remuneration philosophy

The philosophy of the Company in determining remuneration levels is to:

- set competitive remuneration packages to attract and retain high calibre employees;
- link executive rewards to shareholder value creation; and
- establish appropriate, demanding performance hurdles for variable KMP remuneration.

Non-Executive Directors Remuneration Policy

In accordance with best practice corporate governance, the structure of Non-Executive Director and Executive remuneration is separate and distinct. The Company's policy is to remunerate Non-Executive Directors a fixed fee reflecting their time commitment and responsibilities.

Fees provided to Non-Executive Directors are inclusive of superannuation and salary sacrifice, if applicable.

Non-Executive Directors fees are determined within an aggregate Directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$350,000 per rolling 12-month period and is included in the Company's Constitution adopted on 26 November 2021, with shareholder amendments adopted on 14 February 2022. The Board may apportion any amount up to this maximum amount amongst the Non-Executive Directors as it determines. Directors are also entitled to be paid reasonable travel, accommodation and other expenses incurred in performing their duties as Directors.

From time to time, the Company may grant options, performance rights or other equity-based incentives to Non-Executive Directors, subject to obtaining the relevant shareholder approvals. The grant of options, performance rights or other equity-based incentives is designed to attract and retain suitably qualified Non-Executive Directors. Options, performance rights or other equity-based incentives issued to Non-Executive Directors will not have any performance hurdles in accordance with the ASX Corporate Governance Principles and Recommendations, recognising that this may lead to bias in their decision-making and compromise their objectivity.

Remuneration of Key Management Personnel

In adopting a remuneration strategy for KMP's, at all times the Company strives to seek a balance between preservation of cash proceeds and an equitable remuneration structure. To align KMP interests with that of shareholders, KMP have agreed to sacrifice a portion of their cash remuneration in lieu of performance rights and/or options, subject to market disclosure requirements upon appointment and the approval of shareholders on an annual basis.

In addition to the award of performance rights and/or options, the remuneration strategy comprises a fixed cash salary component, statutory superannuation contributions and where appropriate a potential merit-based performance bonus or other share based incentives in the Company.

Performance milestones are carefully nominated and weighted according to the management role and its connection with the relevant performance milestone. This structure is intended to provide competitive rewards (subject to performance) to attract and retain high calibre executives.

Performance rights and/or options are offered to KMP's at the discretion of the Board. Length of service with the Company, past and potential contribution of the person to the Company are also factors considered when awarding performance rights to employees. The award of discretionary performance bonuses are aligned with the ongoing performance assessment of the incumbent management team, following review and assessment by the Board of Directors.

Criteria used to determine potential merit-based performance bonuses for the Managing Director and other KMP's during the exploration phase, is the setting of key objectives for each KMP and measuring performance against these objectives. Key objectives will normally include specific criteria where performance will be measured against progress indicators. These key objectives will largely be determinable by the objective assessment of performance by the Managing Director.

Company Performance

The table below sets out summary information about the movements in shareholder wealth for the financial year ended 30 June 2024.

	30 June 2024 \$	30 June 2023 \$	30 June 2022 \$
Revenue	50,386	76,359	3,000
Net loss before tax	(3,349,453)	(871,210)	(566,202)
Net loss after tax	(3,349,453)	(871,210)	(566,202)
Share price	\$0.05	\$0.11	n/a

Terms of Employment

The terms of employment of the Managing Director and Chief Executive Officer have been formalised in an Executive Services Agreement and contain the following material terms:

Name	Fixed Remuneration	Variable Remuneration	Notice Period
Lijun Yang	\$270,000 pa exclusive of superannuation.	Subject to Shareholder Approval, an aggregate of 4.5m performance rights will be issued, subject to various vesting conditions.	Requires a period of 6 months-notice by Company and Employee.
Sean Sivasamy (resigned 15 April 2024)	\$270,000 pa exclusive of superannuation.	Nil	Requires a period of 6 months-notice by Company and Employee.

For personal use only

The details of the Managing Director and Chief Executive Officer's proposed variable remuneration is detailed below:

	Number	Vesting Period	Vesting Condition
Tranche 1	1,500,000	12 months from the date of shareholders' approval received.	Share price not less than \$0.10 for 20-day volume weighted average price (VWAP).
Tranche 2	1,500,000	24 months from the date of shareholders' approval received.	Share price not less than \$0.20 for 20-day VWAP.
Tranche 3	1,500,000	36 months from the date of shareholder's approval received.	Share price not less than \$0.40 for 20-day VWAP.

Details of Remuneration

The below table shows the fixed and variable remuneration for key management personnel:

2024	Short Term Benefit	Long Term Benefit	Share-based Payments	Total	Proportion of remuneration performance related
	Salary & Fees \$	Super-annuation \$	Performance Rights \$	\$	%
Richard Beazley	58,000	6,380	5,594	69,974	26%
Lijun Yang ¹	56,739	6,241	-	62,980	-
Haidong Chi	48,000	5,280	18,514	71,794	58%
John Reynolds ²	-	-	-	-	-
Peter Stern ³	10,000	1,100	-	11,100	-
Sean Sivasamy ⁴	366,302	38,363	(137,891)	266,774	n/a
Total	539,041	57,364	(113,783)	482,622	n/a

¹ Mr Yang was appointed on 11 April 2024.

² Under the Company's constitution, Alternate Directors are not entitled to any remuneration.

³ Mr Stern was appointed on 15 April 2024.

⁴ Mr Sivasamy resigned on 15 April 2024 and his performance rights lapsed on that date. Mr Sivasamy received \$135,000 as a lump sum payout (6 months salary) and his accrued annual leave balance of \$17,552 on his resignation.

2023	Short Term Benefit	Long Term Benefit	Share-based Payment		Total	Proportion of remuneration performance related
	Salary & Fees \$	Super-annuation \$	Options \$	Performance Rights \$	\$	%
Richard Beazley	58,000	6,090	-	16,705	80,795	21%
Haidong Chi	48,000	5,040	-	55,291	108,331	51%
Sean Sivasamy	270,000	28,350	-	137,079	435,429	31%
Total	376,000	39,480	-	209,075	624,555	33%

Share holdings

The relevant interest of each of the key management personnel in the share capital of the Company as at 30 June 2024 was:

Name	1 July 2023	Granted as compensation	On exercise of options/rights	Other Changes ¹	Held at 30 June 2024
Richard Beazley	-	-	-	-	-
Lijun Yang	-	-	-	5,000,000	5,000,000
Haidong Chi	5,330,000	-	-	5,330,000	10,660,000
John Reynolds	-	-	-	-	-
Peter Stern	-	-	-	-	-
Sean Sivasamy	6,410,000	-	-	(6,410,000)	-

¹ Other changes represent participation in the Entitlement Offer dated 29 April 2024.

Long Term Incentives

Both Non-Executive and Executive Directors are entitled to participate in the Employee Securities Incentive Plan, which was included in the Company's Prospectus dated 13 May 2022 and announced on the Australian Securities Exchange on 4 July 2022.

For personal use only

The granting of such incentives is subject to Board determination and discretion as to the timing of the grant and the number of shares, options or performance rights which may be granted. As such the long-term incentives are therefore now available to motivate and compensate executives as the Board determines.

Performance Rights

In November 2023, shareholders approved the following amendments to the Company's performance rights:

1. Extension to the vesting date from 22 June 2024 to 30 June 2025 for all Class A-C performance rights;
2. Amendment of Class C performance rights of criteria b) to at least 10M @ 28% Mn; (from at least 10M @ 36% Mn); and
3. Add additional criteria d) to Class C performance rights of a downhole drilling intercept of at least 05m @ 1% REE (TREO)

The revised vesting criteria is below:

Tranche	Number of Performance Rights	Vesting Criteria
Class A	1,650,000	The Shares trade at a volume weighted average price of at least \$0.40 over a 20 day period (20 Day VWAP) by 30 June 2025.
Class B	1,450,000	The Shares trade at a 20 Day VWAP of at least \$0.50 by 30 June 2025.
Class C	1,170,000	The Company announcing any one of the following downhole drilling intercepts: a) at least 10m @ 1.25% Cu; or b) at least 10m @ 28% Mn; or c) at least 10m @ 1% Li, d) at least 5m @ 1% REE (TREO) by 30 June 2025.

The Performance Rights have been valued using a Monte Carlo Share Price Simulation Model.

The following table lists the inputs to the model for the Performance Rights outstanding during the period:

	Class A	Class B	Class C
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	80%	80%	80%
Risk free rate (%)	4.12%	4.12%	4.12%
Expected life (years)	1.74	1.74	1.74
Exercise price (\$)	\$0	\$0	\$0
Grant date share price (\$)	\$0.125	\$0.125	\$0.125
Modification date (\$)	3 Oct 2023	3 Oct 2023	3 Oct 2023
Expiry date	30 Jun 2025	30 Jun 2025	30 Jun 2025
Number	1,650,000	1,450,000	1,170,000
Fair value at grant date (\$)	\$0.034	\$0.025	\$0.20

Under the terms and conditions of the performance rights issued to the Directors, each Performance Right is converted to one fully paid ordinary share upon meeting the vesting criteria.

During the year ended 30 June 2024, the Performance Rights issued to Mr Sivasamy lapsed (2023: Nil). The following table details the remaining valuation of the Performance Rights:

Director	Balance at 1 July 2023	Granted as Remuneration	Value Granted \$	Number Lapsed or Forfeited	Lapsed or Forfeited %	Converted to Shares on Vesting	Held at 30 June 2024	Maximum Value yet to Vest \$
R Beazley	400,000	-	-	-	-	-	400,000	8,364
L Yang	-	-	-	-	-	-	-	-
H Chi	1,350,000	-	-	-	-	-	1,350,000	27,682
J Reynolds	-	-	-	-	-	-	-	-
P Stern	-	-	-	-	-	-	-	-
S Sivasamy ¹	2,520,000	-	-	(2,520,000)	-	-	-	-

¹ Mr Sivasamy Performance Rights lapsed on his resignation.

The following table details the number of Performance Rights issued to each Director by Class that remain outstanding:

Director	Class A	Class B	Total
Richard Beazley	250,000	150,000	400,000
Lijun Yang	-	-	-
Haidong Chi	700,000	650,000	1,350,000
John Reynolds	-	-	-
Peter Stern	-	-	-
Sean Sivasamy	-	-	-
Total	950,000	800,000	1,750,000

There are no participating rights or entitlements inherent in the Performance Rights and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Performance Rights. All shares allotted upon the vesting of Performance Rights will rank pari passu in all respect with other shares.

Options

Under the terms and conditions of the options issued, each option gives the holder the right to subscribe to one fully paid ordinary share. Any option not exercised before the expiry date will lapse on the expiry date.

There are no participating rights or entitlements inherent in the options and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the options. All shares allotted upon the exercise of options will rank pari passu in all respect with other shares.

The below tables show a reconciliation of unlisted options held by each Director during the year:

Unlisted Options	Balance at 1 July 2023		Granted as compensation	Vested		Other	Held at 30 June 2024	
	Vested and exercisable	Unvested		No.	%		Vested and exercisable	Unvested
R Beazley	1,500,000	-	-	-	-	-	1,500,000	-
L Yang	-	-	-	-	-	-	-	-
H Chi	1,500,000	-	-	-	-	-	1,500,000	-
J Reynolds	-	-	-	-	-	-	-	-
P Stern	-	-	-	-	-	-	-	-
S Sivasamy ¹	1,500,000	-	-	-	-	(1,500,000)	-	-

¹ Mr Sivasamy resigned on 15 April 2024. The options Mr Sivasamy holds were not issued as remuneration and as such have not lapsed on his resignation.

There were no employee incentive options granted, lapsed or exercised in the year ended 30 June 2024 (2023: Nil).

Options have been valued using the Black Scholes option valuation method. The following table lists the inputs to the model for Director's options outstanding during the period:

	Unlisted Options
Dividend yield (%)	0%
Expected volatility (%)	80%
Risk free rate (%)	0.47%
Expected life (years)	3.0
Exercise price (\$)	\$0.30
Grant date share price (\$)	\$0.10
Grant date	22 Dec 2021
Expiry date	21 Dec 2024
Number	4,500,000
Fair value at grant date (\$)	\$0.026

The Company issued 52,710,000 listed options, with an exercise price of \$0.12 and expiry date of 28 May 2027, as part of its Entitlement Offer dated 29 April 2024. These were not issued as remuneration as they are classified as free attaching securities to the Entitlement Offer.

The below tables shows a reconciliation of listed options held by each Director during the year:

Listed Options	Balance at 1 July 2023		Granted as compensation	Vested		Other Changes ¹	Held at 30 June 2024	
	Vested and exercisable	Unvested		No.	%		Vested and exercisable	Unvested
R Beazley	-	-	-	-	-	-	-	-
L Yang	-	-	-	-	-	5,000,000	5,000,000	-
H Chi	-	-	-	-	-	5,300,000	5,300,000	-
J Reynolds	-	-	-	-	-	-	-	-
P Stern	-	-	-	-	-	-	-	-
S Sivasamy	-	-	-	-	-	-	-	-

¹ Other changes represent participation in the Entitlement Offer dated 29 April 2024.

Other Transactions with KMP and their Related Parties

There were no related party transactions in the year ended 30 June 2024.

There were no other transactions with KMPs or related parties during the year.

END OF AUDITED REMUNERATION REPORT

For personal use only

Options Granted over Unissued Shares

As at the date of this report, the following options over ordinary shares are on issue:

Issue Date	Exercise Price \$	Expiry	Amount
22 Dec 2021	\$0.30	21 Dec 2024	4,500,000
27 Jun 2022	\$0.30	27 Jun 2025	1,000,000
27 May 2024	\$0.12	27 May 2027	52,710,000
Total			58,210,000

Performance Rights

As at the date of this report, the following performance rights are on issue¹:

Issue Date	Exercise Price \$	Expiry	Amount
27 Jun 2022	-	21 Dec 2024	1,750,000
Total			1,750,000

¹ The Company announced on 22 April 2024, that subject to shareholder approval, 4,500,000 performance rights will be issued to Mr Lijun Yang.

Non-Audit Services

The auditor of the Company and the Consolidated Entity is Hall Chadwick WA Audit Pty Ltd (Hall Chadwick).

For the year ended 30 June 2024, Hall Chadwick provided no non-audit services (2023: Nil).

The Board of Directors is satisfied that the provision of non-audit services by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of non-audit services provided do not compromise the independence of the auditor.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the following page.

Indemnification of Auditors

The Company has not indemnified its auditors, Hall Chadwick WA Audit Pty Ltd.

Indemnification and Insurance of Officers

The Company has taken out an insurance policy insuring Directors and Officers of the Company against any liability arising from a claim brought by a third party against the Company or its current or former Directors or Officers and against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in their capacity as a Director or Officer of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

The Company indemnifies each of the Directors and Officers of the Company. Under its Constitution, the Company will indemnify those Directors or Officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as Directors or Officers of the Company or any related entities.

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



Richard Beazley
Chairman

Perth, Western Australia
16 September 2024

For personal use only

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 MetalsGrove Mining Limited for the financial year ended 30 June 2024, 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 WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 16th day of September 2024
Perth, Western Australia

For personal use only

MetalsGrove Mining Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
Other income		50,386	76,359
Share-based payments	13	113,783	(209,075)
Administrative & other expenses	5	(1,103,682)	(738,494)
Impairment exploration expenditure	10	(2,409,940)	-
Loss before income tax		(3,349,453)	(871,210)
Income tax expense	6	-	-
Loss for the year		(3,349,453)	(871,210)
<i>Items that may be reclassified to profit or loss:</i>			
Other comprehensive loss		(2,078)	-
Other comprehensive loss for the year attributable to owners of the Company		(3,351,531)	(871,210)
Loss per share attributable to ordinary equity holders:			
Basic and diluted loss per share (cents)	7	(5.813)	(1.653)

The above statement should be read in conjunction with the accompanying notes.

For personal use only

MetalsGrove Mining Limited
Consolidated Statement of Financial Position
As at 30 June 2024

	Notes	2024 \$	2023 \$
Current assets			
Cash and cash equivalents	8	2,687,041	3,105,001
Other current assets	9	16,783	108,324
Total current assets		2,703,824	3,213,325
Non-current assets			
Exploration and evaluation	10	3,619,735	5,078,059
Property, plant and equipment		5,686	7,189
Other financial asset		77,892	77,892
Total non-current assets		3,703,313	5,163,140
Total assets		6,407,137	8,376,465
Current liabilities			
Trade and other payables	11	129,395	698,511
Total current liabilities		129,395	698,511
Total liabilities		129,395	698,511
Net assets		6,277,742	7,677,954
Equity			
Contributed equity	12	10,766,679	8,701,577
Reserves	13	297,928	413,789
Accumulated losses		(4,786,865)	(1,437,412)
Total equity		6,277,742	7,677,954

The above statement should be read in conjunction with the accompanying notes.

For personal use only

MetalsGrove Mining Limited
Consolidated Statement of Changes in Equity
For the year ended 30 June 2024

	Contributed equity	Share-based payment Reserve	Foreign Currency Translation Reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$
Balance as at 1 July 2022	8,701,577	204,714	-	(566,202)	8,340,089
Loss for the year	-	-	-	(871,210)	(871,210)
Total comprehensive loss for the year	-	-	-	(871,210)	(871,210)
Transactions with owners in their capacity as owners:					
Share-based payments issue	-	209,075	-	-	209,075
Balance as at 30 June 2023	8,701,577	413,789	-	(1,437,412)	7,677,954
Loss for the year	-	-	-	(3,349,453)	(3,349,453)
Other comprehensive loss	-	-	(2,078)	-	(2,078)
Total comprehensive loss for the year	-	-	(2,078)	(3,349,453)	(3,351,531)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of costs and tax	2,065,102	-	-	-	2,065,102
Share-based payments issue	-	(113,783)	-	-	(113,783)
Balance as at 30 June 2024	10,766,679	300,006	(2,078)	(4,786,865)	6,277,742

The above statement should be read in conjunction with the accompanying notes.

For personal use only

MetalsGrove Mining Limited
Consolidated Statement of Cash Flows
For the year ended 30 June 2024

	Notes	2024 \$	2023 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,080,202)	(715,804)
Interest received		50,386	76,359
Net cash outflow from operating activities	8	(1,029,816)	(639,445)
Cash flows from investing activities			
Payments for property, plant and equipment		(2,611)	(7,502)
Payments for exploration activities		(1,450,635)	(2,325,948)
Payments for security deposits		-	(74,892)
Net cash outflow from investing activities		(1,453,246)	(2,408,342)
Cash flows from financing activities			
Proceeds from issues shares		2,108,400	-
Transaction costs from issue of shares		(43,298)	(535,361)
Net cash inflow/(outflow) from financing activities		2,065,102	(535,361)
Net increase in cash and cash equivalents		(417,960)	(3,583,148)
Cash and cash equivalents at the beginning of the period		3,105,001	6,688,149
Cash and cash equivalents at the end of the year	8	2,687,041	3,105,001

The above statement should be read in conjunction with the accompanying notes.

For personal use only

1 Corporate information

The consolidated financial report of MetalsGrove Mining Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the Directors on 16 September 2024. The Board of Directors has the power to amend the consolidated financial statements after issue.

MetalsGrove Mining Limited (the 'Company' or 'MetalsGrove') is a for-profit company limited by shares whose shares are publicly traded on the Australian Securities Exchange. The Company and its subsidiaries were incorporated and domiciled in Australia. The registered office and principal place of business of the Company is 6/123A Colin Street, West Perth, WA 6005.

2 Reporting entity

The Consolidated Financial Statements comprise of the Company and its subsidiaries, (together referred to as the 'Consolidated Entity' or the 'Group').

3 Basis of preparation

The Consolidated Financial Statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. The Consolidated Financial Statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

These financial statements have been prepared under the historical cost convention except for certain financial assets and liabilities which are required to be measured at fair value.

a) Basis of consolidation

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

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

b) Goods and services tax ('GST')

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

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, 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 net 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 the amount of GST recoverable from, or payable to, the taxation authority.

c) Going Concern

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

For the year ended 30 June 2024 the Consolidated Entity incurred a loss of \$3,349,453 (2023: \$871,210) including non-cash impairment expense of \$2,409,940 (2023: nil) and net cash outflows from operating and investing activities of \$2,483,062 (2023: \$3,047,787). As at balance date the Consolidated Entity had a working capital surplus of \$2,574,429 (2023: \$2,514,814) and minimum spend exploration commitments due within twelve months of \$307,000.

The directors have prepared a cash flow forecast, which indicates that the Consolidated Entity will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Consolidated Entity has the ability to defer discretionary expenditure in line with available funds.

4 Segment information

Identification of reportable segments

The Group is organised into one operating segment, being exploration. This is based on the internal reports that are being reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM) in assessing performance and in determining the allocation of resources. As a result, the operating segment information is as disclosed in the statements and notes to the financial statements throughout the report.

The Company operates in one reportable segment, being exploration. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

5 Expenses

	2024 \$	2023 \$
Administrative expenses		
Investor and corporate costs	460,090	135,278
Insurance	8,665	60,275
Consultants	86,093	144,508
Administration costs	4,598	110,896
Occupancy costs	32,188	43,033
Personnel costs	512,048	218,272
IPO listing costs expensed	-	26,232
	1,103,682	738,494

6 Income tax expense

The prima facie income tax expense on pre-tax accounting losses from continuing operations reconciles to the income tax expense in the financial statements as follows:

	2024 \$	2023 \$
Loss from continuing operations before income tax	3,349,453	871,210
Tax at the Australian tax rate of 25% (2023: 25%)	(837,363)	(217,803)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other non-assessable items	533,188	13,812
Temporary differences not brought to account	304,175	203,991
Tax expense	-	-

The tax rate used in the above reconciliation is the corporate tax rate of 25% payable by Australian corporate entities on taxable profits under Australian Tax Law. There has been no change in this tax rate since the previous reporting period.

Accounting Policy

A deferred tax asset ('DTA') on the timing differences has not been recognised as they do not meet the recognition criteria as outlined in below. A DTA has not been recognised in respect of tax losses either as realisation of the benefit is not regarded as probable.

The taxation benefits will only be obtained if:

- a) the Consolidated Entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;
- b) the Consolidated Entity continues to comply with the conditions for deductibility imposed by law; and
- c) no changes in tax legislation adversely affect the consolidated entity in realising the benefits from the deductions for the loss.

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

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

6 Income tax expense (continued)

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

7 Loss per share

	2024 \$	2023 \$
Loss used in calculating basic and diluted loss per share	(3,349,453)	(871,210)
Loss used in calculating basic and diluted loss per share from continuing operations	(3,349,453)	(871,210)
	2024 Number	2023 Number
Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	57,619,973	52,710,000

Basic earnings/loss per share is determined by dividing net profit or loss after income tax attributable to members of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year.

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

8 Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and in hand	2,687,041	105,001
Short term deposits	-	3,000,000
	2,687,041	3,105,001

Accounting Policy

Cash and short-term deposits comprise of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

Reconciliation of loss for the year to net cash flows from operations:

	2024 \$	2023 \$
Loss for the year	(3,349,453)	(871,210)
Share-based payment expense	(113,783)	209,075
Depreciation expense	4,114	2,823
IPO costs expensed	-	26,232
Impairment exploration expenditure	2,409,940	-
Changes in operating assets and liabilities		
Decrease/(increase) in other assets	(721)	(42,492)
(Decrease)/increase in trade and other payables	20,087	36,127
Net cash flows from operating activities	(1,029,816)	(639,445)

9 Other current assets

	2024 \$	2023 \$
Other current assets ¹	16,783	108,324
	16,783	108,324

¹ Other current assets represent the prepaid portion of the Group's corporate insurances and GST receivable.

10 Exploration and evaluation expenditure

	2024 \$	2023 \$
Opening balance	5,078,059	2,254,481
Acquisition of Zimbabwe projects ¹	80,474	-
Impairment ²	(2,409,940)	-
Expenditure incurred	871,142	2,823,578
Closing balance	3,619,735	5,078,059

¹ On 8 December 2023, the Company acquired 95% of the Arcturus and Beatrice projects in Zimbabwe for a total of US\$60,000.

² At each reporting date, the Group undertakes an assessment of the carrying amount of its exploration and evaluation assets. Where an indication of impairment exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. During the period, the Group identified indicators on impairment on certain exploration and evaluation assets under AASB 6 Exploration and Evaluation of Mineral Resources. As a result of this review, a total impairment loss of \$2,409,940 has been recognised in the statement of profit or loss in relation to Upper Coordina and Zimbabwe projects, Arcturus and Beatrice.

Accounting Policy

The ultimate recoupment of costs carried forward for areas of interest in the exploration and evaluation phases is dependent upon the successful development and commercial exploitation, or sale, of the respective areas of interest. For areas which do not meet the criteria of the accounting policy, those amounts are charged to the Consolidated Statement of Comprehensive Income.

Exploration and evaluation costs related to an area of interest are written off as incurred except they may be carried forward as an item in the consolidated statement of financial position where the rights of tenure of an area are current and one of the following conditions is met:

- the costs are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and/or evaluation activities in the area of interest have not at the end of each reporting period reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

11 Trade and other payables

	2024 \$	2023 \$
Trade and other payables	129,395	698,511
	129,395	698,511

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured, non-interest bearing and are usually paid within 30 days of recognition.

Accounting Policy

Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

For personal use only

12 Contributed equity

Issued share 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, net of tax, directly in equity as a reduction of the share proceeds received.

	Number of shares	\$
As at 30 June 2023	52,710,000	8,701,577
Issue of shares associated with the Entitlement Offer	52,710,000	2,108,400
Transaction costs	-	(43,298)
As at 30 June 2024	105,420,000	10,766,679

¹ On 29 April 2024, the Company announced a 1 for 1 non-renounceable rights issue at an issue price of \$0.04 (Entitlement Offer). The Entitlement Offer was fully subscribed.

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of 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 a limited amount of authorised capital.

Capital risk management

The Group's debt and capital includes ordinary share capital and debt. There are no externally imposed capital requirements.

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

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Group is able to fund its future activities.

13 Share-based Payments

The Company provides benefits to employees (including Directors) in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity settled transactions).

The Company currently provides benefits under an Employee Incentive Scheme. This Scheme was described in the Company's Prospectus dated 13 May 2022. There have been no options issued under the Employee Incentive Scheme since inception and 1,750,000 performance rights remain on issue (2023: 4,270,000 performance rights).

Options

Each option entitles the holder, on exercise, to one fully paid ordinary share in the Company. There is no issue price for the options. The exercise price for the options is such price as determined by the Board. An option may only be exercised after the option has vested and any other conditions imposed by the Board on exercise are satisfied. The board may determine the vesting period, if any.

There are no voting or dividend rights attached the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary share when the options have been exercised.

13 Share-based Payments (continued)

Unlisted Options

The number and weighted average exercise prices of the unlisted share options outstanding as at 30 June 2024 is as follows:

	2024		2023	
	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
Outstanding at the beginning of the year	\$0.30	5,500,000	\$0.30	5,500,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Outstanding at the end of the year	\$0.30	5,500,000	\$0.30	5,500,000
Exercisable at the end of the year	\$0.30	5,500,000	\$0.30	5,500,000

The weighted average contractual life of the unlisted options remaining as at 30 June 2024 is 0.57 years (2023: 1.57 years).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

There was no expenditure recognised in this year for the unlisted options (2023: nil).

The fair value of the options is estimated at the grant date using a Black Scholes option-pricing model. The following table lists the weighted average inputs to the model for the options outstanding during the period:

	2024	2023
Dividend yield (%) (weighted average)	0%	0%
Expected volatility (%) (weighted average)	80%	80%
Risk free rate (%) (weighted average)	0.99%	0.99%
Expected life (years) (weighted average)	3.0	3.0
Exercise price (\$) (weighted average)	\$0.30	\$0.30
Grant date share price (\$) (weighted average)	\$0.12	\$0.12
Number	5,500,000	5,500,000
Fair value at grant date (\$) (weighted average)	\$0.04	\$0.04

Refer to the Remuneration Report for details of the 4,500,000 options granted to the Directors for services undertaken during the Company's Initial Public Offering. The remaining 1,000,000 options were granted to the lead manager for the capital raising services undertaken for the Company's Initial Public Offering.

Listed Options

On 29 April 2024, the Company announced a non-renounceable entitlement offer of one (1) New Share for every one (1) Share held by eligible shareholders at the record date at an issue price of \$0.04 per New Share together with one (1) free attaching new option exercisable at \$0.12, with an expiry date of 27 May 2027 (Option) for every one (1) new share issued, to raise \$2,108,400 (before costs) (Entitlement Offer). The Company issued 52,710,000 new listed options. The Options are quoted on the ASX under code MGAO.

Tranche	Number	Grant Date	Expiry Date	Exercise Price	Fair Value at Grant Date	Vesting Date
MGAO	52,710,000	27 May 24	27 May 27	\$0.12	Nil	27 May 24

No share-based payment expenditure was recognised as the options were classified as free attaching securities to the Entitlement Offer.

Performance Rights

There are no participating rights or entitlements inherent in the Performance Rights and the holders will not be entitled to participate in new issues of capital offered to shareholders during the currency of the Performance Rights. All shares allotted upon the vesting of Performance Rights will rank pari passu in all respect with other shares.

Under the terms and conditions of the Performance Rights granted, each Performance Right is converted to one fully paid ordinary share upon meeting the vesting criteria.

For personal use only

13 Share-based Payments (continued)

In November 2023, shareholders approved the following amendments to the Company's Performance Rights:

1. Extension to the vesting date from 22 June 2024 to 30 June 2025 for all Class A-C Performance Rights;
2. Amendment of Class C Performance Rights of criteria b) to at least 10m @ 28% Mn (from at least 10m @ 36% Mn); and
3. Add additional criteria d) to Class C Performance Rights of a downhole drilling intercept of at least 5m @ 1% REE (TREO).

The revised vesting criteria is below:

Tranche	Number of Performance Rights	Vesting Criteria
Class A	1,650,000	The Shares trade at a volume weighted average price of at least \$0.40 over a 20 day period (20 Day VWAP) by 30 June 2025.
Class B	1,450,000	The Shares trade at a 20 Day VWAP of at least \$0.50 by 30 June 2025.
Class C	1,170,000	The Company announcing any one of the following downhole drilling intercepts: e) at least 10m @ 1.25% Cu; or f) at least 10m @ 28% Mn; or g) at least 10m @ 1% Li, h) at least 5m @ 1% REE (TREO) by 30 June 2025

The Performance Rights have been valued using a Monte Carlo Share Price Simulation Model.

The following table lists the inputs to the model for the Performance Rights outstanding during the period:

	Class A	Class B	Class C
Dividend yield (%)	0%	0%	0%
Expected volatility (%)	80%	80%	80%
Risk free frate (%)	4.12%	4.12%	4.12%
Expected life (years)	1.74	1.74	1.74
Exercise price (\$)	\$0	\$0	\$0
Grant date share price (\$)	\$0.125	\$0.125	\$0.125
Modification date (\$)	3 Oct 2023	3 Oct 2023	3 Oct 2023
Expiry date	30 Jun 2025	30 Jun 2025	30 Jun 2025
Number	1,650,000	1,450,000	1,170,000
Fair value at grant date (\$)	\$0.034	\$0.025	\$0.20

During the year ended 30 June 2024, 700,000 Class A Performance Rights, 650,000 Class B Performance Rights and 1,170,000 Class C Performance Rights lapsed (2023: Nil).

The weighted average contractual life remaining as at 30 June 2024 is 0.99 years (2023: 0.99 years.)

Non-market performance conditions are not considered in the grant date fair value measurement of the services received.

The total expenditure recognised in the statement of comprehensive income is (\$113,783) which (\$137,891) is a result of the reversal of the performance rights that lapsed and expensing of \$24,108 (2023: \$209,075).

Accounting Policy

The cost of share-based payments is recognised in employee benefits expense, together with a corresponding increase in Share-Based Payments Reserve in equity, over the period in which the performance and/or service conditions are fulfilled (the vesting period).

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects:

- (i) the extent to which the vesting period has expired; and
- (ii) the number of awards that, in the opinion of the Directors, will ultimately vest. Not adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

For personal use only

13 Share-based Payments (continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options and rights is reflected as additional share dilution in the computation of earnings per share.

The Group measures the cost of equity-settled share-based payments at fair value at the grant using a Black Scholes option-pricing model by taking into account the terms and conditions upon which the instruments were granted.

14 Financial risk management

The Group's activities expose it to a variety of financial risks: interest rate risk; credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk, and use of financial instruments and investment of excess liquidity where appropriate.

The Group's financial instruments consist mainly of deposits with banks, accounts receivable and payable and loans to related parties.

Interest rate risk

The Group's exposure to market risk for changes in interest rates arise from variable interest rate exposure on cash, fixed deposits and interest-bearing liabilities.

The Group's policy is to manage its exposure to interest rate risk by holding cash in short-term, fixed rate and variable rate deposits with reputable high credit quality financial institutions. With interest bearing liabilities, consideration is also given to the potential renewal of existing positions, alternative financing and the mix of fixed and variable interest rates.

The following table summarises the financial assets and liabilities of the Group, together with the effective interest rates as at the balance date.

2024	Fixed interest maturing in:					Average interest rates	
	Floating interest rate	< 1 year	1 – 5 years	> 5 years	Non-interest bearing	Floating	Fixed
	\$	\$	\$	\$	\$	%	%
Cash and cash equivalents	2,687,041	-	-	-	-	1.25%	-
Other current assets	-	-	-	-	16,783	-	-
Other financial asset	-	-	-	-	77,892	-	-
Trade and other payables	-	-	-	-	129,395	-	-

For personal use only

14 Financial risk management (continued)

2023	Fixed interest maturing in:					Average interest rates	
	Floating interest rate	< 1 year	1 – 5 years	> 5 years	Non-interest bearing	Floating	Fixed
	\$	\$	\$	\$	\$	%	%
Cash and cash equivalents	-	3,000,000	-	-	105,001	-	3.30%
Other current assets	-	-	-	-	108,324	-	-
Other financial asset	-	-	-	-	77,892	-	-
Trade and other payables	-	-	-	-	698,511	-	-

As at 30 June 2024, a movement of 1% in interest rates, with all other variables being held constant, results in an immaterial movement in post-tax loss and equity.

The movements in loss after income tax are due to higher/lower interest costs from fixed and variable rate debt and cash balances during the relevant year. Reasonably possible movements in interest rates were determined based on observations of historical movements in the past two years.

The net exposure at balance date is representative of what the Group was and is expecting to be exposed to in the next twelve months from balance date.

Credit risk

Credit risk arises from the financial assets of the Group, and its exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of the instruments. The Group's exposure to credit risk is minimal and results only from its exposure in cash and cash equivalents and trade receivables.

Liquidity risk

The Group's objective is to ensure sufficient liquid funds are available to meet the Group's financial commitments in a timely and cost-effective manner.

The Group's treasury function continually reviews the Group's liquidity position including cash flow forecasts to determine the forecast liquidity position and maintain appropriate liquidity levels.

2024	< 1 year	1 – 5 years	Total
	\$'000	\$'000	\$'000
Cash and cash equivalents	2,687,041	-	2,687,041
Other current assets	16,783	-	16,783
Trade and other payables	(129,395)	-	(129,395)
Net outflow	2,574,429	-	2,574,429

2023	< 1 year	1 – 5 years	Total
	\$'000	\$'000	\$'000
Cash and cash equivalents	3,105,001	-	3,105,001
Other current assets	108,324	-	108,324
Trade and other payables	(698,511)	-	(698,511)
Net outflow	2,514,814	-	2,514,814

For personal use only

15 Subsidiaries - Consolidated Entity Disclosure Statement

The Consolidated Financial Statements include the financial statements of MetalsGrove Mines Limited and the subsidiaries listed in the following table:

Name of Entity	Country Incorporated	Tax Jurisdiction	Class of Shares	2024	2023
				Equity Holding	
Territory Lithium Pty Ltd	Australia	Australia	Ordinary	100%	100%
MetalsGrove Global (Private) Limited ¹	Zimbabwe	Zimbabwe	Ordinary	100%	-

¹ Incorporated on 3 October 2023.

16 Parent entity information

	2024 \$	2023 \$
Current assets	2,703,824	3,213,122
Non-current assets	4,280,296	5,157,140
Current liabilities	129,393	698,511
Issued capital	10,766,679	8,701,577
Reserves	300,006	413,789
Accumulated losses	(4,211,958)	(1,443,412)
Total equity	6,854,727	7,671,954
Loss for the year	(2,769,044)	(877,209)
Total comprehensive loss for the year	(2,769,044)	(877,209)

The Company has no material contingent liabilities.

17 Contingent assets and liabilities

The Group had no contingent assets or liabilities as at 30 June 2024 (2023: Nil).

18 Remuneration of auditors

During the year, the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2024	2023
Auditing and reviewing of financial reports	31,362	23,165
	31,362	23,165

The auditor of the parent entity for the period ended 30 June 2024 and 30 June 2023 is Hall Chadwick WA Audit Pty Ltd.

19 Commitments

Exploration and evaluation expenditure commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to meet the minimum expenditure requirements specified by various State and Territory Governments. These obligations are subject to renegotiation when application for a mining lease is made and at other times. These obligations are not provided for in this financial report.

The minimum level of exploration commitment expected in the year ending 30 June 2024 for the Group is approximately \$307,000 (2023: \$315,000). These obligations are expected to be fulfilled in the normal course of operations.

20 Related party transactions

Other transactions with related parties

There were no transactions with related parties for the year ended 30 June 2024 (2023: Nil).

Refer to note 13 for the details of share-based payments granted to the Directors during the period.

There were no other transactions with KMPs or related parties during the year.

21 Key management personnel disclosures

Details of key management personnel

The names and positions of the KMP of the Company and the Group during the financial year were:

Richard Beazley	Independent Non-Executive Chair
Lijun Yang	Managing Director and CEO
Haidong Chi	Non-Executive Director
John Reynolds	Alternate Non-Executive Director to Haidong Chi
Peter Stern	Independent Non-Executive Director
Sean Sivasamy	Managing Director and CEO (resigned 15 April 2024)

Compensation of key management personnel

	2024	2023
	\$	\$
Short-term employee benefits	386,489	376,000
Post-employment benefits	57,364	39,480
Termination benefits	152,552	-
Share-based payments	(113,783)	209,075
	482,622	624,555

22 Events occurring after the reporting period

Given the disappointing geological and assay results and having regards to the weakness in the lithium market since the projects were acquired, the Company has made the decision to relinquish its Zimbabwean lithium projects and Upper Coondina lithium project on 02 August and 02 September 2024 respectively.

On 5 September 2024, the Company announced it had appointed Mr Luke Huang as an Independent Non-Executive Director.

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

23 Critical accounting estimates and assumptions

The preparation of the consolidated financial statements requires management to make estimates and assumptions. These estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Exploration and evaluation

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related area of interest itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if rights to tenure of the area of interest are current and activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

24 Changes in accounting policy

In the year ended 30 June 2024, the directors reviewed all the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, 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 Group accounting policies.

25 New accounting standards and interpretations

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2024 but have not been applied in preparing this financial report. Except where noted, the Group has evaluated the impact of the new standards and interpretations listed below and determined that the changes are not likely to have a material impact on its financial statements.

AASB 2014-10 Amendments to AASs Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to *AASB 10 Consolidated Financial Statements* and *AASB 128 Investments in Associates and Joint Ventures* clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in *AASB 3 Business Combinations*. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investor's interests in the associate or joint venture. These amendments are applied prospectively.

Application date of Standard:	1 January 2025	Application date for Group:	1 July 2025
--------------------------------------	----------------	------------------------------------	-------------

AASB2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current

The amendments require a liability be classified as current when companies do not have a substantive right to defer settlement at the end of the reporting period.

AASB 2020-6 defers the mandatory effective date of amendments that were originally made in AASB 2020-1 so the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2024 instead of 1 January 2023.

Application date of Standard:	1 January 2024	Application date for Group:	1 July 2024
--------------------------------------	----------------	------------------------------------	-------------

For personal use only

In the Directors' opinion:

- (a) the Consolidated Financial Statements and notes and Remuneration Report are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2024 and of its performance for the year ended on that date, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable, and
- (c) the financial statements and notes thereto are in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board, and
- (d) the attached Consolidated Entity Disclosure Statement is true and correct.

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

This declaration is made in accordance with a resolution of Directors.



Richard Beazley
Chairman

Perth, Western Australia
16 September 2024

For personal use only

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF METALSGROVE MINING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MetalsGrove Mining Limited (“the Company”) and its subsidiaries (“the Consolidated Entity”), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the director’s declaration.

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Consolidated Entity’s financial position as at 30 June 2024 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 3.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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.

For personal use only

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.

For personal use only

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Exploration and evaluation</p> <p>As disclosed in note 10 to the financial statements at balance date, the carrying amount of exploration and evaluation assets was \$3,619,735 following an impairment loss of \$2,409,940.</p> <p>The recognition and recoverability of exploration and evaluation assets was considered a key audit matter due to:</p> <ul style="list-style-type: none"> • The carrying value of the assets represents a significant asset of the Consolidated Entity, we considered it necessary to assess whether facts and circumstances existed to suggest the carrying amount of this asset may exceed the recoverable amount; and • Determining whether impairment indicators exist involves significant judgement by management. 	<p>Our audit procedures included but were not limited to:</p> <ul style="list-style-type: none"> • Assessing management’s determination of its areas of interest for consistency with the definition in AASB 6 Exploration and Evaluation of Mineral Resources (“AASB 6”); • Assessing the Consolidated Entity’s rights to tenure for a sample of tenements; • Testing the Consolidated Entity’s exploration costs for the year by verifying a sample of recorded expenditure for consistency to underlying records; • Testing the Consolidated Entity’s records with regards to the acquisition occurred during the year; • By testing the status of the Consolidated Entity’s tenure and planned future activities, reading board minutes and discussions with management we assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised exploration costs: <ul style="list-style-type: none"> ○ The licenses for the rights to explore expiring in the near future or are not expected to be renewed; ○ Substantive expenditure for further exploration in the area of interest is not budgeted or planned; ○ Decision or intent by management 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
	<ul style="list-style-type: none"> ○ 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 recorded in full from successful development or sale; and ○ Assessing the appropriateness of the related disclosures in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity’s annual report for the year ended 30 June 2024, 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, and the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error. In Note 3, 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 Consolidated Entity’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 Consolidated Entity or to cease operations, or has no realistic alternative but to do so.

For personal use only

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism 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 Consolidated Entity'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 Consolidated Entity'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 Consolidated Entity 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 Consolidated Entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Consolidated Entity 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.

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 2024. 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 MetalsGrove Mining Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.



HALL CHADWICK WA AUDIT PTY LTD



D M BELL CA
Director

Dated this 16th day of September 2024
Perth, Western Australia

Additional information required by Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 31 August 2024.

Issued Equity Capital

	Ordinary Shares	Listed Options	Unlisted Options	Performance Rights
Number of holders	470	86	9	2
Number on issue	105,420,000	52,710,000	5,500,000	1,750,000

Voting Rights

Voting rights, on a show of hands, are one vote for every registered holder of Ordinary Shares and on a poll, are one vote for each share held by registered holders of Ordinary Shares. Options and Performance Rights do not carry any voting rights.

Distribution of Holdings of Equity Securities

Holding ranges	Number of Equity Security Holders	
	Ordinary Shares	Units
1 – 1,000	14	2,986
1,001 – 5,000	78	276,835
5,001 – 10,000	96	869,796
10,001 – 100,000	195	7,209,755
100,001 and over	87	97,060,628
Total	470	105,420,000
Holding ranges	Number of Equity Security Holders	
	Listed Options	Units
1 – 1,000	4	2,193
1,001 – 5,000	3	11,695
5,001 – 10,000	9	90,000
10,001 – 100,000	18	701,223
100,001 and over	52	51,904,889
Total	86	52,710,000
Holding ranges	Number of Option Holders	
	Unlisted Options	Units
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	2	200,000
100,001 and over	7	5,300,000
Total	9	5,500,000
Holding ranges	Number of Performance Rights Holders	
	Performance Rights	Units
1 – 1,000	0	0
1,001 – 5,000	0	0
5,001 – 10,000	0	0
10,001 – 100,000	0	0
100,001 and over	2	1,750,000
Total	2	1,750,000

Unmarketable Parcels

The number of shareholders holding less than a marketable parcel (being 1,149,617 shares based on a share price of \$0.049 at 31 August 2024) was 188.

Substantial Shareholders

	Number of Ordinary Shares	Percentage (%)
Haidong Chi ¹	5,330,000	10.11%
Bright Element Pty Ltd ²	6,000,000	11.38%

1. As lodged on ASX on 14 Jul 2022.

2. As lodged on ASX on 26 Jul 2022.

On Market Buy Back

There is no current on-market buy-back.

For personal use only

Top 20 Shareholders

Rank	Name	Number of Ordinary Shares	Percentage (%)
1	BRIGHT ELEMENT PTY LTD <YUANLIU FAMILY A/C>	12,280,000	11.65%
2	MRS HUI AN	11,000,000	10.43%
3	FOUNTAIN STREAM PTY LTD <FOUNTAIN RIVER A/C>	10,000,000	9.49%
4	OREMIN CONSULTANTS PTY LTD <SIVASAMY FAMILY A/C>	6,110,000	5.80%
5	GOLD GEOLOGICAL CONSULTING PTY LTD	5,000,000	4.74%
6	CATALINA RESOURCES LTD	4,750,000	4.51%
7	MR BO JI	4,405,000	4.18%
8	MR LE ZHAO	3,750,000	3.56%
9	AU XINGAO INVESTMENT PTY LTD	2,628,171	2.49%
10	BC&TT HOLDINGS PTY LTD <BC&TT FAMILY A/C>	2,500,000	2.37%
11	BNP PARIBAS NOMINEES PTY LTD <CLEARSTREAM>	2,400,555	2.28%
12	YUANS RARE METALS RESOURCES PTY LTD	2,286,702	2.17%
13	HAFA SUPER PTY LTD <HAFA SF A/C>	1,805,656	1.71%
14	GOLDEN HOPE PTY LTD <THE WILLIAM FAMILY A/C>	1,706,454	1.62%
15	MR MIN PENG	1,580,000	1.50%
16	CENTENNIAL FOUNDA MANAGEMENT PTY LTD	1,500,000	1.42%
17	H2 MIGRATION & EDUCATION PTY LTD	1,428,603	1.36%
18	MR ZIHENG TANG	1,156,161	1.10%
19	SUNNY LAND HOLDING (NSW) PTY LTD <SUNNY LAND INVESTMENT A/C>	1,125,640	1.07%
20	MRS HUI AN	1,000,000	0.95%
	Total	78,412,942	74.38%
	Total issued capital - selected security class(es)	105,420,000	100.00%

Corporate Governance

The Company's 2024 Corporate Governance Statement is available for inspection in the Corporate Governance section of the Company's website:

This document is reviewed regularly to address any changes in governance practices and the law.

For personal use only

The below table details the Group's interest in mining tenements as at 30 June 2024.

Project	Tenement ID	Holder	Lease Status
Upper Coordina ¹	E45/5952	MetalsGrove	Granted
Woodie Woodie North	E45/5945	MetalsGrove	Granted
Bruce	EL 31225	Territory Lithium	Granted
Box Hole	EL 32419	Territory Lithium	Granted
Edwards Creek	EL 32420	Territory Lithium	Granted
Beatrice ¹	00062AA	MetalsGrove Global	Granted
Arcturus ¹	000450AA	MetalsGrove Global	Granted
Arcturus ¹	016956AA	MetalsGrove Global	Granted
Arcturus ¹	016961BA	MetalsGrove Global	Granted
Arcturus ¹	016982BA	MetalsGrove Global	Granted
Arcturus ¹	005434AA	MetalsGrove Global	Granted
Dundas ¹	E63/2363	MetalsGrove	Granted
Dundas ¹	E63/2360	MetalsGrove	Granted
Leake ¹	E77/3149	MetalsGrove	Application
Forrest ¹	E45/6546	MetalsGrove	Application
Dundas ¹	E63/2364	MetalsGrove	Application
Dundas ¹	E63/2366	MetalsGrove	Application
Dundas ¹	E63/2359	MetalsGrove	Application
Leake	E77/3152	MetalsGrove	Application
Buningonia ¹	E28/3358	MetalsGrove	Application

Note: Territory Lithium Pty Ltd and MetalsGrove Global (Private) Limited are wholly owned subsidiaries of MetalsGrove Mining Limited.

¹ *Tenements relinquished/application withdrawn subsequent to year end.*

For personal use only