Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

Financial Statements

For the Year Ended 30 June 2022

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Contents

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Directors' Report

30 June 2022

Constance Iron Limited (formerly Koch Metals Limited) is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 13
68 York Street
SYDNEY NSW 2000

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 19 January 2023. The directors have the power to amend and reissue the financial statements.

The directors present their report, together with the financial statements of the Company for the financial year ended 30 June 2022.

Information on directors

The names and experience of each person who has been a director during the year and to the date of this report are:

Name:	Adam Giles
Title:	Non-Executive Chairman
Special responsibilities:	None.

Adam Giles is a former Chief Minister of the Northern Territory. He became the 10th Chief Minister in 2013 and held office until 2016. During Adam’s political career he held the portfolios of Northern Australia, Major Projects, Economic Development, Indigenous Affairs, Transport and Infrastructure and Treasury. Prior to politics, Adam had a long career in the Indigenous affairs, housing, training and employment sectors and previously worked as a social and economic policy adviser in the Department of Prime Minister and Cabinet and led Indigenous Economic Policy for the Australian Government.

Outside of politics, Adam now provides consultancy advice on agriculture and mining, politics, media, Indigenous policy and employment and training. Adam also sits on the board of companies providing Indigenous economic development, NDIS, juvenile justice, Child Protection and employment services.

Name:	Lord Christopher Wellesley
Title:	Non-Executive Director
Special responsibilities:	None.

Lord Christopher Wellesley is an experienced banking and capital markets executive with board and not-for-profit experience, comprising three decades of senior roles within tier-one institutions in London and Hong Kong and working with clients in the resources, energy and funds management sectors. He also has a network of senior, key relationships across the UK capital markets and is experienced in capital raising, corporate and financial markets experience, and involvement in a range of private philanthropic activities.

Information on directors (continued)

Name:	Kenn MacMillan
Title:	Non-Executive Director
Special responsibilities:	None.

Kenn has over 30 years of financial services experience, spanning across multiple blue-chip financial services companies including JBWere and Merrill Lynch, where he headed up their Australian Private Clients business. Following this Kenn joined UBS Wealth Management in 2004 as head of its Sydney office and was promoted to Managing Director in 2007. Kenn MacMillan founded MacMillan Capital, an investment and corporate advice business in January 2020. Kenn's career spans corporate advice, investment advice and non-executive directorships and he has significant experience managing financial services businesses and advising professional investors and corporate clients on all aspects of their businesses including raising capital, strategy and investment across all asset classes.

Name:	David McKenzie
Title:	Executive Director (appointed 1 July 2022)
Special responsibilities:	Chief Executive Officer

Dave is an established mining professional with 30 years industry experience across base metals and iron ore processing as well as open pit mining operations. David has held senior management and statutory positions with successful natural resources companies such as Mt Isa Mines, BHPB Cannington (ASX:BHP), Placer Dome, Rio Tinto West Angelas (ASX: RIO), Copperchem, Execo Resources, Kagara (ASX: KZL), Tableland Mining.

Name:	Susan Prior
Title:	Non-Executive Director (appointed 29 July 2022)
Qualifications:	BCom, CA
Special responsibilities:	None.

Susan has more than 20 years' accounting experience and is currently CFO of an oil & gas company. As a CFO she has extensive experience in financial management including developing monthly management reporting processes, integration and improvement to finance functions, establishing internal control mechanisms and financial governance, treasury management, tax structuring and meeting regulatory obligations. Susan was appointed as a director of the Company on 29 July 2022.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The following persons held the position of Company secretary at the end of the financial year:

Rajesh Padmanabhan has been the company secretary since 20 August 2021.

Alan Armstrong held the role of company secretary between 29 April 2021 to 20 August 2021.

Principal activities

The principal activity of the Company during the financial year was mining exploration.

Principal activities (continued)

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The loss of the Company after providing for income tax amounted to $(3,582,568) (2021: $(11,253,982)).

Dividends paid or recommended

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

Review of operations

Aureus Mining Limited
On 20 September 2021, the share sale agreement between the Company and Aureus Mining Limited (AML) was further amended, the changes included:
- The Company to pay back the $200,000 received on 23 September 2020 to AML
- $200,000 cash receivable from AML will no longer be payable to the Company
- $800,000 shares in AML to be issued to the Company on AML's official listing on the ASX.

Central Norsemen HOA
The board ratified the Heads of Agreement (HOA) on 20 January 2022 with Tulla Resources Plc (ASX:TUL) wholly owned subsidiaries Central Norseman Gold Corp Pty Ltd and Pangolin Resources Pty Ltd for the preparation of one or more final binding agreement encompassing and including but not limited to the Iron Ore project as set out below.

The parties acknowledged and agreed on the 29 April 2022 through a side letter that the HOA will be legally binding until the earlier of the sunset date, being 31 May 2022, and the date which a binding full-form agreement reflecting the terms of the HOA is entered into.

Further to the heads of agreement signed in Jan 2022 with Tulla Resources Plc (ASX:TUL) wholly owned subsidiaries, Central Norseman Gold Corporation Pty Ltd (CNGC) and Pangolin Resources Pty Ltd (Pangolin Resources), the Company has now entered into the Norsemen Agreement (hereinafter called the "Offtake Arrangements") and additional side letters with respect to their iron ore asset at Norseman. A condition precedent for the agreement to come into full force and the effect is the successful completion of the initial public offering (raising at least $99.47 million (GBP£56.41 million at the Reserve Bank of Australia exchange rate as at 30 June 2022)) and listing of the Company on the London Stock Exchange by 28 February 2023 (or such later date as agreed by the parties).

Key Terms of the Offtake Ararangements and side letters:

1. Offtake terms:

a. The Company to purchase the first 400 million drilled metric tonnes of Iron Ore mined (comprising 5 prepaid tranches as detailed at note 1b below);

b. On the Company being admitted to the London Stock Exchange it will prepay the Tulla Parties $20 million cash and, issue $13.28 million (GBP£7.5 million at the Reserve Bank of Australia exchange rate as at 30 June 2022) in the Company's equity at the Company's IPO issue price to the Tulla Parties (or their nominee) for an initial tranche of 200 million metric dry tonnes of iron ore (on a non-refundable basis). Thereafter, if and to the extent mineral reserves in excess of this 200 million tonnes are identified, the Company will prepay for up to a further 4 tranches of 50 million tonnes (in cash or equity in the Company) based on an agreed price per metric tonne (varying between $0.25 and $0.45) (Base Quantity). The offtake terms have subsequently changed as per the subsequent events note;

c. In addition to the prepaid tranches in respect of the Base Quantity, if and when such tonnages are mined and delivered to

Review of operations (continued)
the Company, the Company will pay additional deferred consideration to the Tulla Parties in respect of such tonnages (calculated at an amount of 35% of the net proceeds of the on-sale of such product); and

d. Within the first 10 years, if and to the extent reserves are in excess of the Base Quantity are identified, the Company has the right to purchase additional quantities of Iron Ore in tranches of 50 million tonnes at a price to be determined at the time (Additional Quantities). In addition to this prepayment, if and when such Additional Quantities are mined and delivered to the Company, the Company must pay deferred consideration to the Tulla Parties in respect of such Additional Quantities (calculated at an amount of 35% of the net proceeds of the on-sale of such product). After this 10-year period, the Company's right to purchase Additional Quantities is subject to the agreement of the Parties.

e. Prepayments in respect of the Base Quantity and Additional Quantities are generally non-refundable.

2. Funding:

a. The Company is obliged to fund the first $42 million of costs incurred in respect of the exploration, development, mining and treatment of product within the first 4 years (this $42 million is generally non-refundable); and

b. Otherwise, the Company generally bears 65% of the costs incurred in respect of the exploration, development, mining, treatment of product and rehabilitation (generally on a non-refundable basis).

3. Option

a. Within the first 10 years, if and to the extent reserves in excess of the Base Quantity and any Additional Quantities are identified, the Company has an option to purchase all JORC categories of Iron Ore as stated in the JORC Code in excess of the Base Quantity and any Additional Quantities acquired by the Company (Excess Iron Ore).

b. The upfront consideration payable for the Excess Iron Ore is determined by a valuer (and is payable, at the election of the Tulla Parties, in cash or equity in the Company). In addition to the upfront consideration for the Excess Iron Ore, if and when such tonnages are mined and delivered to the Company, the Company will pay additional deferred consideration to the Tulla Parties in respect of the Excess Iron Ore (calculated at an amount of 2.5% of the gross revenue in respect of the on-sale of such product). After this 10-year period, the Companies right to purchase Excess Iron Ore is subject to the agreement of the Parties. The upfront consideration in respect of Excess Iron Ore is generally non-refundable.

c. On and from the date that the Company exercises the option (or, in the event the option is exercised after the 10-year period and the Tulla Parties accept the Company's election) to purchase mined Excess Iron Ore, it generally bears 100% of the costs incurred in respect of the exploration, development, mining, treatment of product and rehabilitation.

4. Project Contractor

a. Under the Agreement the Tulla Parties have appointed the Company as the ‘Project Contractor’ generally responsible for managing the day-to-day exploration, development, mining, treatment and rehabilitation activities of the iron ore project in accordance with the Mineral Rights Deed. The Tulla Parties have the right remove the Company from this role in prescribed circumstances (e.g., material unremedied breach of its obligations).

CNGC and Pangolin Resources (Tulla Parties) retain ownership to 100% of the rights to the iron ore and associated iron (Fe) products at the Norseman Project pursuant to the Mineral Rights Deed – Industrial Minerals entered into between CNGC, Pangolin Resources and Pantoro South Pty Ltd on 9 July 2019 (Mineral Rights Deed). The fully executed offtake and funding agreement and side letter was signed on 29 June 2022.

The Company has continued its preparations for its proposed listing on the London Stock Exchange.

Given that:

- The Company's rights under the Company's Offtake Arrangements are wholly-dependent on CNGC and Pangolin

Review of operations (continued)

Resources' interests under the Mineral Rights Deed – Industrial Minerals entered into between CNGC, Pangolin Resources and Pantoro South Pty Ltd on 9 July 2019 (Mineral Rights Deed); and,

- Consequently, the Company's interests under the Company's Offtake Arrangements could be adversely affected by the acts or omissions of the counterparty to the Mineral Rights Deed with which Constance has no contractual nexus.

As part of finalising the Company's Offtake Arrangements prior to the Company's listing on the London Stock Exchange, CNGC, Pangolin Resources and Constance will enter into certain amendments to the Company's Offtake Arrangements to assist in addressing this risk (Offtake Amendments). The Offtake Amendments will operate such that in the event of any dispute between the parties to the Mineral Rights Deed as to whether or not the rights and obligations under the Company's Offtake Arrangements conflict with the terms of the Mineral Rights Deed, the Company will agree not to bring any claim against the Tulla Resources but rather to co-operate with Tulla Resources to resolve the dispute.

As part of the Offtake Amendments to the Company's Offtake Arrangements, certain elements of the Company's funding under the Company's Offtake Arrangements are also to be deferred or become refundable in connection with a dispute under the Mineral Rights Deed arising e.g. on the LSE Listing Condition being met, 50% of the $20 million in initial base milestone consideration for iron ore will be payable by the Company. Payment of the remaining $10 million will be deferred and contingent on a dispute under the Mineral Rights Deed not arising within 90 days of the LSE Listing Condition being met or if such a dispute does arise, the Company's Offtake Arrangements not being determined to be in conflict with the Mineral Rights Deed or otherwise unenforceable or void.

In circumstances where the Company's Offtake Arrangements are determined to be in conflict with the terms of the Mineral Rights Deed or otherwise unenforceable or void, under the Offtake Amendments, the Company's Offtake Arrangements would terminate and:

- Where the Company has funded the $42 million upfront funding contribution under the Company's Offtake Arrangements for project costs, CNGC and Pangolin Resources would be required to refund to the Company any unspent balance of that $42 million funding contribution; and

- Where the dispute arises within 90 days of the LSE Listing Condition being met, CNGC and Pangolin Resources would be required to refund the Company's 50% of the $10 million initial base milestone consideration paid by the Company on the LSE Listing Condition being met and the remaining $10 million in initial base milestone consideration would cease to be payable by the Company; provided that, in all circumstances, CNGC and Pangolin Resources would retain $5 million of the initial base milestone consideration and the $13.28 million (GBP£7.5 million at the Reserve Bank of Australia exchange rate as at 30 June 2022) in shares in the Company issued to CNGC and Pangolin Resources on the on the LSE Listing Condition being met.

The Company has appointed the required advisors in the UK to facilitate the listing process. It has progressed substantially, and the company is now targeting a listing on the exchange in early 2023.

Constance Range

The Company continues to hold the three mining tenements in far North West Queensland collectively known as the Constance Range project. The Company has engaged SRL Consulting Australia Pty Ltd to perform environmental studies and has secured Queensland government approval for exploration and drilling programs as EPM 26611.The Company has been actively pursuing the commencement of an exploration drilling program to further define and significantly expand its current resource.

Capital Raising

The Company raised $2,520,002 through the issue of 166,667 shares at $1.50 and 2,250,000 convertible notes issued at $1.00 with a conversion price of $1.50 as part of its Tranche 1 pre-initial public offer capital raise for the Constance Range and the Central Norsemen Project.

Risks

There are specific risks associated with the activities of the Company and general risks which are largely beyond the control of the Company and the Directors. The risks identified below, or other risk factors, may have a material impact on the future financial performance of the Company.

All mining ventures are exposed to risks and the Company continues to monitor risks associated with current projects whilst also analysing the risks associated with any new opportunities. These risks may cover such areas as:

Economic
General economic conditions, introduction of tax reform, new legislation, the general level of activity within the resources industry, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company’s exploration, development and possible production activities, as well as on its ability to fund those activities.

Climate change
The Company recognises that physical and non-physical impacts of climate change may affect assets, productivity, markets and the community. Risks related to the physical impacts of climate change include the risks associated with increased severity of extreme weather events and chronic risks resulting from longer-term changes in climate patterns. Non-physical risks and opportunities arise from a variety of policy, legal, technological and market responses to the challenges posed by climate change and the transition to a lower carbon world.

Title risk
This may specifically cover mining tenure whereby country specific mining laws and legislation apply. These risks may include economic, social or exploration licensing, land access and environmental regulation, mine safety and labour relations etc.

Exploration risk
The Directors of the Company realise that mineral exploration and development are high risk undertakings due to the high level of inherent uncertainty. There can be no assurance that exploration of the Company’s tenements, or of any other tenements that may be acquired by the Company in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

Any 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, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

Environmental risks
The operations and proposed activities of the Company are subject to each project’s jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company’s activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Company.

The cost and complexity of complying with the applicable environmental laws and regulations may prevent the Company from being able to develop potential economically viable mineral deposits. The Company may require approval from the relevant authorities before it can undertake activities that are likely to impact the environment. Failure to obtain such approvals or to obtain them on terms acceptable to the Company may prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations, which may be adopted in the future, including whether any such laws or regulations would materially increase the Company’s cost of doing business or affect its operations in any area.

There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company’s business, financial condition and results of operations.

Risks (continued)

Resource estimates
The Company's projects may contain JORC Code compliant resources. There is no guarantee that a JORC Code compliant resource will be discovered on any of the Company's other tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations and the value of the Company's listed shares.

Access risks - Cultural heritage and native title
The Company must comply with various specific cultural heritage and native title legislation including access agreements which require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

It is possible that some areas of those tenements may not be available for exploration due to cultural heritage and native title legislation or invalid access agreements. The Company may need to obtain the consent of the holders of such interests before commencing activities on affected areas of the tenements. These consents may be delayed or may be given on conditions which are not satisfactory to the Company.

Market conditions
In future share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- General economic outlook;
- Introduction of tax reform or other new legislation;
- Interest rates and inflation rates;
- Changes in investor sentiment toward particular market sectors;
- The demand for, and supply of, capital; and
- Terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

Interest rate risk
The Company's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities. The Company is exposed to movements in market interest rates on short term deposits.

The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Interest payable on Convertible loan note is fixed at 5% per annum.

Credit risk
Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company does not have any significant credit risk exposure at this stage.

Liquidity risk
The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the Company's current and future operations. The Company believes that all outstanding payables can be paid when due and there are no past due payables as at the balance date.

Risks (continued)

Commodity price risk
At 30 June 2022, the Company does not have any financial instruments subject to commodity price risk. However, it is noted that as the company is exploring for iron ore amongst other commodities, the price fluctuations impact the potential commercial exploitation.

Foreign currency risk
At 30 June 2022 the Company is not exposed to foreign exchange currency risk at balance date.

The above risks are not exhaustive but are the minimum exposure areas observed by the Company.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters or circumstances arising after the end of the year

Capital Raising
The Company completed pre-IPO capital raises in November 2022, raising a total of $347,427 through the issue of 133,333 shares at $1.50 and 147,427 convertible notes issued at $1 with a conversion price of $1.50. The Company raised additional funds in December 2022, raising a total of $1,899,999 through the issue of 1,266,666 loan notes issued at $1.50 with a conversion price of $2.64.

Norsemen HOA
The board ratified the Heads of Agreement (HOA) on 20 January 2022 with Central Norseman Gold Corp Pty Ltd and Pangolin Resources Pty Ltd for the preparation of one or more final binding agreement encompassing and including but not limited to the Iron ore project.

The parties acknowledged and agreed on the 29 of April 2022 through a side letter that the HOA will be legally binding until the earlier of the sunset date, being 31 May 2022, and the date which a binding full-form agreement reflecting the terms of the HOA is entered into. An agreement was reached for a new cut-off date for the offtake and funding agreement of 28 February 2023.

The Company has continued its preparations for its proposed listing on the London Stock Exchange.

Given that:

- The Company's rights under the Company's Offtake Arrangements are wholly-dependent on CNGC and Pangolin Resources' interests under the Mineral Rights Deed – Industrial Minerals entered into between CNGC, Pangolin Resources and Pantoro South Pty Ltd on 9 July 2019 (Mineral Rights Deed); and,
- Consequently, the Company's interests under the Company's Offtake Arrangements could be adversely affected by the acts or omissions of the counterparty to the Mineral Rights Deed with which Constance has no contractual nexus.

As part of finalising the Company's Offtake Arrangements prior to the Company's listing on the London Stock Exchange, CNGC, Pangolin Resources and Constance will enter into certain amendments to the Company's Offtake Arrangements to assist in addressing this risk (Offtake Amendments). The Offtake Amendments will operate such that in the event of any dispute between the parties to the Mineral Rights Deed as to whether or not the rights and obligations under the Company's Offtake Arrangements conflict with the terms of the Mineral Rights Deed, the Company will agree not to bring any claim against the Tulla Resources but rather to co-operate with Tulla Resources to resolve the dispute.

As part of the Offtake Amendments to the the Company's Offtake Arrangements, certain elements of the Company's funding under the the Company's Offtake Arrangements are also to be deferred or become refundable in connection with a dispute under the Mineral Rights Deed arising e.g. on the LSE Listing Condition being met, 50% of the $20 million in initial

Matters or circumstances arising after the end of the year (continued)
base milestone consideration for iron ore will be payable by the Company. Payment of the remaining $10 million will be deferred and contingent on a dispute under the Mineral Rights Deed not arising within 90 days of the LSE Listing Condition being met or if such a disputes does arise, the Company's Offtake Arrangements not being determined to be in conflict with the Mineral Rights Deed or otherwise unenforceable or void.

In circumstances where the Company's Offtake Arrangements are determined to be in conflict with the terms of the Mineral Rights Deed or otherwise unenforceable or void, under the Offtake Amendments, the Company's Offtake Arrangements would terminate and:

- Where the Company has funded the $42 million upfront funding contribution under the Company's Offtake Arrangements for project costs, CNGC and Pangolin Resources would be required to refund to the Company any unspent balance of that $42 million funding contribution; and

- Where the dispute arises within 90 days of the LSE Listing Condition being met, CNGC and Pangolin Resources would be required to refund the Company's 50% of the $10 million initial base milestone consideration paid by the Company on the LSE Listing Condition being met and the remaining $10 million in initial base milestone consideration would cease to be payable by the Company; provided that, in all circumstances, CNGC and Pangolin Resources would retain $5 million of the initial base milestone consideration and the $13.28 million (GBP£7.5 million at the Reserve Bank of Australia exchange rate as at 30 June 2022) in shares in the Company issued to CNGC and Pangolin Resources on the on the LSE Listing Condition being met.

Listing and Initial Public Offering

The Company is actively pursuing its listing on the London Stock Exchange and has engaged an experienced team of advisers:

- Lead manager/Broker: Optiva Securities Ltd

- Lawyer: Kingsley Napley LLP

- Accountant: Crowe U.K. LLP

- Edison Group Ltd

The Company has lodged the prospectus with the Financial Control Authority (FCA) UK for approval. At this stage, the Company has a provisional listing date in early 2023 provided that the prospectus is approved by the UK listing Authority (UKLA).

Appointment of Officeholders

The company has appointed the following directors post 30 June 2022:

- David McKenzie appointed Executive Director on 1 July 2022

- Susan Prior appointed Non-Executive Director on 29 July 2022

Issue of Performance Rights to Directors

It was resolved at the Extraordinary General Meeting (EGM) held 23 September 2022 that members approved the issue of 11,500,000 performance rights to the directors of the Company. An additional 100,000 performance rights were issued to the Company's secretary.

Matters or circumstances arising after the end of the year (continued)

Subsequent to year end the maturity date for the Tranche 1 pre-IPO convertible notes held at balance date was extended to 28 February 2023.

Except for the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments and results

Except to the extent disclosed in the Review of Operations, likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental matters

The Company's operations are regulated by the Environmental Protection Act 1994 (QLD). Under this act, the government issues Environmental Authorities ("EA's"), covering each Exploration or mining lease. An EA can cover one or more leases.

The Company currently holds four EA's:

- EA 0002308,
- EA 0002286,
- EA 0001116,
- EA 0002094

All EA's require an assessed environmental bond to be paid at the time of clearing the area for exploration drilling, and annual return detailing all activities.

The directors confirm that the Company holds an EA for each of their 5 Exploration Permit Minerals (EPM) and all are current and in good standing.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Indemnification and insurance of officers and auditors

In June 2022, the Company took out insurance for Directors and Officers Liability as well as Statutory and Business Practices Liability as is required of any company that is publicly listed. No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an auditor of the Company.

Directors' Report
30 June 2022

Meetings of directors

During the financial year, 12 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Adam Giles	12	11
Lord Christopher Wellesley	12	10
Kenn MacMillan	12	11
David McKenzie	-	-
Susan Prior	-	-

Directors' Report
30 June 2022

Options on issue

The Company has the following options on issue as at 30 June 2022:

Name of Holder	Number and class of Shares over which Option granted	Terms of Options	Rights to Participate
Adam Giles	5,000,000 Ordinary shares	Exercisable at $0.20 each up to the third anniversary of the Company being listed on the ASX.	NIL
John Daniel Moore	5,000,000 Ordinary shares	Exercisable at $0.20 each up to the third anniversary of the Company being listed on the ASX.	NIL
Onslow Management Services Pty Ltd	2,300,000 Ordinary shares	Exercisable at $0.25 each up to the third anniversary of the Company being listed on the ASX or London Stock Exchange.	NIL
Palfreyman Family Super Fund	150,000 Ordinary shares	Exercisable at $0.25 each at any time prior to 20 June 2024.	NIL
Lord Christopher Wellesley	1,000,000 Ordinary shares 1,000,000 Ordinary shares	Exercisable at $0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue. Exercisable at $0.50 each at any time prior to 30 June 2024.	NIL
Andrew David Bristow	1,000,000 Ordinary shares 1,000,000 Ordinary shares	Exercisable at $0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share Option Plan and are (or the underlying shares are) to be held for 3 years from issue. Exercisable at $0.50 each at any time prior to 30 June 2024	NIL
Ron Kelly	1,000,000 Ordinary shares 1,000,000 Ordinary shares	Exercisable at $0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue. Exercisable at $0.50 each at any time prior to 30 June 2024.	NIL
Catriona Glover	100,000 Ordinary shares 100,000 Ordinary shares	Exercisable at $0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue. Exercisable at $0.50 each at any time prior to 30 June 2024.	NIL

Options to Directors and Executives

Options, as detailed in the above table, were granted to Directors and Executives, both present and resigned, as part of their remuneration as follows:

Name and Office Held	Number of Options	Term of Options
Adam Giles Non-Executive Chairman	5,000,000	Exercisable at $0.20 each up to the third anniversary of the Company being listed on the ASX. The options were granted on 8 March 2019.
Lord Christopher Wellesley Non-Executive Director	1,000,000 1,000,000	Exercisable at $0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share option Plan and are to (or the underlying shares are) be held for 3 years from issue. Exercisable at $0.50 each at any time prior to 30 June 2024.
John Daniel Moore Ex Non-Executive Director	5,000,000	Exercisable at $0.20 each up to the third anniversary of the Company being listed on the ASX. The options were granted on 8 March 2019.
Andrew David Bristow Ex Non-Executive Director	1,000,000 1,000,000	Exercisable at $0.125 each for at any time prior to 30 June 2024. Issued under an Employee Share Option Plan and are (or the underlying shares are) to be held for 3 years from issue. Exercisable at $0.50 each at any time prior to 30 June 2024.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2022 has been received and can be found on page 14 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: .... Director: ....

Adam Giles Kenn MacMillan

Dated this ....19.... day of ....Jan.... 2023

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

To the Board of Directors of Constance Iron Limited (formerly Koch Metals Limited)

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

As lead audit director for the audit of the financial statements of Constance Iron Limited for the period ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Yours sincerely

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Date: 19 January 2023

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
Other income	5	-	850,000
Administrative expenses	6	**(703,835)**	(559,352)
Employee benefits expense		**(555,147)**	(107,399)
Depreciation and amortisation expense		**(10,342)**	(204)
Loss on loan conversion	6	-	(1,508,003)
Loss on disposal of asset		-	(450,000)
Impairment Expense		-	(350,000)
Tenement rent		**(25,122)**	-
Project Expenditure		-	(529,613)
Equity based remuneration expenses		**(375,000)**	(7,677,766)
Marketing expenses		**(3,000)**	(725)
Other expenses	6	**(1,877,636)**	(507,205)
Finance expenses	7	**(32,486)**	(413,715)
Loss before income tax		**(3,582,568)**	(11,253,982)
Income tax expense	8	-	-
Loss for the year		**(3,582,568)**	(11,253,982)
Other comprehensive income, net of income tax			
Total comprehensive loss for the year		**(3,582,568)**	(11,253,982)

Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

Statement of Financial Position

As At 30 June 2022

	Note	2022 $	2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	**2,281,703**	1,203,739
Trade and other receivables	10	**97,480**	52,110
Inventories	11	**9,556**	-
Loans and advances	13	**35,815**	-
Deposits	14	**-**	850,000
Prepayments	12	**77,957**	-
TOTAL CURRENT ASSETS		**2,502,511**	2,105,849
NON-CURRENT ASSETS			
Property, plant and equipment	15	**68,513**	3,942
Exploration, evaluation and development assets	16	**5,633,351**	5,633,351
TOTAL NON-CURRENT ASSETS		**5,701,864**	5,637,293
TOTAL ASSETS		**8,204,375**	7,743,142
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	**982,597**	358,515
Borrowings	18	**59,895**	-
Employee benefits	19	**34,048**	-
Interest payable	20	**31,748**	-
Convertible notes	21	**2,068,863**	-
TOTAL CURRENT LIABILITIES		**3,177,151**	358,515
TOTAL LIABILITIES		**3,177,151**	358,515
NET ASSETS		**5,027,224**	7,384,627
EQUITY			
Issued capital	23	**15,383,238**	13,264,210
Convertible notes reserve	23	**181,137**	-
Share option reserve	24	**6,864,833**	6,864,833
Share capital reserve	25	**-**	1,075,000
Accumulated losses		**(17,401,984)**	(13,819,416)
TOTAL EQUITY		**5,027,224**	7,384,627

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2022

2022

	Issued Capital	Convertible Notes Reserve	Share Option Reserve	Share Capital Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2021	**13,264,210**	**-**	**6,864,833**	**1,075,000**	**(13,819,416)**	**7,384,627**
Total other comprehensive income for the year	**-**	**-**	**-**	**-**	**(3,582,568)**	**(3,582,568)**
Transactions with owners in their capacity as owners						
Shares issued during the year, net of costs	**1,044,028**	**-**	**-**	**-**	**-**	**1,044,028**
Transfers from reserves	**1,075,000**	**-**	**-**	**(1,075,000)**	**-**	**-**
Convertible notes issued during the year (net of costs)	**-**	**181,137**	**-**	**-**	**-**	**181,137**
Balance at 30 June 2022	**15,383,238**	**181,137**	**6,864,833**	**-**	**(17,401,984)**	**5,027,224**

2021

	Issued Capital	Convertible Notes Reserve	Share Option Reserve	Share Capital Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 1 July 2020	3,262,380	257,630	4,436	-	(2,565,434)	959,012
Movement in equity remuneration reserve in respect to options granted	-	-	6,602,767	-	-	6,602,767
Total other comprehensive income for the year	-	-	-	-	(11,253,982)	(11,253,982)
Transactions with owners in their capacity as owners						
Shares issued during the year, net of costs	10,001,830	-	-	-	-	10,001,830
Transfers between reserves	-	(257,630)	257,630	-	-	-
Share options converted but not yet issued	-	-	-	1,075,000	-	1,075,000
Balance at 30 June 2021	13,264,210	-	6,864,833	1,075,000	(13,819,416)	7,384,627

Constance Iron Limited (formerly Koch Metals Limited)

ACN: 632 109 570

Statement of Cash Flows

For the Year Ended 30 June 2022

	Note	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Payments to suppliers and employees		**(1,795,923)**	(2,413,567)
Interest paid		**-**	(9,500)
Net cash provided by/(used in) operating activities	33	**(1,795,923)**	(2,423,067)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from disposal of investments		**-**	200,000
Purchase of property, plant and equipment		**(74,913)**	(4,146)
Payments for exploration and evaluation		**-**	(3,172,652)
Net cash provided by/(used in) investing activities		**(74,913)**	(2,976,798)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**929,999**	5,416,023
Payments for share issue costs		**(231,199)**	(487,454)
Proceeds from borrowings		**2,250,000**	1,460,000
Net cash provided by/(used in) financing activities		**2,948,800**	6,388,569
Net increase/(decrease) in cash and cash equivalents held		**1,077,964**	988,704
Cash and cash equivalents at beginning of year		**1,203,739**	215,035
Cash and cash equivalents at end of financial year	9	**2,281,703**	1,203,739

The accompanying notes form part of these financial statements.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001.* The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australia dollars and all values are rounded to the nearest dollar.

The financial report of the Company was authorised for issue in accordance with a resolution of Directors on 19 January 2023.

The financial report of the Company complies with the Australian Accounting Standards, which include Australian Equivalents to International Accounting Standards ("AIFRS") in their entirety. Compliance with AIFRS ensures that the financial report also complies with International Financial Reporting Standards ("IFRS") in their entirety.

Reporting basis and conventions

The financial statements have been prepared under the historical cost convention, and on an accruals basis.

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

Critical accounting estimates

The preparation of the financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

2 Adoption of new and revised Accounting Standards and Interpretations

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting year. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the year.

3 Summary of Significant Accounting Policies

(a) Revenue and other income

Interest income

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

Other income

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

3 Summary of Significant Accounting Policies (continued)

(b) Going concern

For the year ended 30 June 2022 the Company reported a loss of $3,582,568 and net cash outflows from operating activities of $1,795,923. As at 30 June 2022 the Company is in a working capital deficit position of $674,640 and has cash and cash equivalents of $2,281,703. As the Company is in pre-revenue exploration phase, it is reliant on obtaining additional funding to continue its operations, meet its ongoing obligations and execute its strategy of listing on the LSE.

These conditions give rise to material uncertainty which may cast doubt over the Company's ability to continue as a going concern. The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the normal course of business.

The directors are aware the Company is reliant on capital raising and listing to ensure it can continue as a going concern. The company also has interim funding requirements in order to execute its strategy to complete the listing.

Consequently, subsequent to year end the Company was able to raise additional funds for its operating expenses. The funding was in the form of loan notes and have a maturity date of 28 February 2023. The directors are confident the listing will have occurred by this time and the notes will convert, alternatively the notes would be renegotiated to allow for the funds to continue to support the company until it lists.

If the listing is further delayed or the notes are called the Company will require additional funding for operations and to repay the loan notes. Should the Company's funding plans not be achieved and is unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report. This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classifications of liabilities and appropriate disclosures that may be necessary should the Company be unable to continue as a going concern.

(c) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to

3 Summary of Significant Accounting Policies (continued)

(c) Income tax (continued)

the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the year except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(d) Cash and cash equivalents

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

(e) Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(f) Property, plant and equipment

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

Depreciation is calculated using both straight line and diminishing value methods to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Fixed asset class	Diminishing value
Computer equipment	50%
Generator	10%
Office equipment	20%
Magnetic susceptibility meter	20%
Electric single phase core saw	33%

3 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment (continued)

Fixed asset class	Diminishing value
Vehicles	13%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Mineral exploration and evaluation expenditure

Mineral exploration and evaluation expenditure is written off as incurred or accumulated in respect of each identifiable area of interest and capitalised. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

- such costs are expected to be recouped through the successful development and exploitation of the area of interest, or alternatively by its sale; or

- exploration and/or evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active or significant operations in, or in relation to, the area of interest are continuing.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, accumulated costs carried forward are written off during the year in which that assessment is made. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Immediate restoration, rehabilitation and environmental costs necessitated by exploration and evaluation activities are expensed as incurred and treated as exploration and evaluation expenditure. Exploration activities resulting in future obligations in respect of restoration costs result in a provision to be made by capitalising the estimated costs, on a discounted cash basis, of restoration and depreciating over the useful life of the asset. The unwinding of the effect of the discounting on the provision is recorded as a finance cost in the income statement.

(h) Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets, other than goodwill, that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Fair value estimation

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods:

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure

3 Summary of Significant Accounting Policies (continued)

(i) Fair value estimation (continued)

purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use.

Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuer's may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuer's are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

(j) Employee benefits

Share based payments

Share based compensation payments are made available to Directors and employees.

The fair value of bonus shares issued has been recognised at the prevailing share price based on the latest capital raising event at the time of issue.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free rate for the term of the option. A discount is applied, where appropriate, to reflect the non-marketability and non-transferability of unlisted options, as the Black-Scholes option pricing model does not incorporate these factors into its valuation.

The fair value of the options granted is adjusted to reflect market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share based payments reserve relating to those options is transferred to share capital and the proceeds received, net of any directly attributable transaction costs, are

3 Summary of Significant Accounting Policies (continued)

(j) Employee benefits (continued)

credited to share capital.

Upon the cancellation of options on expiry of the exercise period, or lapsing of vesting conditions, the balance of the share based payments reserve relating to those options is transferred to accumulated losses.

(k) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(l) Issued capital

Ordinary shares are classified as equity.

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

(m) Convertible notes

Convertible notes are classified as debt and equity. The conversion event is anytime between the issue of the convertible notes and the expiry date.

On the 20 April 2022 the Company entered into an agreement to issue 2,250,000 convertible notes on 27 April 2022 as part of the tranche 1 pre-IPO capital raise. The convertible notes were issued at $1.00 with a conversion price of $1.50.

The face value of the convertible note has been discounted using the interest rate that would be applicable to a counterparty with the same credit risk without the conversion features. The difference between the face value of the convertible note and the discounted value is the value of the equity derivative (conversion option reserve) appearing in equity. The equity derivative is not re-measured each reporting date. The carrying value of the loan component accretes at the effective interest rate until at maturity is equals face value.

Interest is payable on the notes from the issue date of the note up to and including the date of redemption of conversion, accruing daily. Interest payable is classified as a liability.

Refer to Note 32 Events Occurring After the Reporting Date on extension of maturity date of the convertible notes held at year end.

(n) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

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

3 Summary of Significant Accounting Policies (continued)

(o) Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on a current or non-current classification. An asset is current when it is:

- Expected to be realised, or intended to be sold or consumed in the Company's normal operating cycle;
- Expected to be realised within twelve months after the reporting period; or
- Cash or a cash equivalents (unless restricted for at least twelve months after the reporting period.

A liability is current when it is:

- Expected to be settled in the Company's normal operating cycle;
- It is due to be settled within twelve months after the reporting date; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other assets and liabilities are classed as non-current.

(p) Comparative period

The company's current accounting period is the year ended 30 June 2022 and its comparative accounting year is from 1 July 2020 to 30 June 2021.

(q) New accounting standards and interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Company where the standard is relevant:

Standard Name	Effective date for entity	Impact
AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments	1 January 2022	Immaterial
AASB 2020-1 Amendments to Australian Accounting Standard - Classification of Liabilities as Current or Non-Current	1 January 2023	Immaterial
AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2023	Immaterial
AASB 2021-5 Amendments to Australian Accounting Standards - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	Immaterial

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - Accounting for capitalisation of exploration and evaluation expenditure

The Company's accounting policy is stated at 3(g). There is some subjectivity involved in the carrying forward as capitalised or writing off to the income statement exploration and evaluation expenditure. Key judgements applied include determining which expenditures relate directly to exploration and evaluation activities and allocating overheads between those that are expensed and capitalised.

Management give due consideration to areas of interest on a regular basis and are confident that decisions to either write off or carry forward such expenditure reflect fairly the prevailing situation.

The Company is compliant with AASB 6 Exploration and Evaluation of Mineral Resources and judgements are applied based on the standard as to when the expenditures in relation to exploration and evaluation activities shall be expensed or capitalised.

Key estimates - Accounting for share based payments

The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the equity instruments granted. Fair values of options issued are estimated by using an appropriate option pricing model. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised. See note 18 for details of inputs into option pricing models in respect of options issued during the reporting period.

The Black Scholes Model has been used by the Company, is a mathematical model for pricing options/ share based payments. It estimates the variation over time of particular financial instruments. The end result of using the Black Scholes Model is to derive the price of an option/share based payment at a particular date before vesting.

Key estimates - Accounting for convertible notes

The values of amounts recognised in respect of convertible notes have been estimated based on the face value of the convertible note, discounted using the interest rate that would be applicable to a counterparty with the same credit risk without the conversion features. There are many variables and assumptions used as inputs into the models. If any of these assumptions or estimates were to change this could have a significant effect on the amounts recognised.

Key estimates - Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Notes to the Financial Statements

For the Year Ended 30 June 2022

5 Revenue and Other Income

	2022 $	2021 $
Other Income		
Income from payable written off	-	850,000
Total	-	850,000

6 Results for the Year

Included in the statement of profit and loss are the following expenses:

	2022 $	2021 $
Administrative Expenses:		
Accounting fees	**195,294**	92,353
Audit fees	**97,374**	57,816
Director fees	**270,000**	347,500
Secretarial fees	**114,652**	27,637
Other	**26,515**	34,046
Total administrative expenses	**703,835**	559,352
Loss on loan conversion:		
Filumcinema Pty Ltd ATF the Filumcinema Trust	-	1,508,003
Total loss on loan conversion	-	1,508,003
Other Expenses		
Albury Gold Sale - Refund	**200,000**	-
Travel	**503,483**	180,952
Consulting	**884,147**	85,505
Legal Expenses	**198,725**	240,748
Other	**91,281**	-
Total Other Expenses	**1,877,636**	507,205

7 Finance Income and Expenses

	2022 $	2021 $
Interest expense	**32,486**	413,715
Total finance expenses	**32,486**	413,715

Notes to the Financial Statements

For the Year Ended 30 June 2022

8 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2022 $	2021 $
Current tax expense		
Prima facie tax loss from ordinary activities before income tax at 30% (2021: 30%)	**(1,074,770)**	(3,376,194)
Tax effect on non-deductible interest	**9,524**	121,265
Tax effect on entertainment	**24,000**	1,732
Tax effect on fines and penalties	**262**	127
Tax effect on accrued expenses	**14,946**	-
Tax effect on share based payments	**112,500**	-
Tax effect on exploration and evaluation expenditure	**-**	38,743
Tax effect on depreciation	**3,103**	-
Leave provisions	**9,621**	-
Deferred tax expense		
Tax effect on capital allowances deduction	**(2,865)**	-
Tax effect on accrued expenses	**(18,101)**	23,763
Tax effect on blackhole expenditure	**(135,998)**	40,660
Net deferred tax asset benefit not brought to account	**1,057,778**	3,149,904
Total income tax expense	**-**	-

8 Income Tax Expense (continued)

(b) Reconciliation of income tax to accounting profit:

Loss before income tax	**(3,582,568)**	(11,253,982)
Statutory tax rate (%)	**30**	30
	(1,074,770)	(3,376,194)
Add:		
Tax effect of:		
- non-deductible interest	**9,524**	121,265
- entertainment	**24,000**	1,732
- fines and penalties	**262**	127
- accrued expenses	**14,946**	23,763
- share-based payments	**112,500**	-
- exploration and evaluation expenditure	**-**	38,743
- blackhole expenditure	**-**	40,660
- depreciation	**3,103**	-
- Leave provisions	**9,621**	-
- Net deferred tax not brought to account	**1,057,778**	3,149,904
Less:		
Tax effect of:		
- Tax effect on capital allowances deduction	**(2,865)**	-
- accrued expenses	**(18,101)**	-
- blackhole expenditure	**(135,998)**	-
Income tax expense	**-**	-

9 Cash and Cash Equivalents

	2022	2021
	$	$
Cash at bank and in hand	**2,281,703**	1,203,739
Total Cash and Cash Equivalents	**2,281,703**	1,203,739

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

	2022	2021
	$	$
Cash and cash equivalents	**2,281,703**	1,203,739

Notes to the Financial Statements

For the Year Ended 30 June 2022

10 Trade and Other Receivables

	2022 $	2021 $
CURRENT		
GST receivable	**96,334**	52,110
Other financial assets	**1,146**	-
Albury Gold receivable	**-**	200,000
Impairment: Albury Gold	**-**	(200,000)
Total current trade and other receivables	**97,480**	52,110

11 Inventories

	2022 $	2021 $
CURRENT		
At cost:		
Drilling Consumables on Hand	**9,556**	-
Total Inventories	**9,556**	-

12 Prepayments

	2022 $	2021 $
CURRENT		
Prepaid Expenses	**77,957**	-
Total Prepayments	**77,957**	-

13 Loans and Advances

	2022 $	2021 $
CURRENT		
Advance Payment to Director	**35,815**	-
	35,815	-

14 Deposits

	2022	2021
	$	$
CURRENT		
Exclusivity deposit - CU River Mining Australia Pty Ltd	-	1,000,000
Less accumulated impairment	-	(150,000)
Current deposits	-	850,000

The above contract asset provided the Company exclusivity rights to negotiate the purchase of CU River Mining Australia Pty Ltd. The refund was received on 27 August 2021.

15 Property, plant and equipment

PLANT AND EQUIPMENT

	2022	2021
	$	$
Plant and equipment		
At cost	**8,967**	-
Accumulated depreciation	**(1,550)**	-
Total plant and equipment	**7,417**	-
Motor vehicles		
At cost	**63,070**	-
Accumulated depreciation	**(6,350)**	-
Total motor vehicles	**56,720**	-
Office equipment		
At cost	**2,876**	-
Accumulated depreciation	**(471)**	-
Total office equipment	**2,405**	-
Computer equipment		
At cost	**4,146**	4,146
Accumulated depreciation	**(2,175)**	(204)
Total computer equipment	**1,971**	3,942
Total plant and equipment	**68,513**	3,942
Total property, plant and equipment	**68,513**	3,942

16 Exploration, evaluation and development assets

	2022	2021
	$	$
Constance Range tenements	**5,331,557**	5,331,557
Capitalised exploration and evaluation expenses	**301,794**	301,794
Total exploration, evaluation and development assets	**5,633,351**	5,633,351

Reconciliation of the carrying amounts of exploration, evaluation and development assets at the beginning and end of the current financial year:

	$
2022	
Opening carrying amount	**5,633,351**
Additions	**-**
Disposals	**-**
Closing carrying amount	**5,633,351**
2021	
Opening carrying amount	5,460,699
Additions	172,652
Disposals	-
Closing carrying amount	5,633,351

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

17 Trade and Other Payables

	2022	2021
	$	$
CURRENT		
Trade payables	**897,999**	263,793
Other payables	**84,598**	94,722
Total current trade and other payables	**982,597**	358,515

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

18 Borrowings

	2022	2021
	$	$
CURRENT		
Unsecured liabilities:		
Insurance premium funding	59,895	-
Total current borrowings	**59,895**	-

Current borrowings are in respect of the insurance funding repayment payable for the provision of premium funding services provided.

19 Employee Benefits

	2022	2021
	$	$
Current liabilities		
Provision for annual leave	34,048	-
	34,048	-

20 Interest Payable

	2022	2021
	$	$
CURRENT		
Interest payable	31,748	-
Total interest payable	**31,748**	-

Interest payable is in respect to interest accrued on convertible notes at 8% p.a. Interest is payable on the convertible notes from the issue date of the note up to and including the date of redemption or conversion.

21 Convertible Notes

	2022	2021
	$	$
CURRENT		
Convertible notes	2,068,863	-
Total convertible notes	**2,068,863**	-

For detail regarding convertible notes refer to Note 3(m).

Interest payable on the convertible notes is disclosed as a liability (refer Note 20).

22 Financial Risk Management

The Company has exposure to a variety of risks arising from its use of financial instruments. This note presents information about the Company's exposure to the specific risks, and the policies and processes for measuring and managing those risks. The Board of Directors has the overall responsibility for the risk management framework and has adopted a Risk Management Policy.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance resources to finance the Company's current and future operations, and consideration is given to the liquid assets available to the Company before commitment is made to future expenditure or investment.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from transactions with customers and investments.

Cash Deposits
The Directors believe any risk associated with the use of predominantly only one bank is addressed through the use of at least an A-rated bank as a primary banker and by the holding of a portion of funds on deposit with alternative A-rated institutions. Except for this matter the Company currently has no significant concentrations of credit risk.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising any return.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Company holds financial instruments which are other than the AUD functional currency of the Company.

(ii) Interest rate risk

The Company is exposed to interest rate risk as funds are borrowed at floating and fixed rates. Borrowings issued at fixed rates expose the Company to fair value interest rate risk.

The Company's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings are therefore usually at fixed rates. At the reporting date, the Company is exposed to changes in market interest rates through its bank borrowings, which are subject to variable interest rates.

22 Financial Risk Management (continued)

Remaining contractual maturities

The following table details the Company's remaining contractual maturity for its financial instrument liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The table includes both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest rate	1 year or less	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Remaining contractual maturities
	%	$	$	$	$	$
Non-derivatives						
Non-interest bearing						
Trade payables	-	897,999	-	-	-	897,999
Other payables	-	84,598	-	-	-	84,598
Insurance premium funding	-	59,895	-	-	-	59,895
Total non-derivatives	-	1,042,492	-	-	-	1,042,492
Derivatives						
Convertible notes	8.00	2,372,299	-	-	-	2,372,299
Total derivatives		2,372,299	-	-	-	2,372,299

23 Issued Capital

	2022	2021
	$	$
Number of Ordinary shares: 66,633,164 (2021: 64,468,163)	**16,503,723**	14,123,724
Less: share issue costs	**(1,120,485)**	(859,514)
Total issued capital	**15,383,238**	13,264,210

(a) Ordinary shares

	2022	2022	2021	2021
	No.	$	No.	$
At the beginning of the reporting period	**64,468,163**	**14,123,722**	**40,990,000**	**3,489,680**
Shares issued during the period:				
Note conversion at $0.25	**-**	**-**	**8,808,160**	**2,202,040**
Share placement at $1.50	**430,001**	**645,002**	**-**	**-**
Share placement at $1.00	**1,735,000**	**1,735,000**	**2,194,000**	**2,194,000**
Share placement at $0.50 in lieu of loan repayment	**-**	**-**	**6,032,003**	**3,016,002**
Share placement at $0.50	**-**	**-**	**6,444,000**	**3,222,000**
At the end of the reporting period	**66,633,164**	**16,503,724**	**64,468,163**	**14,123,722**

Notes to the Financial Statements

For the Year Ended 30 June 2022

23 Issued Capital (continued)

(a) Ordinary shares (continued)

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Convertible notes reserve

	2022	2021
	$	$
At the beginning of the reporting period	-	257,630
Notes issued during the period:		
Convertible notes reserve	**181,137**	-
Notes converted during period	-	(257,630)
At the end of the reporting period	**181,137**	-

Interest payable on the convertible notes is disclosed as a liability (refer Note 20).

Interest on Tranche 1 pre-IPO convertible notes is payable on each note from the issue date of the convertible note up to and including the date of redemption or conversion, on the basis of a 365 day year, at the rate of 8% per annum, accruing daily and payable in AUD.

The maturity date for the Tranche 1 pre-IPO convertible notes is 28 February 2023 unless extended. If the Company determines (acting reasonably) that financial markets are not conducive to an IPO and provides written notice of such determination to the Noteholder by no later than the date which is 140 Days following the Commencement Date (Maturity Date Extension Notice), the Company may extend the Maturity Date (and the Conversion Period) by a further period of up to 12 months.

The Company may issue a conversion notice at any time between the issue of the convertible note and 28 February 2023 (unless extended). On conversion of the Tranche 1 pre-IPO notes, the Company must issue and allot to the noteholder the number of ordinary shares, calculated by dividing the principal amount of each note by $1.50, in full satisfaction of the principal amount and cash for any unpaid interest (unless the Company determines in its absolute discretion that the interest shall be capitalised and converted into ordinary shares on the same terms), plus any other outstanding moneys on the notes the subject of the conversion notice.

24 Share-based Payments

At 30 June 2022 The Company has the following share-based payment schemes:

During the year the Company granted 250,000 shares (2021: 6,2000,000 options granted over unissued shares).

During the year, the conditions of 250,000 rights as per their employment and service agreement were satisfied. The Company issued 1,325,000 shares on exercising the employee options/rights.

24 Share-based Payments (continued)

A summary of the Company options issued is as follows:

Grant Date	Expiry Date	Exercise price
08 March 2019		0.2000
18 June 2020		0.2500
16 February 2021	30 June 2024	0.1250
16 February 2021	30 June 2024	0.5000
30 April 2021	30 June 2021	-
30 May 2022	30 June 2022	-

The options granted on 8 March 2019 and 18 June 2020 have an exercise date being the 3rd anniversary of listing on either the Australian Stock Exchange or the London Stock Exchange.

100,000 options/rights have been granted subsequent to the balance date and up to the date of signing this report.
100,000 options/rights have been exercised subsequent to the balance date and up to the date of signing this report.

Subsequent to balance date no options have been cancelled on expiry of the exercise period.

The value of the options granted during the year was $ 375,000 (2021: $ 7,234,163). These values were calculated by using a Black-Scholes option pricing model applying the following inputs:

Grant date:	**08 March 2019**	**18 June 2020**	**16 February 2021**
Share price at grant date ($):	0.0001	0.25	1.00
Exercise price ($):	0.20	0.25	0.13
Weighted average life of the option (years):	3	4	3
Expected share price volatility:	109.70 %	109.70 %	271.10 %
Risk-free interest rate:	0.30 %	0.30 %	0.20 %
Fair value at grant date ($):	1	448,038	3,086,951
Option value ($):	2,000,000	612,500	387,500

Grant date:	**16 February 2021**	**30 April 2021**	**30 May 2022**
Share price at grant date ($):	1.00	1.00	1.50
Exercise price ($):	0.50	-	-
Weighted average life of the option (years):	3	-	-
Expected share price volatility:	271.10 %	- %	- %
Risk-free interest rate:	0.20 %	- %	- %
Fair value at grant date ($):	3,072,212	1,075,000	375,000
Option value ($):	1,155,000	-	-

The weighted average exercise price at the end of the year was $0.23 (2021: $0.24).

The expected share price volatility was calculated by determining the standard deviation of the option prices for the period.

The share price at 30 June 2022 was $1.50 (2021: $1.00).

25 Share Capital Reserve

	2022	2021
	$	$
Share capital reserve	-	1,075,000
Total Share Capital Reserve	-	**1,075,000**

The share capital reserve recognises where an entitlement to share capital in the Company has been established. Amounts are recognised in this account on an interim basis prior to the formal issue of share capital to the respective recipient.

26 Key Management Personnel Remuneration

The following persons were directors of the Company during the financial year.

(i) Chairman - non-executive
Adam Giles

(ii) Non-executive director
Lord Christopher Wellesley
Kenn MacMillan

(iii) Chief executive officer
Stephen Woodham (former - resigned 30 September 2021)
David McKenzie (appointed 1 July 2022)

There were no other persons employed by or contracted to the Company during the financial year, having responsibility for planning, directing and controlling the activities of the Company, either directly or indirectly. Key management personnel remuneration included within employee benefits expense and equity based remuneration expense for the period are shown below:

The totals of remuneration paid to the key management personnel of the Company during the year are as follows:

	2022	2021
	$	$
Short-term employee benefits	**703,360**	557,192
Post-employment benefits	**33,397**	10,835
Share-based payments	**375,000**	7,035,480
Total key management personnel remuneration	**1,111,757**	7,603,507

27 Dividends

No dividends were paid or proposed during the financial year ended 30 June 2022 (2021: nil).

The Company has no franking credits available as at 30 June 2022 (2021: nil).

28 Auditor's Remuneration

	2022	2021
	$	$
Remuneration of the auditor (Nexia Sydney Audit Pty Ltd), for:		
- Auditing or reviewing the financial statements	**97,374**	57,816
Total	**97,374**	57,816

29 Commitments

(a) Exploration

The Company has certain obligations to perform minimum exploration work on mineral leases held. These obligations may be varied as a result of renegotiations of the terms of the exploration licences or their relinquishment. The minimum exploration obligations are less than the normal level of exploration expected to be undertaken by the Company.

At as balance date, total exploration expenditure commitments on tenements held by the Company have not been provided for in the financial statements and amount to $119,000. This expenditure includes the following activities:

- Desktop studies;
- Reconnaissance mapping;
- Technical site program supervision and logistics;
- Sample collection and analysis;
- Site access and accommodation;
- Drill site preparation and mixed type sample drilling; and
- JORC resource estimation and preliminary feasibility studies

Minimum committed expenditure relates to EPM 26911, EPM 26611 and EPM 27431.

(b) Operating Lease Commitments

There are no material operating lease commitments as at 30 June 2022 (2021: nil) not otherwise disclosed in the financial statements.

29 Commitments (continued)

(c) Contractual Commitment

There are no material contractual commitments as at 30 June 2022 (2021: nil) not otherwise disclosed in the financial statements.

30 Contingencies

Contingent Liabilities

The Company had the following contingent liabilities at the end of the reporting period:

1. Failure to meet condition precedent as outlined in the Offtake Arrangements will result in the payment of the sellers' costs arising out of and incidental to the negotiation, preparation and execution of the Offtake Arrangements for the Central Norseman Iron Ore Project. As at 30 June 2022 the liability is approximately $165,000 for the abovementioned costs.

2. In the event of the Company not becoming listed on the London Stock Exchange, the Company will still need pay all out of pocket costs and expenses incurred by Optiva Securities Ltd which are reasonably and properly incurred in connection with the services provided for the Listing.

31 Related Parties

Transactions with Directors during the year are disclosed at Note 26 - Key Management Personnel.

There are no other related party transactions, other than those already disclosed elsewhere in this financial report.

32 Events Occurring After the Reporting Date

Capital Raising
The Company completed pre-IPO capital raises in November 2022, raising a total of $347,427 through the issue of 133,333 shares at $1.50 and 147,427 convertible notes issued at $1 with a conversion price of $1.50. The Company raised additional funds in December 2022, raising a total of $1,899,999 through the issue of 1,266,666 loan notes issued at $1.50 with a conversion price of $2.64.

Norsemen HOA
The board ratified the Heads of Agreement (HOA) on 20 January 2022 with Central Norseman Gold Corp Pty Ltd and Pangolin Resources Pty Ltd for the preparation of one or more final binding agreement encompassing and including but not limited to the Iron ore project.

The parties acknowledged and agreed on the 29 of April 2022 through a side letter that the HOA will be legally binding until the earlier of the sunset date, being 31 May 2022, and the date which a binding full-form agreement reflecting the terms of the HOA is entered into. An agreement was reached for a new cut-off date for the offtake and funding agreement of 28 February 2023.

The Company has continued its preparations for its proposed listing on the London Stock Exchange.

32 Events Occurring After the Reporting Date (continued)

Given that:

- The Company's rights under the Company's Offtake Arrangements are wholly-dependent on CNGC and Pangolin Resources' interests under the Mineral Rights Deed – Industrial Minerals entered into between CNGC, Pangolin Resources and Pantoro South Pty Ltd on 9 July 2019 (Mineral Rights Deed); and,

- Consequently, the Company's interests under the Company's Offtake Arrangements could be adversely affected by the acts or omissions of the counterparty to the Mineral Rights Deed with which Constance has no contractual nexus.

As part of finalising the Company's Offtake Arrangements prior to the Company's listing on the London Stock Exchange, CNGC, Pangolin Resources and Constance will enter into certain amendments to the Company's Offtake Arrangements to assist in addressing this risk (Offtake Amendments). The Offtake Amendments will operate such that in the event of any dispute between the parties to the Mineral Rights Deed as to whether or not the rights and obligations under the Company's Offtake Arrangements conflict with the terms of the Mineral Rights Deed, the Company will agree not to bring any claim against the Tulla Resources but rather to co-operate with Tulla Resources to resolve the dispute.

As part of the Offtake Amendments to the the Company's Offtake Arrangements, certain elements of the Company's funding under the the Company's Offtake Arrangements are also to be deferred or become refundable in connection with a dispute under the Mineral Rights Deed arising e.g. on the LSE Listing Condition being met, 50% of the $20 million in initial base milestone consideration for iron ore will be payable by the Company. Payment of the remaining $10 million will be deferred and contingent on a dispute under the Mineral Rights Deed not arising within 90 days of the LSE Listing Condition being met or if such a disputes does arise, the Company's Offtake Arrangements not being determined to be in conflict with the Mineral Rights Deed or otherwise unenforceable or void.

In circumstances where the Company's Offtake Arrangements are determined to be in conflict with the terms of the Mineral Rights Deed or otherwise unenforceable or void, under the Offtake Amendments, the Company's Offtake Arrangements would terminate and:

- Where the Company has funded the $42 million upfront funding contribution under the Company's Offtake Arrangements for project costs, CNGC and Pangolin Resources would be required to refund to the Company any unspent balance of that $42 million funding contribution; and

- Where the dispute arises within 90 days of the LSE Listing Condition being met, CNGC and Pangolin Resources would be required to refund the Company's 50% of the $10 million initial base milestone consideration paid by the Company on the LSE Listing Condition being met and the remaining $10 million in initial base milestone consideration would cease to be payable by the Company; provided that, in all circumstances, CNGC and Pangolin Resources would retain $5 million of the initial base milestone consideration and the $13.28 million (GBP£7.5 million at the Reserve Bank of Australia exchange rate as at 30 June 2022) in shares in the Company issued to CNGC and Pangolin Resources on the on the LSE Listing Condition being met.

Listing and Initial Public Offering

The Company is actively pursuing its listing on the London Stock Exchange and has engaged an experienced team of advisers:

- Lead manager/Broker: Optiva Securities Ltd

- Lawyer: Kingsley Napley LLP

- Accountant: Crowe U.K. LLP

32 Events Occurring After the Reporting Date (continued)

- Edison Group Ltd

The Company has lodged the prospectus with the Financial Control Authority (FCA) UK for approval. At this stage, the Company has a provisional listing date in early 2023 provided that the prospectus is approved by the UK listing Authority (UKLA).

Appointment of Officeholders

The company has appointed the following directors post 30 June 2022:

- David McKenzie appointed Executive Director on 1 July 2022

- Susan Prior appointed Non-Executive Director on 29 July 2022

Issue of Performance Rights to Directors

It was resolved at the Extraordinary General Meeting (EGM) held 23 September 2022 that members approved the issue of 11,500,000 performance rights to the directors of the Company. An additional 100,000 performance rights were issued to the Company's secretary.

Subsequent to year end the maturity date for the Tranche 1 pre-IPO convertible notes held at balance date was extended to 28 February 2023.

Except for the above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

33 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2022	2021
	$	$
Loss for the year	**(3,582,568)**	(11,253,982)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation expense	**10,342**	204
- share based payments	**375,000**	7,677,766
- loss on loan conversion	**-**	1,508,003
- loss on disposal	**-**	450,000
- interest expense	**-**	404,215
- other income - refund of investment	**-**	(850,000)
- impairment expense	**-**	350,000
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(45,370)**	-
- (increase)/decrease in inventory	**(9,556)**	-
- (increase)/decrease in loans/advances	**(35,815)**	-
- (increase)/decrease in deposits	**850,000**	(1,000,000)
- (increase)/decrease in prepayments	**(18,062)**	-
- increase/(decrease) in trade and other payables	**594,310**	235,141
- (increase)/decrease in interest	**31,748**	-
- increase/(decrease) in employee benefits	**34,048**	-
- (increase)/decrease in other assets	**-**	1,509
- increase/(decrease) in GST liability	**-**	(14,297)
- increase/(decrease) in accrued charges	**-**	68,374
Cashflows from operations	**(1,795,923)**	(2,423,067)

34 Statutory Information

The registered office and principal place of business of the Company is:

Constance Iron Limited (formerly Koch Metals Limited)
Level 13
68 York Street
Sydney NSW 2000

The lead manager of the Company is:

Barclay Pearce Capital
Level 17
115 Pitt Street
Sydney NSW 2000

The auditor for the Company is:

Nexia Sydney Audit Pty Ltd
Level 16
1 Market Street
Sydney NSW 2000

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2022 are in accordance with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the Company;

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

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

Director ....
Adam Giles

Director ....
Kenn MacMillan

Dated 19 Jan 2023

Nexia Sydney Audit Pty Ltd
Level 16, 1 Market Street
Sydney NSW 2000
PO Box H195
Australia Square NSW 1215
p +61 2 9251 4600
f +61 2 9251 7138
e info@nexiasydney.com.au
w nexia.com.au

Independent Auditor's Report to the Members of Constance Iron Limited (formerly Koch Metals Limited)

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Constance Iron Limited (formerly Koch Metals Limited) (the Company), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

i) giving a true and fair view of the Company's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

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

Basis for opinion

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

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

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

Material uncertainty related to going concern

We draw attention to Note 3(b) in the financial report, which indicates that the Company incurred a net loss of $3,582,568 during the year ended 30 June 2022 and had net cash outflows from operating activities of $1,795,923.

The Company is in the pre-revenue exploration phase and is reliant on a successful capital raising and listing to ensure it can continue as a going concern. Additionally, the Company addressed interim funding requirements by issuing loan notes to the value of $1,899,999. These notes have a maturity date of 28 February 2023.

As stated in note 3(b), these events or conditions, along with other matters as set forth in note 3(b), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information comprises the information in Constance Iron Limited (formerly Koch Metals Limited)'s annual report for the year ended 30 June 2022, but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Nexia

Nexia Sydney Audit Pty Ltd

Joseph Santangelo
Director

Dated: 19 January 2023