



# **ACDC METALS LIMITED AND CONTROLLED ENTITIES**

**ABN: 76 654 049 699**

**Financial Report For The Year Ended  
30 June 2023**

# ACDC METALS LIMITED AND CONTROLLED ENTITIES



ABN: 76 654 049 699

## Financial Report For The Year Ended 30 June 2023

| <b>CONTENTS</b>                                                         | <b>Page</b> |
|-------------------------------------------------------------------------|-------------|
| Corporate Directory                                                     | 1           |
| Chair and CEO letter                                                    | 2           |
| Directors' Report                                                       | 3           |
| Remuneration Report                                                     | 14          |
| Auditor's Independence Declaration                                      | 17          |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 18          |
| Consolidated Statement of Financial Position                            | 19          |
| Consolidated Statement of Changes in Equity                             | 20          |
| Consolidated Statement of Cash Flows                                    | 21          |
| Notes to the Financial Statements                                       | 22          |
| Directors' Declaration                                                  | 43          |
| Independent Auditor's Report                                            | 44          |
| Additional Information for Listed Public Companies                      | 50          |

**ACDC METALS LIMITED  
CORPORATE DIRECTORY**



**Directors**

|                      |                        |
|----------------------|------------------------|
| Andrew Shearer       | Non-Executive Chair    |
| Mark Saxon           | Executive Director     |
| Ivan Gerard Fairhall | Non-Executive Director |
| Richard Allan Boyce  | Non-Executive Director |

**Company Secretary**

Tamara Barr

**Registered Office**

Level 6  
111 Collins Street  
Melbourne Vic 3000

**Principal place of business**

Level 6  
111 Collins Street  
Melbourne Vic 3000

**Auditors**

Hall Chadwick (WA) Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

**Legal Advisers**

Steinepreis Paganin  
Level 6  
99 William Street  
Melbourne Vic 3000

**Share registry**

Automic Group  
Suite 501  
477 Collins Street  
Melbourne Vic 3000

**Securities Exchange**

Australian Securities Exchange Limited  
525 Collins Street  
Melbourne Vic 3000  
ASX Code: **ADC**

Dear Shareholder,

On behalf of the board of ACDC Metals ("ACDC of the Company"), it is with a solid sense of achievement that I present this year's Annual Report. The year ending 30<sup>th</sup> June 2023 was our first year as a publicly listed company, and one in which ACDC has taken significant steps towards delivering on its business strategy. Post ASX listing and under arguably challenging market conditions, ACDC Metals hit the ground running hard and immediately commenced implementation of its prospectus outlined activities at its projects in Central Victoria and we are pleased to have delivered regular and timely news on the Company's progress.

The ACDC Metals business strategy outlines the planning for development of our heavy mineral sand assets and rare earth element processing technologies.

The review of operations, included herein, provides the detail of achievements and activities completed during 2023 financial year in support of our plan. I am pleased to report that ACDC Metals has achieved all the milestones laid out in the IPO Prospectus and delivered better than expected results to date. The significant milestones include:

- Completion of an IPO, successfully raising \$8M, and being accepted onto the Australian Stock exchange.
- Complete operational setup of the company and engagement of key consultants, contractors and services.
- Full subscription to loyalty options in Q2 2023, with 1 for 2 options offered for investors at IPO.
- Completion of maiden drill program, including over 12,500 metres across all three projects.
- Engagement of Snowden Optiro and commencement of Maiden JORC resource.
- Preparation has commenced with scoping studies to further develop the Goschen central project and the Rare earth processing plant project.
- Localisation studies and road mapping of permitting pathways for the REPP project were commenced.

FY24 looks to build on the foundations of FY23, with a strong cash position and clear plan to execute on the Company vision. Scoping studies will be completed for both the Goschen Central Project and the Rare earth Processing Plant, coupled with delivery of our maiden JORC Resource. Further drilling is planned at Goschen Central Project to extend the infill drilling already completed, and to drill at the newly acquired Watchem North Project, where the company has reported significant results and, with further milestones to be achieved, there is much potential to develop a strong project.

The Board and Management team looks forward to reporting to you as we move forward with the delivery of our strategy to efficiently deliver tailored and robust mineral sands and rare earths projects, and on behalf of the Company team, we would like to extend our thanks for your continuing support.

Kind regards



Tom Davidson  
Chief Executive Officer

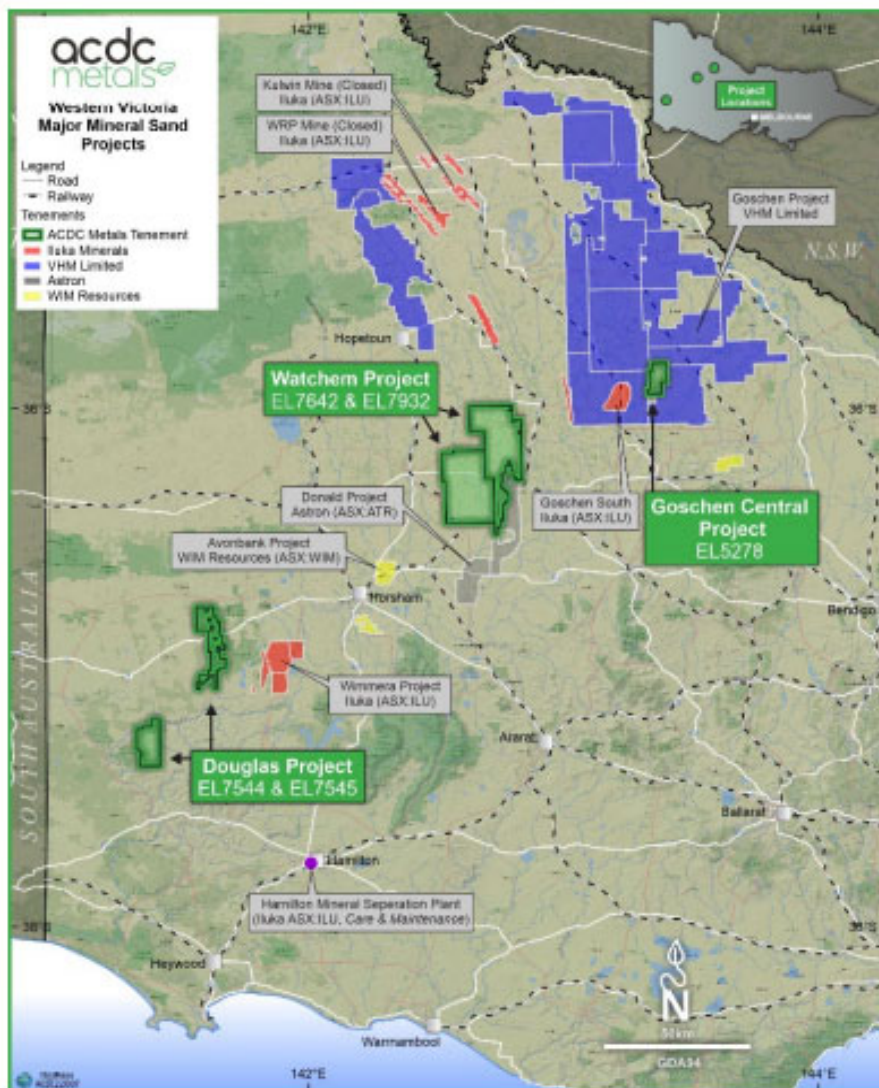


Andrew Shearer  
Non-Executive Director & Chair

## Review of Operations

ACDC's first year of operation has aligned with the strategy outlined in the prospectus, which included the completion of a successful IPO and listing onto the ASX, a drill program designed to enable the board to evaluate its projects and determine a project of focus, begin work producing a JORC resource at Goschen Central and to further develop its rare earth extraction technology.

In January 2023 \$8M was successfully raised and ACDC was accepted onto the Australian stock exchange on the 17th. The drill program that was approved by the board commenced in February and was completed in May totalling approximately 13,000 metres across the three projects. With all samples obtained from the drill program sent to laboratories in Perth and Adelaide, Snowden Optiro were also engaged to begin preparing the maiden JORC resource for Goschen Central. For the development of the rare earth processing plant, environmental road mapping and localisation studies were scoped and prepared for commencing in FY24.



**Figure 1** Overview of ACDC Metals tenements

During the year, ACDC completed the planned aircore drill program across all three projects with all material delivered to Diamantina Laboratories in Perth, and with partial results received. The drill program was executed on budget and achieved the intent of enabling the exploration team to evaluate the mineral sand potential of the tenements. The summary of the drilling completed in table 1.

**Table A: Summary of Drilling**

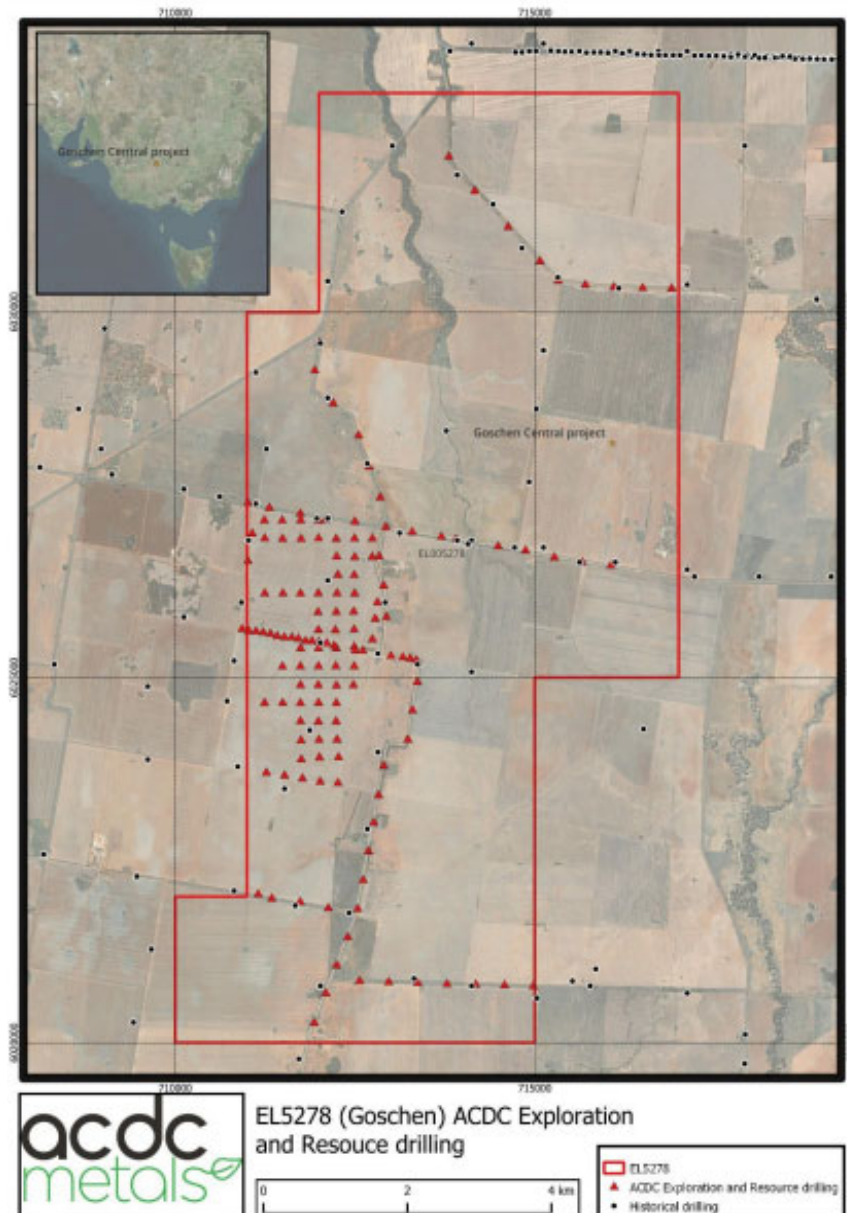
| Project         | Tenement Number | Holes completed | Metres completed |
|-----------------|-----------------|-----------------|------------------|
| Goschen Central | EL 5278         | 141             | 6,965            |
| Watchem         | EL7642          | 78              | 3,530            |
| Douglas         | EL7544          | 43              | 2,116            |
| Total           |                 | 262             | 12,611           |

### **Goschen Central Project Drilling**

The initial phase of drilling at Goschen Central focused on follow up of historical CRAE drilling completed in the 1980's and 1990's. The discovery drilling covered the entire tenement and identified key areas of interest where a targeted drilling campaign was completed in April.

Assay results and grain count mineralogy of the discovery program were received from the laboratory in June and released to the market. The initial mineralogy results were very positive, and are expanded upon below. Additional composited samples were assembled and sent to Bureau Veritas in Adelaide in June for further mineralogical analysis and provide full assemblage and report total rare earth oxides.

A maiden resource at Goschen Central is targeted for Q3 2023.



*Figure 2 Goschen Central Project exploration drilling plan*

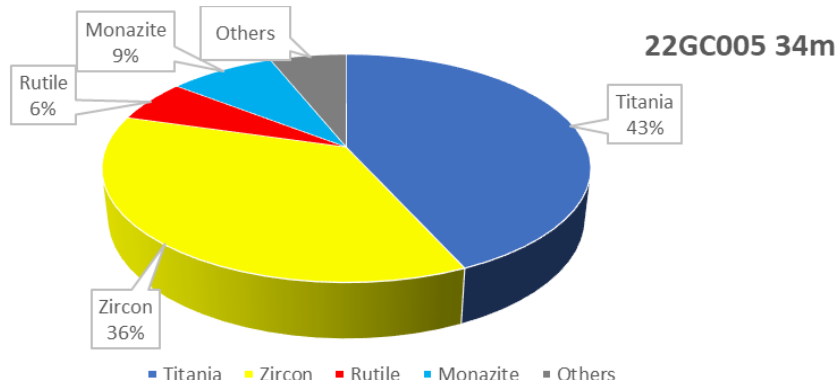
### **Mineralogical Study Highlights Goschen Central as Exceptional Mineral Sands Project**

During the June quarter results from the first mineralogy study (ASX 13 June 2023) were reported for aircore drill samples from the Goschen Central project. These initial results indicated a very high value mineral assemblage including exceptional grades of the rare earth element mineral, monazite.



### Goschen Central Shapes Up As Exceptional Mineral Sands Project

The results (see Figure 5 and Table 1) indicate a very high value mineral assemblage including exceptional grades of the rare earth element (REE) mineral monazite. The results provide strong support for ACDC Metal's business strategy of pairing mineral sand mining with downstream extraction of REE from monazite within Australia.



**Figure 5** Component mineralogy of sample 22GC005 34-34m. note numbers have been rounded for ease of display – see appendix one for complete mineralogical analysis. This is not a full characterisation of the Goschen Central project, further analysis is ongoing.

**Table 1** - Summary mineralogy of selected samples. The full mineralogical analysis was published in ASX announcement on 13 June 2023

| Sample     | Hole ID | Interval | HM Grade | Zircon | Monazite | Rutile | Titania | Other |
|------------|---------|----------|----------|--------|----------|--------|---------|-------|
| 22GC005-34 | 22GC005 | 33-34m   | 2.65%    | 35.98% | 8.32%    | 6.64%  | 43.31%  | 5.75% |
| 22GC005-36 | 22GC005 | 35-36m   | 1.97%    | 37.35% | 9.65%    | 6.91%  | 39.29%  | 6.80% |

ACDC Metals CEO Tom Davidson commented on the mineralogy results: **“The initial mineralogical results are exceptional and indicate that Goschen Central may sit amongst the top tier of global heavy mineral projects by value of its heavy mineral sand assemblage. Most abundant heavy minerals are the high value monazite, zircon and rutile which should be very positive for the future economics of the project.”**

To date mineralogical analyses have been reported for an initial two samples, 22GC005-34 and 22GC005-36 from hole 22GC005 at intervals 33-34m and 35-36m respectively. These samples contain 2.65% and 1.97% total heavy minerals as reported on the 5th of June. The samples were selected from a central position in the mineralised zone. Whilst not intended to characterise the entire mineralised system, due to the nature of mineral sands deposits the Company believes it provides a good guide on deposit mineralogy. Further mineralogical studies are being completed to accurately characterise mineralogy across the project area.

Samples were analysed by specialist mineralogists at Diamantina Laboratories in Perth, Australia. The long lead time to receive results was due to completion of confirmatory secondary analyses, following the extremely high values observed in the primary analysis.

### Heavy Mineral Sands basket price

The quality of a Heavy Mineral (HM) deposit is a function of the total heavy mineral (THM) content and the percentage of valuable heavy minerals (VHM) within the THM fraction. The two Goschen Central samples show almost all heavy minerals (average 92%) are 'valuable', and that the valuable products are rich in the higher value zircon, rutile and monazite. The results compare favourably (Figure 2) to other ASX listed heavy mineral sand companies, refer to table 2.

**Table 2:** Benchmarking mineral assemblage

| Deposit                   | Company                    | Definition | THM (%) | Zircon (%) | Rutile (%) | Titania (%) | Monazite (%) |
|---------------------------|----------------------------|------------|---------|------------|------------|-------------|--------------|
| Goschen <sup>1</sup>      | VHM Limited                | Resource   | 2.9     | 20.2       | 9.6        | 32.3        | 3.3          |
| Donald <sup>2</sup>       | Astron Corporation Limited | Resource   | 4.6     | 18.0       | 8.8        | 49.0        | 2.0          |
| Eucla Basin <sup>3</sup>  | Iluka Resources Limited    | Resource   | 4.8     | 25.0       | 3.0        | 56.0        | -            |
| Murray Basin <sup>4</sup> | Iluka Resources Limited    | Resource   | 17.2    | 11.0       | 13.0       | 54.0        | -            |
| Goschen Central           | ACDC Metals Ltd            | Sample     | 1.97    | 37.35      | 6.91       | 39.29       | 9.65         |

<sup>1</sup>Refer to ASX release, VHM Limited, Goschen Project DFS Refresh deliver NPV of approximately A\$1.5 billion and 44% IRR, AppD: Area 1 and 3 – JORC Table, Mineral Resources as at 30 June 2021, 28 March 2023

<sup>2</sup>Refer to ASX release, Astron Corporation Limited, Donald Rare Earth and Minerals Sands Project Phase 1 Definitive Feasibility Study, 25 April 2023

<sup>3</sup>source: -<https://iluka.com/media/m2cbzm3w/2020-ore-reserve.pdf>

<sup>4</sup>source: -<https://iluka.com/media/m2cbzm3w/2020-ore-reserve.pdf>

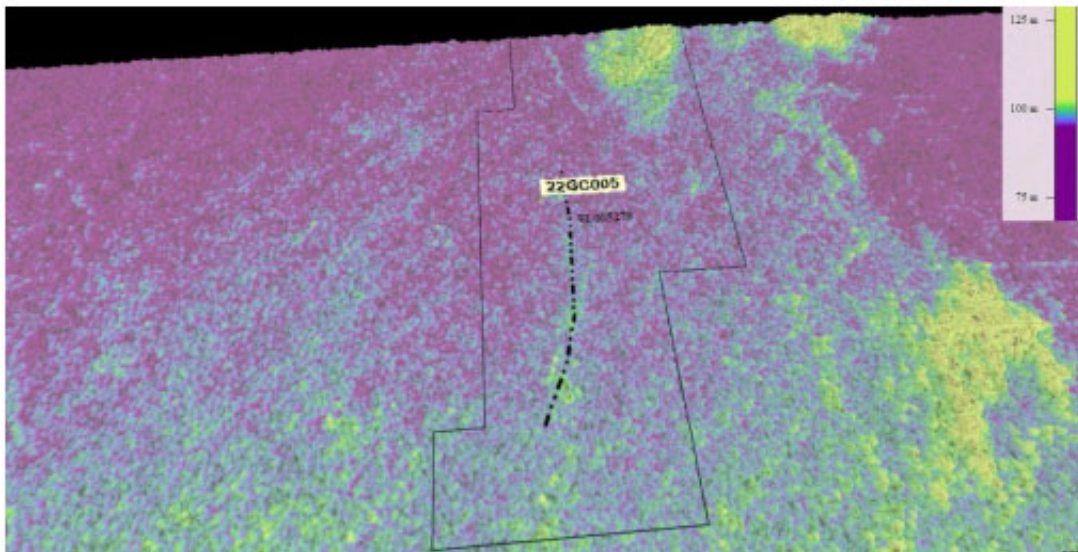


Figure 6 3D view of the interpreted basement feature in the Digital Elevation Model from NASA. Colour stretch range is 96-103m RL.

#### Watchem Project Drilling

Watchem drilling targeted strandline style HMS mineralisation identified by past drilling. Mineralisation was identified in line with historical reports. Assaying and mineralogical analyses are currently underway and will be released to the ASX when received.

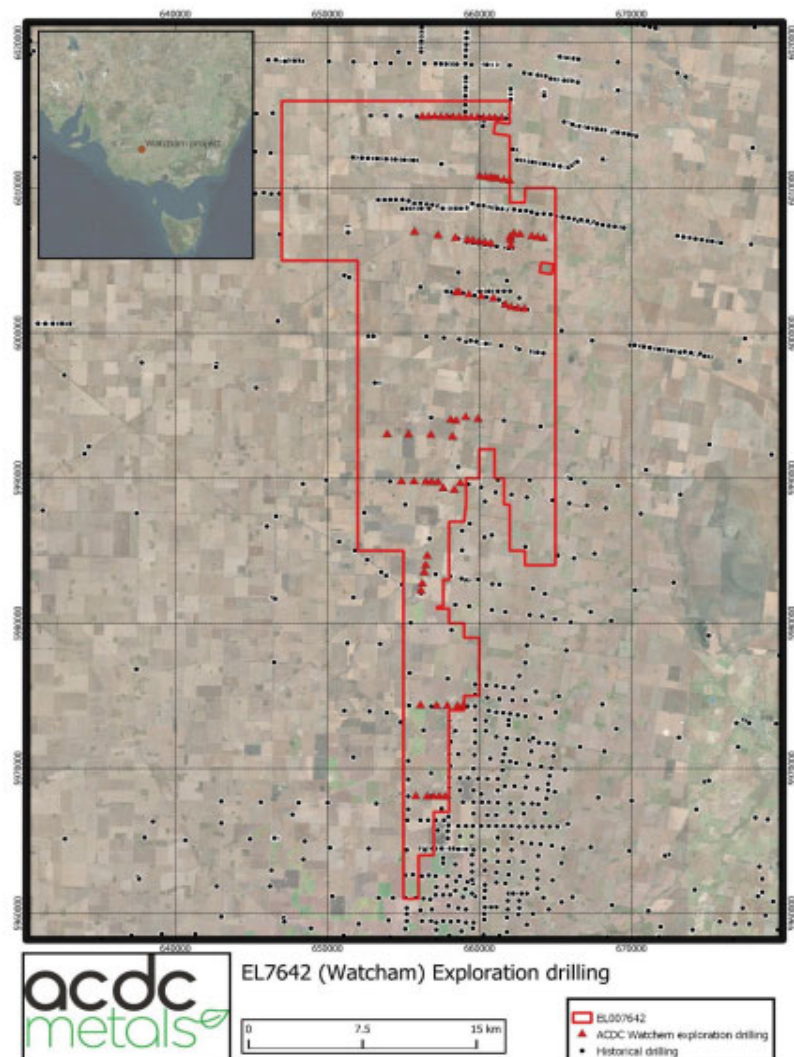


Figure 3 Watchem exploration drilling plan

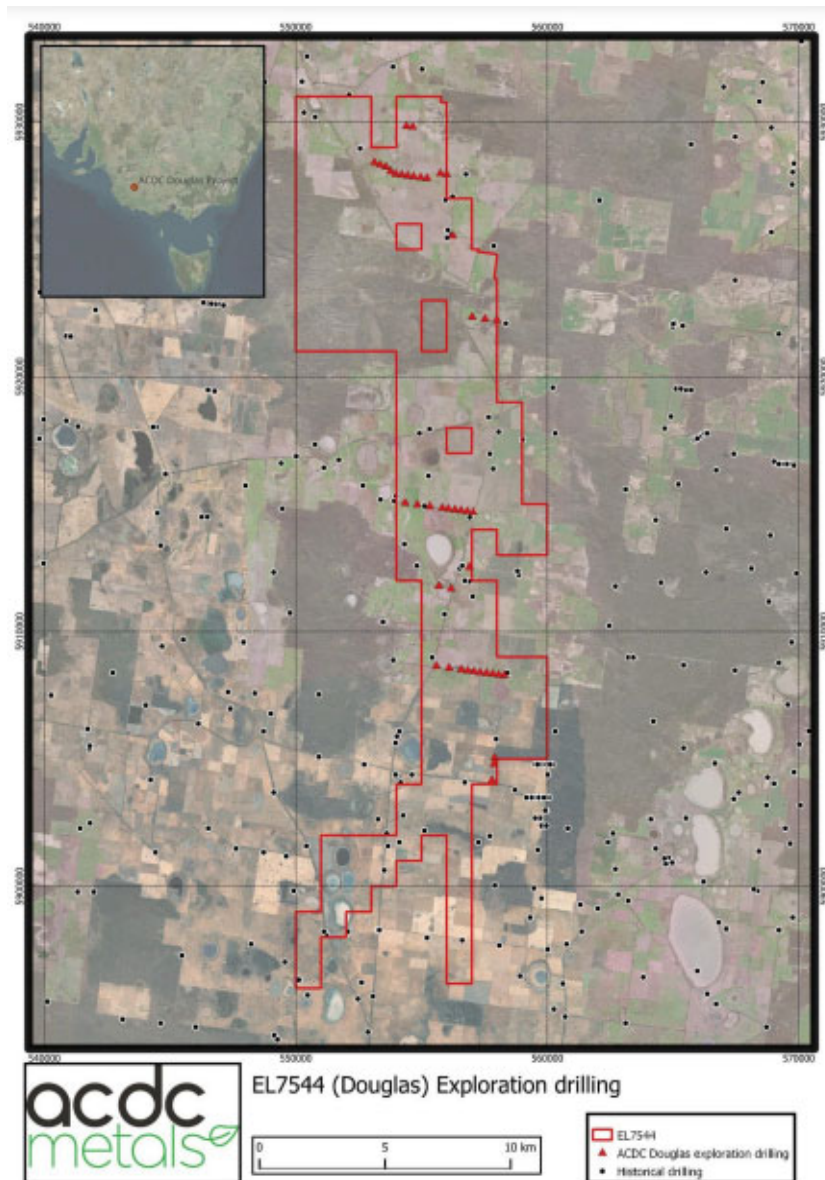


### **Douglas Project Drilling**

Douglas drilling was conducted in April and May 2023 and targeted historical results that suggested the presence of a heavy mineral strandline. Assaying and mineralogy are underway and will be released to the ASX in due course.

### **Headland deposit model – further discussion on the Goschen Central project**

The Goschen Central project was selected by ACDC Metals for its potential to host a high value heavy mineral sand assemblage due to its proximity to source granitic rocks that are high in zircon and monazite. Early in the exploration program at Goschen Central, ACDC Metals geologists observed that higher grades exhibited in field drill logging occur proximal to a complex basement area, interpreted to be a headland feature (Figure 6). The Company interprets the subtle feature to reflect basement topography that has controlled mineral sand deposition and reworking. During mineral sand deposition, additional wave action may have concentrated heavy minerals directly against a granite headland resulting in the high grades that are now being observed by ACDC Metals.



**Figure 4** Douglas exploration drilling plan

Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of ACDC Metals Limited and its controlled entities for the financial period ended 30 June 2023.

## **General Information**

### **Directors**

The following persons were directors of ACDC Metals Limited during or since the end of the financial year up to the date of this report:

**Andrew Shearer**  
**Appointed 28 September 2021**  
**Non-Executive Chair**

Andrew is a seasoned executive with 28 years' experience in the resource and finance sectors, with an ability to combine technical, management, strategic and financial experience. More recently he has specialised in setting strategy and creating companies, raising capital and executing value generating opportunities. Currently operating at the Chair and Director level across several, ASX listed, resources companies, in both executive and non-executive roles.

Establishing his career in the resources industry, Andrew has held technical and senior management roles with Mount Isa Mines Limited, Glengarry Resources Limited and the South Australian Government. Before moving into the finance sector in analyst roles, then transitioning into corporate advisory. Past and present board roles include, Andromeda Metals (ADN), Resolution Minerals (RML), Okapi Resources (OKR), Osmond Resources (OSM) and Investigator Resources (IVR).

Andrew holds a bachelor's degree in Geology from University of South Australia, Honours in Geophysics from Adelaide University and an MBA from the University of Adelaide.

Mr Shearer is regarded as an independent director of the Company.

#### **Other current directorships of listed companies**

Investigator Resources Limited - appointed 14 July 2020

Osmond Resources Limited - appointed 15 September 2021

#### **Former directorships of other listed companies (last 3 years)**

Okapi Resources Limited - resigned 10 May 2021

Andromeda Metals Limited - resigned 24 August 2022

Resolution Minerals Limited - resigned 28 September 2022

**Mark Saxon**  
**Appointed 28 September 2021**  
**Executive Director**

Mr Mark Saxon brings thirty years of experience in the resources industry, representing junior and senior companies in Australia, Canada and Europe. An Honours BSc graduate in Geology from the University of Melbourne, he received a Graduate Diploma of Applied Finance and Investment in 2007. He is a fellow of the Australasian Institute of Mining and Metallurgy and member of the Australian Institute of Geoscientists.

Mr Saxon's experience covers most facets of the exploration and mining business in a wide range of geological environments, with a particular focus on discovery, processing, marketing and the political context of critical raw materials. In recent years he was founder, Director and CEO of Tasman Metals Ltd (TSX.v) and Leading Edge Materials Corp (TSX.v). He is currently an executive director of Medallion Resources Ltd (TSX.v), CEO and President of T2 Metals Corp (TSX.v), and a director of Energy Transition Minerals (ASX).

Mr Saxon is not regarded as an independent director of the Company.

#### **Other current directorships of listed companies**

Medallion Resources Limited (TSX) - appointed 1 August 2020

Greenland Minerals Limited (ASX) - appointed 1 August 2022

T2 Metals Corp (TSX) - appointed 1 August 2022

Energy Transition Minerals Limited - appointed 1 July 2021

#### **Former directorships of other listed companies (last 3 years)**

Leading Edge Material Corp (TSXV) - resigned April 2020

**Ivan Gerard Fairhall**  
**Appointed 15 August 2022**  
**Non-Executive Director**

Ivan Fairhall is a chartered engineer and mine finance professional with over 15 years of mining industry experience.

Ivan is an experienced mining executive in the junior space, both on the corporate side, and as Senior Investment Manager at a London based mining private equity fund. His experience is almost exclusively on development stage companies, moving them up the development curve, and spans the commodity and geographic spectrum. He has sat on listed and unlisted company boards, and on project level steering groups. His earlier career roles were design, construction and commissioning of minerals processing plants.

Ivan brings to the ACDC board senior level mining experience across a broad suite of commodities from exploration through commissioning and into production, helping bridge technical considerations with corporate strategy.

Mr Fairhall is regarded as an independent director of the Company.

**Other current directorships of listed companies**

Pivotal Metals Limited - appointed 19 September 2023

**Former directorships of other listed companies (last 3 years)**

Northern Vertex Corp (NEE:TSXV) - resigned 16 February 2021

Mawson Gold Ltd (MAW:TSX) - resigned 21 March 2023

Richard Boyce is also nominated to join the board of ACDC as Non-Executive Director. Mr Boyce is a practicing Chartered accountant and tax agent for over 25 years. He holds a master's in financial planning, AICD member and subject matter expert in Family Offices, Private Investment Capital and Governance. Richard has worked with leading high growth UHNW entrepreneurial families throughout the Asia. Richard is a former Private Client Tax Partner with EY, led the EY ASIA Pacific Family Office Practice and co-author of the EY Global Family Office Leading Practice Guide. He is an academic director of the global Family Firm Institute (FFI) based in Boston, a strategic consultant to Family Business Australia and NZ (FBANZ), Former Chair of RMIT University School of Accounting industry group, and current independent board member to UHNW generational family enterprises.

Richard brings to the ACDC Board extensive experience in governance, capital markets and financial management.

Mr Boyce is regarded as an independent director of the Company.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

N/A

Mr Burrowes was a director of ACDC Metals Ltd. for a limited period of time during its formative stages. He has some 40 years' experience in the finance and resources sector at managerial and director level on various ASX listed junior resources companies. He remains active in mineral exploration privately with a bias to gold and mineral sands, but including kaolin and rare earths.

After graduation Tom worked at Coopers & Lybrand, for a Member of Parliament, at the Eneabba mineral sands mine and at Metals Exploration Ltd. He then worked in mining analysis, funds management and was an institutional stockbroker in London, prior to completion of an M.B.A. His career as a director of ASX listed resources companies includes Carr Boyd Minerals (1987), VAM Ltd (operator of the Hillgrove gold/antimony mine) in 1988-90, Perseverance Corp 1989-90, Exec Chairman of Bendigo Mining (1992-1995), Exec Director of New Hampton Goldfields 1996-2000, CEO of Buka Minerals Ltd (2000-2003). He oversaw the IPO of Stellar Resources as Executive Chairman (2004-2009) remaining a non-executive director until 2014. He was a non-executive director of Rimfire Pacific 2010-2015.

In parallel with these public company involvements, he has explored privately, mostly in Victoria and N.S.W., including creating the Four Eagles Gold Project as new discovery through Providence Gold and Minerals Pty. Ltd.

Mr Burrowes was regarded as an independent director of the Company.

**Other current directorships of listed companies**

N/A

**Former directorships of other listed companies (last 3 years)**

N/A

**Richard Allen Boyce**  
**Appointed 15 August 2022**  
**Non-Executive Director**

**Thomas Burrowes**  
**Resigned 15 August 2022**  
**Non-Executive Director**

**Michael Hudson**  
**Resigned 15 August 2022**  
**Non-Executive Director**

Mr Hudson is a geologist, explorationist, entrepreneur and Company Director. During the last 30 years he has developed and financed mineral exploration properties worldwide, including exploration to pre-feasibility projects with a focus on critical metals (cobalt, REE, graphite). He graduated from the University of Melbourne in 1990 with a B.Sc. (Hons 1st) in Geology and later received the Tolhurst Noall Prize for "Mining Investment Analysis" in Victoria, Australia for the FINSIA Graduate Diploma. Starting his career in Broken Hill in 1990 underground for three years with Pasminco Ltd, he spent ten years exploring or developing projects worldwide from exploration to pre-feasibility projects in Pakistan, Australia and Peru. Moving into the Canadian capital markets 20 years ago, he has raised more than A\$200M for exploration and project development in Australia, Peru, Finland, Spain, Portugal, Sweden and Ireland. Discoveries or projects significantly advanced include: Broken Hill (The Pinnacles and Western A-Lode – zinc, lead), Pakistan (Duddar- zinc), Peru (San Martin- copper-silver, Accha/Bongara – zinc, vendor and royalty holder of the Ayawilca Zn deposit ), Olary (Portia - gold, Benagerie Ridge – copper-gold), Sweden (Norra Kärr – heavy rare earths, Woxna – graphite, Vargbacken - gold), Finland (Rompas-Rajapalot – gold-cobalt), Victoria (Sunday Creek discovery - gold-antimony). He is a Fellow of the Australasian Institute of Mining and Metallurgy and Member of both the Society for Economic Geologists and Australian Institute of Geoscientists.

Mr Hudson was regarded as an independent director of the Company.

**Other current directorships of listed companies**

Mawson Gold Ltd (MAW:TSX) - appointed 30 March 2004  
Hannan Metals Ltd (HAN:TSXV) - appointed 6 January 2017  
Sixty Six Capital Inc (SIX:CSE) - appointed 6 June 2018  
Southern Cross Gold Ltd (SXG:ASX) - appointed 21 July 2021

**Former directorships of other listed companies (last 3 years)**

N/A

**Company Secretary**

**Tamara Barr**  
**Appointed 28 September 2021**

Tamara is a highly experienced ASX company secretary with over 16 years' experience practising as a Company Secretary and Corporate Governance Advisor across a variety of sectors and industries. She has worked predominantly in Australia, as well as in the UK and Europe, providing company secretarial advice and service to ASX listed, Public and NFP companies. Tamara is Managing Director of corporate services firm, Clear Sky Blue, where she works closely with boards to enhance their corporate governance procedures. Tamara is an Affiliated Member Company Secretary (GIA).

**Shareholdings of directors and other key management personnel**

The interests of each Director and other key management personnel, directly and indirectly, in the shares and options of the Company at the date of this report are as follows:

|                      | Date of this report |               | 30 June 2023    |               |
|----------------------|---------------------|---------------|-----------------|---------------|
|                      | Ordinary Shares     | Share Options | Ordinary Shares | Share Options |
| Andrew Shearer       | 3,094,141           | 2,797,071     | 3,094,141       | 2,797,071     |
| Mark Saxon           | 3,225,824           | 4,335,824     | 3,225,824       | 4,335,824     |
| Ivan Gerard Fairhall | 215,940             | 657,970       | 215,940         | 657,970       |
| Richard Boyce        | 1,201,727           | 600,000       | 1,201,727       | 600,000       |
| Thomas Davidson      | 100,000             | 650,000       | 100,000         | 650,000       |

**Meetings of directors**

During the financial year, 9 meetings of directors were held.

Attendances by each director during the year were as follows:

Andrew Shearer  
Mark Saxon  
Ivan Gerard Fairhall\*  
Richard Boyce\*  
Michael Hudson\*\*  
Tom Burrowes\*\*

| Directors' Meetings |                 |
|---------------------|-----------------|
| Number eligible to  | Number attended |
| 9                   | 9               |
| 9                   | 9               |
| 8                   | 8               |
| 8                   | 8               |
| 1                   | 1               |
| 1                   | 1               |

\* Appointed 15 August 2022

\*\*Resigned 15 August 2022

### **Principal Activities and Significant Changes in Nature of Activities**

ACDC is a mineral exploration company incorporated with the aim of undertaking mineral exploration and resource development, focusing on heavy mineral sands projects located in Victoria, Australia, with the ultimate goal of producing heavy mineral sands (HMS) products and rare earth elements (REE) from its Victorian assets, and further developing its licenced rare earth extraction technology.

### **Group Operating Results**

The consolidated loss of the Group after providing for income tax amounted to \$1,121,815. (2022: loss of \$216,490).

### **Financial Position**

The net assets of the Group have increased by \$10,637,600 from \$422,937 as at 30 June 2022 to \$11,060,537 as at 30 June 2023.

### **Dividend Paid or Recommended**

No dividends have been declared or paid during the financial period

### **Matters Subsequent to the End of the Financial Year**

On 15 August 2023, the Company announced that they had entered into a Joint-Venture with Oro Plata, where it had been agreed that a total of \$111,140 in cash payments will be made over a four year period at agreed milestones. Tenements included are EL7987 and EL 7985, which adjoin EL7642 (Watchem Project) to the north, along with exploration licence applications EL7907 and EL7908 which surround the Company's Douglas Project, EL7544.

On 19 August 2023, the Company announced that 325,000 fully paid ordinary shares were released from escrow and quotation of those shares were sought after on that day.

On 18 September 2023, the Company issued 1,075,000 Performance Rights with a vesting date of 30 June 2024. Listed below details of the

- 600,000 performance rights issued to Thomas Davidson with the following vesting conditions
  - 35% will vest on the execution of certain Board approved work programs (including scoping studies, testwork programs and drill programs).
  - 30% will vest pursuant to zero lost time or environmental management.
  - 35% will vest at the discretion of the Board
- Total of 475,000 performance rights issued to 2 consultants with the following vesting conditions:
  - 30% will vest on the execution of certain Board approved work programs (including drill programs).
  - 30% will vest pursuant to zero lost time or environmental management.
  - 40% will vest at the discretion of the Board

### **Outlook and Key Business Strategies and Prospects**

The last 12 months, saw ACDC complete the IPO and successful raise \$8M dollars and list on the ASX. ACDC Metals met the aspirations and plans laid out in the Company's prospectus and the resulting assay results and assemblage results have been exceptional and beaten expectations very pleasingly. Ahead of a maiden JORC compliant mineral resource estimate (MRE), anticipated for Q3 2023, further results from all three projects remain pending. Should the results report similarly to the initial results from both assay and mineralogy, ACDC Metals will be on track to deliver a very promising MRE both high in grade as well as assemblage of the important and valuable heavy minerals (HM) that are essential for the EV transition and for which global demand and price is healthy. The Board looks forward to delivering ACDC's maiden Mineral Resource Estimate for Goschen Central as a globally attractive resource on a comparative basis.

In the next financial year ACDC Metals will deliver final assay results from Diamantina Laboratories. The delivery of the JORC resource will follow with the commencement of a scoping study for the mineral sands plant.

The rare earths processing plant (REPP) project will also commence, with a localisation study being undertaken to identify a suitable location in eastern Australia along with the base case for product suite.

### **Forward Looking Program**

- Delivery of JORC Resource at Goschen Central Project (EL5278)
- Commence scoping study of Mineral sand plant (MSP) at Goschen central
- Commence scoping study of Rare earth processing plant (REPP), utilising the Medallion Monzite Process (MMP)
- Complete next phase of drilling
- Update JORC resource for Goschen Central Project (EL5278)



*Key Business Risks*

**Risk Category**

**Risk**

|                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|---------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Limited history                 | The Company has limited operating history and limited historical financial performance. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements or the development of the MMP Technology. Until the Company is able to realise value from its Projects or the MMP Technology, it is likely to incur ongoing operating losses.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Contractual Risk                | <p>The Company's interests in the Projects and the MMP Technology are subject to contracts with Providence, Oro Plata, the Fish Hawk Vendors and Medallion. The ability of the Company to achieve its stated objectives will depend on performance by the parties of their obligations under the Acquisition Agreements and the Medallion Licensing Agreement.</p> <p>If the Company is unable to satisfy its undertakings under these agreements, the Company's interests in their subject matter may be jeopardised. If any party defaults in the performance of their obligations, it may be necessary for the Company to approach a court to seek a legal remedy, which can be costly.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| MMP Technology                  | <p>The MMP Technology has been tested to bench scale and is now in pre-pilot stage and has not been proven at a commercial scale.</p> <p>The initial testing activities planned to be conducted will be of a confirmatory nature to establish the efficacy of the MMP Technology on resources originated from south-eastern Australian HMS, which will enable MMP Technology's operating parameters and conditions to be fine-tuned to the specific requirements of both the Company's Projects' monazite and potential feedstock from third parties seeking to utilise the technology. There is a possibility that the MMP Technology may not be suitable for monazite sourced from the Company's Projects and resources originated from south-eastern Australian HMS.</p> <p>Additionally, further laboratory and engineering studies are required to advance the MMP Technology to higher readiness levels, which are likely necessary to support the financing or successful commercial development of a MMP Technology plant. There is no certainty the results of such work will validate the results achieved to date. Any proposed development will be subject to risks usual with this type of development including but not limited to scale up risk, cost increases and commissioning risks.</p> |
| LAD Technology                  | <p>Pursuant to the Medallion Licensing Agreement, Medallion and ACDC have agreed to collaborate on advancing REE separation using the LAD Technology or other suitable technology to process mixed REE concentrate, on terms that would be set forth in a separate agreement.</p> <p>There is no guarantee that ACDC and Medallion will enter into a formal and binding agreement to fully document the terms of the collaboration between the parties and the collaboration between ACDC and Medallion to advance the LAD Technology may never eventuate.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Exploration and operations      | The Tenements comprising the Projects are at various stages of exploration, and prospective investors should understand that mineral exploration and development are high-risk undertakings. There can be no assurance given that the exploration activities conducted by the Company will result in the discovery of mineral deposits of sufficient size and/or scale to warrant production or that, should the Company locate such a deposit, it will be in a position to commence production activities in a reasonable period of time, if at all.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Access and Third Party Interest | A number of the Tenements respectively overlap certain third party interests that may limit the Company's ability to conduct, exploration and mining activities. There is a substantial level of regulation and restriction on the ability of exploration and mining companies have access to land in Australia. Inability to access, or delays experienced in accessing, the land may impact on the Company's activities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Application and Renewal         | The Tenements forming the Watchem Project are currently under application. There can be no assurance that the Tenements in application status that are currently pending will be granted. Mining and exploration tenements are subject to periodic renewal. The Company considers the likelihood of tenure forfeiture to be low given the laws and regulations governing exploration in Victoria and the ongoing expenditure budgeted for by the Company. However, the consequence of forfeiture or involuntary surrender of a granted Tenement for reasons beyond the control of the Company could be significant.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Funding                         | <p>The funds raised under the Public Offer are considered sufficient to meet the key objectives of the Company. In the event exploration costs exceed the Company's estimates and to effectively implement its business and operations plans in the future, the initial MMP Technology test work is successful, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Company may incur, additional financing will be required.</p> <p>The Company may undertake additional offerings of Securities in the future and has indicated that it will undertake an issue of Loyalty Options within the first 2 months following listing. As a result of the issue of the additional Shares on exercise of Options, the interests of existing Shareholders may be diluted.</p>                                                                                                                                                                                                                                                                                                                                                                                                                     |

Commodity and currency price      If the Company achieves success leading to mineral production, the revenue it will derive through the sale of product exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Furthermore, international prices of various commodities are typically denominated in United States dollars, whereas the income and expenditure of the Company will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

#### **Non-audit Services**

There were no non-audit services provided by auditor during the period.

#### **Indemnifying Officers or Auditor**

During the year, the Group entered into an insurance policy to insure certain officers of the Company and its controlled entities. The officers of the Group covered by the insurance policy include the Directors named in this report.

The Directors' and Officers' Liability Insurance provides cover against all costs and expenses that may be incurred in defending civil or criminal proceedings that fall within the scope of indemnity and that may be brought against the officers in their capacity as officers of the Group or a related body corporate.

The insurance policy does not contain details of the premium paid in respect of individual officers of the Group. Disclosure of the nature of the liability cover and the premium paid is subject to a confidentiality clause under the insurance policy.

The Group has entered into an agreement with the Directors and certain officers to indemnify these individuals against any claims and related expenses which arise as a result of work completed in their respective capabilities.

The Group nor any of its related bodies corporate have provided any insurance for any auditor of the Group or a related body corporate.

#### **Capital Raising and Capital Structure**

As at 30 June 2023, the Company has 72,305,130 fully paid ordinary shares. During the year, a total of 56,755,130 fully paid ordinary shares were issued. Please refer to Note 13 - Issued capital for further details.

#### **Summary of Options**

There are 38,152,565 listed options on issue with an expiry date of 14 April 2025, exercise price of \$0.30.

There are 9,550,000 unlisted options on issue with an expiry date of 9 January 2026, exercise price of \$0.30.

#### **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 party to any such proceedings during the year.

#### **Corporate Governance Statements**

In accordance with Australian Securities Exchange ("ASX") Listing Rules, the Company's Annual Corporate Governance Statement is available on the Company's website at <https://acdcmetals.com.au/investors/asx-announcements/> and released separately to the ASX Announcements in the form of an Appendix 4G.

#### **Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required by section 307c of the Corporations Act 2001 is attached on page 17.

## **REMUNERATION REPORT - AUDITED**

This remuneration report sets out remuneration information for non-executive directors, executive directors and other key management personnel.

### **Remuneration Policies**

The Group's remuneration policy aligns Director and Executive objectives with shareholder and business objectives by providing appropriate remuneration packages comprising of a fixed remuneration component and discretionary incentive bonus. The Board believes the remuneration policy for its Directors and Executives to be appropriate and effective.

The Group has a Remuneration Committee to assist the Board achieve its objective to ensure the Group:

- has a Board with effective composition, size and commitment to adequately discharge its responsibilities and duties, having regard to the Board skills matrix;
- has coherent remuneration policies and practices to attract and retain executives and directors who can reasonably be expected to create value for shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards executives having regard to the performance of the Group, the performance of the executives and the general external pay environment.

The Group's key financial metrics for the last 2 years are:

|                                   | <b>30 June 2023</b> | <b>30 June 2022</b> |
|-----------------------------------|---------------------|---------------------|
| Revenue and other income (\$'000) | 48,010              | -                   |
| Net profit before tax(\$'000)     | (1,121,815)         | (216,490)           |
| Net profit after tax (\$'000)     | (1,121,815)         | (216,490)           |
| Share price at start of year      | -                   | -                   |
| Share price at end of year        | 0.081               | -                   |
| Dividends paid                    | -                   | -                   |
| Basic earnings per share          | (2.49)              | (1.06)              |

### **Remuneration Structure**

In accordance with best practice corporate governance, the structure of Executive Director and Non-Executive Director remuneration is separate and distinct.

#### **Remuneration of Executive Directors and Key Management Personnel**

##### *Objective*

The Board aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

##### *Structure*

In determining the level of Executive remuneration, the Board considers external reports on market levels of remuneration for comparable executive roles.

The Executive directors and key management personnel have entered into employment contracts with the Company.

#### **Remuneration of Non-Executive Directors**

##### *Objective*

The Board seeks to set an aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

##### *Structure*

Under the Constitution, the Directors decide the total amount paid to all Directors as remuneration for their services as a Director. However, subject to ASX Listing Rules, the total amount paid to all Non-Executive Directors for their services must not exceed an aggregate maximum amount of \$500,000 per annum or such maximum amount determined by the Company at a general meeting of shareholders.

Non-Executive Directors may be reimbursed for all business related expenses properly incurred by them in connection with the Company's business.

Non-Executive Directors may be paid such additional or special remuneration if they, at the request of the Board, perform any extra services.

There are no retirement benefit schemes for Non-Executive Directors, other than statutory superannuation contributions.

# **Employment Contracts**

Remuneration and other terms of employment for Executive Directors and Key Management Personnel ("KMP") are formalised in written agreements, the major provisions of which are as follows as at 30 June 2023.

## **Mark Saxon - Executive Director**

- (a) Employment Contract - Permanent ongoing
- (b) Remuneration - \$76,000 per annum (exclusive of GST)
- (c) Executive's notice period - 2 months

## **Thomas Davidson - Chief Executive Officer**

- (a) Employment Contract - Permanent ongoing
- (b) Remuneration - \$250,000 per annum, inclusive of superannuation
- (c) Executive's (and Company's) notice period - 3 months

**Position held as at 30 June 2023 and any changes during the year**      **Contract details (duration & termination)**

|                      |                               |               |
|----------------------|-------------------------------|---------------|
| Andrew Shearer       | Chair, Non-Executive Director | No fixed term |
| Mark Saxon           | Executive Director            | No fixed term |
| Ivan Gerard Fairhall | Non-Executive Director        | No fixed term |
| Richard Boyce        | Non-Executive Director        | No fixed term |
| Thomas Davidson      | Chief Executive Officer       | No fixed term |

## **Remuneration of Directors and other Key Management Personnel (KMP) for the Year Ended 30 June 2023**

|                                                 | Short-term Benefits | Post employment Benefits     | Share based benefits* | Total   |
|-------------------------------------------------|---------------------|------------------------------|-----------------------|---------|
|                                                 | Salaries, fees      | Superannuation/<br>KiwiSaver | Shares/<br>Options    |         |
| 2023                                            | \$                  | \$                           | \$                    | \$      |
| Andrew Shearer                                  | 39,083              | 2,844                        | 123,662               | 165,589 |
| Mark Saxon                                      | 31,875              | -                            | 123,662               | 155,537 |
| Ivan Gerard Fairhall - appointed 15 August 2022 | 18,958              | 1,991                        | 59,358                | 80,307  |
| Richard Boyce - appointed 15 August 2022        | 18,958              | 1,991                        | 59,358                | 80,307  |
| Thomas Davidson - appointed 31 October 2022     | 150,830             | 15,837                       | 59,358                | 226,025 |
| Thomas Burrowes - resigned 15 August 2022       | -                   | -                            | -                     | -       |
| Michael Hudson - resigned 15 August 2022        | -                   | -                            | -                     | -       |
|                                                 | 259,704             | 22,663                       | 425,398               | 707,765 |

\*The Share-based payments declared in the remuneration table above do not represent cash payments and the related shares may or may not ultimately vest. In accordance with the requirements of accounting standard AASB 2 Share Based Payments, valuations of share-based payments were undertaken based on market conditions at the date of grant. The amount included as remuneration is not related to nor indicative of the benefit (if any) that may ultimately be realised should the securities vest. The valuation parameters used are consistent with the disclosure in the Company's prospectus. The options were priced using the Black-Scholes method. Listed below is the table of inputs used in.

|                     | At Grant Date | Prospectus |
|---------------------|---------------|------------|
| Spot price          | \$ 0.20       | \$ 0.20    |
| Exercise price      | \$ 0.30       | \$ 0.30    |
| Expiry period       | 3 years       | 3 years    |
| Expected volatility | 90.00%        | 90.00%     |
| Risk free rate      | 3.16%         | 3.62%      |
| Total fair value    | 425,398       | 427,850    |

## **Remuneration of Directors and other Key Management Personnel (KMP) for the Year Ended 30 June 2022**

|                 | Short-term Benefits | Post employment Benefits | Share based benefits | Total |
|-----------------|---------------------|--------------------------|----------------------|-------|
|                 | Salaries, fees      | Superannuation           | Shares/<br>Options   |       |
| 2022            | \$                  | \$                       | \$                   | \$    |
| Andrew Shearer  | -                   | -                        | -                    | -     |
| Mark Saxon      | -                   | -                        | -                    | -     |
| Thomas Burrowes | -                   | -                        | -                    | -     |
| Michael Hudson  | -                   | -                        | -                    | -     |
|                 | -                   | -                        | -                    | -     |

### Directors' and KMP Shareholdings

The number of ordinary shares in ACDC Metals Limited held by each Director and KMP of the Group during the financial year are as follows:

| Ordinary Shares      | Balance at beginning of Year | Granted as Remuneration during the year | Issued on Exercise of Options during the Year | Other changes during the year | Balance at End of year |
|----------------------|------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------------|------------------------|
| Andrew Shearer       | 2,500,000                    | -                                       | -                                             | 594,141                       | 3,094,141              |
| Mark Saxon           | 2,500,000                    | -                                       | -                                             | 725,824                       | 3,225,824              |
| Ivan Gerard Fairhall | -                            | -                                       | -                                             | 215,940                       | 215,940                |
| Richard Boyce        | 300,000                      | -                                       | -                                             | 901,727                       | 1,201,727              |
| Thomas Davidson      | -                            | 100,000                                 | -                                             | -                             | 100,000                |

The number of listed options in ACDC Metals Limited held by each Director and KMP of the Group during the financial year are as follows:

| Listed Options       | Balance at beginning of Year | Granted as Remuneration during the year | Issued on Exercise of Options during the Year | Other changes during the year | Balance at End of year |
|----------------------|------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------------|------------------------|
| Andrew Shearer       | -                            | -                                       | -                                             | 1,547,071                     | 1,547,071              |
| Mark Saxon           | -                            | -                                       | -                                             | 1,542,912                     | 1,542,912              |
| Ivan Gerard Fairhall | -                            | -                                       | -                                             | 57,970                        | 57,970                 |
| Richard Boyce        | -                            | -                                       | -                                             | -                             | -                      |
| Thomas Davidson      | -                            | -                                       | -                                             | 50,000                        | 50,000                 |

The number of unlisted options in ACDC Metals Limited held by each Director and KMP of the Group during the financial year are as follows:

| Unlisted Options     | Balance at beginning of Year | Granted as Remuneration during the year | Issued on Exercise of Options during the Year | Other changes during the year | Balance at End of year |
|----------------------|------------------------------|-----------------------------------------|-----------------------------------------------|-------------------------------|------------------------|
| Andrew Shearer       | -                            | 1,250,000                               | -                                             | -                             | 1,250,000              |
| Mark Saxon           | -                            | 2,792,912                               | -                                             | -                             | 2,792,912              |
| Ivan Gerard Fairhall | -                            | 600,000                                 | -                                             | -                             | 600,000                |
| Richard Boyce        | -                            | 600,000                                 | -                                             | -                             | 600,000                |
| Thomas Davidson      | -                            | 600,000                                 | -                                             | -                             | 600,000                |

Please refer to Note 17 - Share-based payments for further information.

### Shares and options granted to directors and executives

100,000 fully paid ordinary shares was issued to Thomas Davidson as a sign on fee during the year.

4,300,000 unlisted options were issued to the KMPs during the year.

### End of Remuneration Report

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a resolution of the Board of Directors made pursuant to s.298(2) of the Corporations Act 2001.

**Mark Saxon**  
Executive Director  
Dated: 26 September 2023



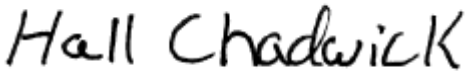
To the Board of Directors,

## Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit Director for the audit of the financial statements of ACDC Metals Limited for the financial year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully

  
HALL CHADWICK WA AUDIT PTY LTD

  
MARK DELAURENTIS CA  
Director

Dated this 26<sup>th</sup> day of September 2023  
Perth, Western Australia

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**

**ABN: 76 654 049 699**

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



|                                            |      | 2023               | Group<br>From 28<br>September 2021<br>to 30 June 2022 |
|--------------------------------------------|------|--------------------|-------------------------------------------------------|
|                                            | Note | \$                 | \$                                                    |
| <b>Continuing operations</b>               |      |                    |                                                       |
| Other income                               |      | 48,010             | -                                                     |
| Audit fees                                 |      | (28,741)           | (9,000)                                               |
| Listing and filing fees                    |      | (150,632)          | (7,169)                                               |
| Employee benefits expense                  |      | (109,120)          | -                                                     |
| Professional fees                          |      | (267,085)          | (188,403)                                             |
| Marketing expense                          |      | (86,469)           | -                                                     |
| Occupancy expense                          |      | (8,750)            | -                                                     |
| Other expenses                             |      | (67,766)           | (11,918)                                              |
| Share based payments                       | 17   | (450,129)          | -                                                     |
| Finance costs                              |      | (1,133)            | -                                                     |
| <b>Loss before income tax</b>              |      | <b>(1,121,815)</b> | <b>(216,490)</b>                                      |
| Tax expense                                | 3    | -                  | -                                                     |
| <b>Net loss for the year</b>               |      | <b>(1,121,815)</b> | <b>(216,490)</b>                                      |
| <b>Earnings per share</b>                  |      |                    |                                                       |
| Basic and diluted losses per share (cents) | 6    | (2.49)             | (1.06)                                                |

The accompanying notes form part of these financial statements.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2023**



|                                     |             | <b>Group</b>      |                |
|-------------------------------------|-------------|-------------------|----------------|
|                                     | <b>Note</b> | <b>2023</b>       | <b>2022</b>    |
|                                     |             | <b>\$</b>         | <b>\$</b>      |
| <b>Assets</b>                       |             |                   |                |
| <b>Current Assets</b>               |             |                   |                |
| Cash and cash equivalents           | 7           | 5,998,805         | 486,602        |
| Trade and other receivables         | 8           | 106,132           | 9,795          |
| Other assets                        | 11          | 65,160            | -              |
| <b>Total Current Assets</b>         |             | <b>6,170,097</b>  | <b>496,397</b> |
| <b>Non-Current Assets</b>           |             |                   |                |
| Capitalised exploration expenditure | 10          | 5,111,199         | -              |
| <b>Total Non-Current Assets</b>     |             | <b>5,111,199</b>  | <b>-</b>       |
| <b>Total Assets</b>                 |             | <b>11,281,296</b> | <b>496,397</b> |
| <b>Liabilities</b>                  |             |                   |                |
| <b>Current Liabilities</b>          |             |                   |                |
| Trade and other payables            | 12          | 220,759           | 73,460         |
| <b>Total Current Liabilities</b>    |             | <b>220,759</b>    | <b>73,460</b>  |
| <b>Total Liabilities</b>            |             | <b>220,759</b>    | <b>73,460</b>  |
| <b>Net Assets</b>                   |             | <b>11,060,537</b> | <b>422,937</b> |
| <b>Equity</b>                       |             |                   |                |
| Issued capital                      | 13          | 10,516,206        | 635,800        |
| Reserves                            | 21          | 1,882,636         | 3,627          |
| Retained earnings                   |             | (1,338,305)       | (216,490)      |
| <b>Total Equity</b>                 |             | <b>11,060,537</b> | <b>422,937</b> |

The accompanying notes form part of these financial statements.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 30 JUNE 2023**



|                                                                                      | Note | Ordinary    | Retained Earnings | Reserves                  |                 | Total       |
|--------------------------------------------------------------------------------------|------|-------------|-------------------|---------------------------|-----------------|-------------|
|                                                                                      |      |             |                   | Convertible Note Reserves | Option Reserves |             |
|                                                                                      |      | \$          | \$                | \$                        | \$              | \$          |
| <b>Consolidated Group</b>                                                            |      |             |                   |                           |                 |             |
| Balance at 28 September 2021                                                         |      | -           | -                 | -                         | -               | -           |
| <b>Comprehensive income</b>                                                          |      |             |                   |                           |                 |             |
| Loss for the period                                                                  |      | -           | (216,490)         | -                         | -               | (216,490)   |
| <b>Total comprehensive income for the year</b>                                       |      | -           | (216,490)         | -                         | -               | (216,490)   |
| <b>Transactions with owners, in their capacity as owners, and other transfers</b>    |      |             |                   |                           |                 |             |
| Shares issued during the period                                                      |      | 635,800     | -                 | -                         | -               | 635,800     |
| Issue of convertible notes                                                           |      | -           | -                 | 3,627                     | -               | 3,627       |
| <b>Total transactions with owners and other transfers</b>                            |      | 635,800     | -                 | 3,627                     | -               | 639,427     |
| <b>Balance at 30 June 2022</b>                                                       |      | 635,800     | (216,490)         | 3,627                     | -               | 422,937     |
| <b>Balance at 1 July 2022</b>                                                        |      | 635,800     | (216,490)         | 3,627                     | -               | 422,937     |
| <b>Comprehensive income</b>                                                          |      |             |                   |                           |                 |             |
| Loss for the year                                                                    |      | -           | (1,121,815)       | -                         | -               | (1,121,815) |
| <b>Total comprehensive income for the year</b>                                       |      | -           | (1,121,815)       | -                         | -               | (1,121,815) |
| <b>Transactions with owners, in their capacity as owners, and other transactions</b> |      |             |                   |                           |                 |             |
| Shares issued during the year                                                        |      | 11,186,853  | -                 | (3,627)                   | -               | 11,183,226  |
| Transaction costs net of tax                                                         |      | (1,306,447) | -                 | -                         | -               | (1,306,447) |
| Performance rights issued during the year                                            |      | -           | -                 | -                         | 722,500         | 722,500     |
| Options issued during the year                                                       |      | -           | -                 | -                         | 1,160,136       | 1,160,136   |
| <b>Total transactions with owners and other transactions</b>                         |      | 9,880,406   | -                 | (3,627)                   | 1,882,636       | 11,759,415  |
| <b>Balance at 30 June 2023</b>                                                       |      | 10,516,206  | (1,338,305)       | -                         | 1,882,636       | 11,060,537  |

The accompanying notes form part of these financial statements.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2023**



| Note                                                     | Consolidated Group |                                        |
|----------------------------------------------------------|--------------------|----------------------------------------|
|                                                          | 2023               | From 28 September 2021 to 30 June 2022 |
|                                                          | \$                 | \$                                     |
| <b>Cash flows from operating activities</b>              |                    |                                        |
| Interest received                                        | 48,010             | (189,198)                              |
| Payments to suppliers and employees                      | (615,689)          | -                                      |
| Net cash (used in) operating activities                  | 16a (567,679)      | (189,198)                              |
| <b>Cash flows from investing activities</b>              |                    |                                        |
| Payments for tenement bonds                              | (50,000)           | -                                      |
| Payments for exploration expenditure                     | (1,365,878)        | -                                      |
| Net cash (used in) investing activities                  | (1,415,878)        | -                                      |
| <b>Cash flows from financing activities</b>              |                    |                                        |
| Proceeds from issue of shares                            | 8,092,200          | 635,800                                |
| Proceeds from issue of options                           | 171,757            | -                                      |
| Payments for capital raising costs                       | (768,197)          | -                                      |
| Proceeds from borrowings                                 | -                  | 40,000                                 |
| Net cash provided by (used in) financing activities      | 7,495,760          | 675,800                                |
| Net increase in cash held                                | 5,512,203          | 486,602                                |
| Cash and cash equivalents at beginning of financial year | 486,602            | -                                      |
| Cash and cash equivalents at end of financial year       | 7 5,998,805        | 486,602                                |

The accompanying notes form part of these financial statements.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2023**



The Directors of ACDC Metals Limited and its subsidiaries ("the Group") submit herewith the annual report of the Group for the financial year ended 30 June 2023. The separate financial statements of the parent entity, ACDC Metals Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial statements were authorised for issue on 26 September 2023 by the directors of the company.

**Note 1 Summary of Significant Accounting Policies**

**Basis of Preparation**

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The Group is a for-profit-entity for financial reporting purposes under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the Australian Accounting Standards Board has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with the International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**(a) Principles of Consolidation**

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by ACDC Metals Limited at the end of the reporting period. A controlled entity is any entity over which ACDC Metals Limited has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of the year that they were controlled. A list of controlled entities are contained in Note 9 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated group have been eliminated in full on consolidation.

**(b) Income Tax**

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

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

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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



**Note 1: Summary of Significant Accounting Policies (continued)**

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

**(c) Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

**Property**

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

**Plant and equipment**

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

**Depreciation**

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

| <b>Class of Fixed Asset</b> | <b>Depreciation Rate</b> |
|-----------------------------|--------------------------|
| Plant and equipment         | 20%                      |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**(d) Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

**Note 1: Summary of Significant Accounting Policies (continued)**

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

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(e) Financial Instruments**

**Initial Recognition and Measurement**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

**Classification and Subsequent Measurement**

**Financial liabilities**

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

**Financial assets**

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

**Note 1: Summary of Significant Accounting Policies (continued)**

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

**Derecognition**

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

*Derecognition of financial liabilities*

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

*Derecognition of financial assets*

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

**Impairment**

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

**Note 1: Summary of Significant Accounting Policies (continued)**

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the simplified approach

*Simplified approach*

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

*Recognition of expected credit losses in financial statements*

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

**(f) Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

**Note 1: Summary of Significant Accounting Policies (continued)**

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

**(g) Employee Benefits**

**Short-term employee benefits**

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

**Other long-term employee benefits**

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**(h) Provisions**

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(i) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand and deposits available on demand with banks.

**(j) Revenue and Other Income**

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest income is recognised using the effective interest method.

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

**(k) Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months at the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to Note 1(f) for further discussion on the determination of impairment losses.

**(l) Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

**Note 1: Summary of Significant Accounting Policies (continued)**

**(m) Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

**(n) Comparative Figures**

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

**(o) Critical Accounting Estimates and Judgements**

In applying the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. These estimates and assumptions are made based on past experience and other factors that are considered relevant. Actual results may differ from these estimates. All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects both current and future periods.

The following describes critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

*Impairment of deferred exploration costs*

The Group's accounting policy for exploration expenditure results in some items being capitalised for an area of interest where it is considered likely to be recoverable in the future where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions as to future events and circumstances, which may change as new information becomes available. If a judgement is made that recovery of a capitalised expenditure is unlikely, the relevant amount will be written off to the income statement.

*Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

*Taxation*

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors' understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

**(p) Going Concern**

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

The Company incurred a loss for the year of \$1,121,815 (30 June 2022: loss of \$216,490) and net cash outflows from operating activities of \$567,679 (30 June 2022: net cash outflows of \$189,198).

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



**Note 2 Parent Information**

The following information has been extracted from the books and records of the financial information of the parent entity set out below and has been prepared in accordance with Australian Accounting Standards.

**STATEMENT OF FINANCIAL POSITION**

**ASSETS**

|                     |                   |                |
|---------------------|-------------------|----------------|
| Current Assets      | 6,020,948         | 496,397        |
| Non-current assets  | 5,211,176         | -              |
| <b>TOTAL ASSETS</b> | <b>11,232,124</b> | <b>496,397</b> |

**LIABILITIES**

|                          |                |               |
|--------------------------|----------------|---------------|
| Current Liabilities      | 171,826        | 73,460        |
| Non-Current Liabilities  | -              | -             |
| <b>TOTAL LIABILITIES</b> | <b>171,826</b> | <b>73,460</b> |

**NET ASSETS**

|                   |                |
|-------------------|----------------|
| <b>11,060,298</b> | <b>422,937</b> |
|-------------------|----------------|

**EQUITY**

|                     |                   |                |
|---------------------|-------------------|----------------|
| Issued Capital      | 10,516,206        | 635,800        |
| Reserves            | 1,882,636         | 3,627          |
| Retained earnings   | (1,338,544)       | (216,490)      |
| <b>TOTAL EQUITY</b> | <b>11,060,298</b> | <b>422,937</b> |

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

|                                   |                    |                  |
|-----------------------------------|--------------------|------------------|
| Loss for the year                 | (1,122,054)        | (216,490)        |
| Other comprehensive income        | -                  | -                |
| <b>Total comprehensive income</b> | <b>(1,122,054)</b> | <b>(216,490)</b> |

**CONTINGENT LIABILITIES**

There are no contingent liabilities.

**COMMITMENTS**

|                                                |   |   |
|------------------------------------------------|---|---|
| Not longer than 1 year                         | - | - |
| Longer than 1 year and not longer than 5 years | - | - |
| Longer than 5 years                            | - | - |

**Note 3 Tax Expense**

|                                                                                                                                                                                                                                                                                                                                                 | <b>Consolidated Group</b>                                                                                                                                                               |                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
|                                                                                                                                                                                                                                                                                                                                                 | <b>2023</b>                                                                                                                                                                             | <b>2022</b>    |
|                                                                                                                                                                                                                                                                                                                                                 | <b>\$</b>                                                                                                                                                                               | <b>\$</b>      |
| (a) The components of tax (expense) income comprise:                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                         |                |
| Current tax                                                                                                                                                                                                                                                                                                                                     | -                                                                                                                                                                                       | -              |
| Deferred tax                                                                                                                                                                                                                                                                                                                                    | -                                                                                                                                                                                       | -              |
|                                                                                                                                                                                                                                                                                                                                                 | <u>-</u>                                                                                                                                                                                | <u>-</u>       |
| (b) The prima facie tax on profit from ordinary activities before income tax is                                                                                                                                                                                                                                                                 |                                                                                                                                                                                         |                |
| Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)                                                                                                                                                                                                                                                 |                                                                                                                                                                                         |                |
| — consolidated group                                                                                                                                                                                                                                                                                                                            | (280,454)                                                                                                                                                                               | (54,123)       |
| Add:                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                         |                |
| Tax effect of:                                                                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                         |                |
| — Deferred tax not brought to account                                                                                                                                                                                                                                                                                                           | 280,454                                                                                                                                                                                 | 54,123         |
|                                                                                                                                                                                                                                                                                                                                                 | <u>-</u>                                                                                                                                                                                | <u>-</u>       |
| Income tax attributable to entity                                                                                                                                                                                                                                                                                                               | -                                                                                                                                                                                       | -              |
| Balance of franking account at year end                                                                                                                                                                                                                                                                                                         | nil                                                                                                                                                                                     | nil            |
| (c) Deferred tax assets                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                         |                |
| Tax losses                                                                                                                                                                                                                                                                                                                                      | 548,864                                                                                                                                                                                 | -              |
| Other                                                                                                                                                                                                                                                                                                                                           | 600,649                                                                                                                                                                                 | -              |
|                                                                                                                                                                                                                                                                                                                                                 | <u>1,149,513</u>                                                                                                                                                                        | <u>-</u>       |
| Set-off deferred tax liabilities                                                                                                                                                                                                                                                                                                                | (494,741)                                                                                                                                                                               | -              |
| Net deferred tax assets                                                                                                                                                                                                                                                                                                                         | 654,772                                                                                                                                                                                 | -              |
| Less deferred tax assets not recognised                                                                                                                                                                                                                                                                                                         | <u>(654,772)</u>                                                                                                                                                                        | <u>-</u>       |
|                                                                                                                                                                                                                                                                                                                                                 | <u>-</u>                                                                                                                                                                                | <u>-</u>       |
| (d) Deferred tax liabilities                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                         |                |
| Exploration expenditure                                                                                                                                                                                                                                                                                                                         | 494,741                                                                                                                                                                                 | -              |
|                                                                                                                                                                                                                                                                                                                                                 | <u>494,741</u>                                                                                                                                                                          | <u>-</u>       |
| Set-off deferred tax liabilities                                                                                                                                                                                                                                                                                                                | (494,741)                                                                                                                                                                               | -              |
| Net deferred tax liabilities                                                                                                                                                                                                                                                                                                                    | <u>-</u>                                                                                                                                                                                | <u>-</u>       |
| (e) Deferred tax assets                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                         |                |
| Unused tax losses for which no deferred tax asset has been recognised                                                                                                                                                                                                                                                                           | <u>2,195,455</u>                                                                                                                                                                        | <u>216,490</u> |
| Potential deferred tax assets attributable to tax losses and exploration expenditure carried forward have not been brought to account at 30 June 2023 because the directors do not believe it is appropriate to estimate the realisation of the deferred tax assets as probable at this point in time. These benefits will only be obtained if: |                                                                                                                                                                                         |                |
| -                                                                                                                                                                                                                                                                                                                                               | the company derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss and exploration expenditure to be realised; |                |
| -                                                                                                                                                                                                                                                                                                                                               | the company continues to comply with conditions for deductibility imposed by law; and                                                                                                   |                |
| -                                                                                                                                                                                                                                                                                                                                               | no changes in tax legislation adversely affect the company in realising the benefit from the deductions for the loss incurred and exploration expenditure.                              |                |

**Note 4 Key Management Personnel Compensation**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023.

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

|                              | <b>2023</b>    | <b>2022</b> |
|------------------------------|----------------|-------------|
|                              | <b>\$</b>      | <b>\$</b>   |
| Short-term employee benefits | 259,704        | -           |
| Post-employment benefits     | 22,663         | -           |
| Share-based payments         | 425,398        | -           |
| Total KMP compensation       | <u>707,765</u> | <u>-</u>    |

Further information in relation to KMP remuneration can be found in the Remuneration Report.

**Note 5 Auditor's Remuneration**

|                                                  | <b>Group</b>  |              |
|--------------------------------------------------|---------------|--------------|
|                                                  | <b>2023</b>   | <b>2022</b>  |
|                                                  | <b>\$</b>     | <b>\$</b>    |
| Remuneration of the auditor for:                 |               |              |
| — auditing or reviewing the financial statements | 28,741        | 9,000        |
|                                                  | <u>28,741</u> | <u>9,000</u> |

**Note 6 Earnings per Share**

|                                                                                                          | <b>Group</b>       |                   |
|----------------------------------------------------------------------------------------------------------|--------------------|-------------------|
|                                                                                                          | <b>2023</b>        | <b>2022</b>       |
|                                                                                                          | <b>\$</b>          | <b>\$</b>         |
| (a) Reconciliation of earnings to profit or loss                                                         |                    |                   |
| Losses                                                                                                   | (1,121,815)        | (216,490)         |
| Losses used to calculate basic and diluted EPS                                                           | <u>(1,121,815)</u> | <u>(216,490)</u>  |
|                                                                                                          | <b>No.</b>         | <b>No.</b>        |
| (b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS | 45,051,581         | 20,442,630        |
| Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS  | <u>45,051,581</u>  | <u>20,442,630</u> |
|                                                                                                          |                    |                   |
| Basic loss per share from continuing and discontinued operations                                         | (2.49)             | (1.06)            |

**Note 7 Cash and Cash Equivalents**

|                          | <b>Group</b>     |                |
|--------------------------|------------------|----------------|
|                          | <b>2023</b>      | <b>2022</b>    |
|                          | <b>\$</b>        | <b>\$</b>      |
| Cash at bank and on hand | 5,998,805        | 486,602        |
|                          | <u>5,998,805</u> | <u>486,602</u> |

**Reconciliation of cash**

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

|                           |                  |                |
|---------------------------|------------------|----------------|
| Cash and cash equivalents | 5,998,805        | 486,602        |
| Bank overdrafts           | -                | -              |
|                           | <u>5,998,805</u> | <u>486,602</u> |

**Note 8 Trade and Other Receivables**

|                                           | Group          |              |
|-------------------------------------------|----------------|--------------|
|                                           | 2023           | 2022         |
|                                           | \$             | \$           |
| Current                                   |                |              |
| GST receivables                           | 106,132        | 9,795        |
| Total current trade and other receivables | <u>106,132</u> | <u>9,795</u> |

**(a) Provision for impairment of receivables**

The Company applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

**(b) Credit risk**

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The main source of credit risk to the company is considered to relate to the class of assets described as 'trade and other receivables'.

|                                                        |      | Group          |              |
|--------------------------------------------------------|------|----------------|--------------|
|                                                        | Note | 2023           | 2022         |
|                                                        |      | \$             | \$           |
| <b>(c) Financial Assets Measured at Amortised Cost</b> |      |                |              |
| Trade and other Receivables                            |      |                |              |
| — Total current                                        |      | 106,132        | 9,795        |
| — Total non-current                                    |      | -              | -            |
| Total financial assets measured at amortised cost      | 20   | <u>106,132</u> | <u>9,795</u> |

**Note 9 Interests in Subsidiaries**

**(a) Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

| Name of subsidiary             | Principal place of business | Ownership interest held by the Group |          | Proportion of non-controlling interests |          |
|--------------------------------|-----------------------------|--------------------------------------|----------|-----------------------------------------|----------|
|                                |                             | 2023 (%)                             | 2022 (%) | 2023 (%)                                | 2022 (%) |
| ACDC Metals Operations Pty Ltd | Australia                   | 100%                                 | -        | -                                       | -        |
| ACDC Metals Technology Pty Ltd | Australia                   | 100%                                 | -        | -                                       | -        |
| Fish Hawk Resources Pty Ltd    | Australia                   | 100%                                 | -        | -                                       | -        |

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**(b) Business Combinations**

On 13 January 2023, the Company acquired 100% of Fish Hawk Resources Pty Ltd, a company incorporated in Australia, which holds tenements in Watchem, being EL7642 and EL7932.

The total acquisition price was \$550,000, of which \$50,000 was settled in cash and \$500,000 was settled in newly issued shares in the Company.

|                                       | Fair Value            |
|---------------------------------------|-----------------------|
|                                       | \$                    |
| Purchase consideration                |                       |
| - Cash                                | 50,000                |
| - Shares                              | 500,000               |
|                                       | <u>550,000</u>        |
| Less:                                 |                       |
| - Cash                                | 74                    |
| - Capitalised exploration expenditure | 4,351                 |
| - Other receivables                   | 59                    |
| - Other payables                      | (11,500)              |
|                                       | <u>(7,016)</u>        |
| <b>Tenements acquired</b>             | <u><b>557,016</b></u> |

**Note 9: Interests in Subsidiaries (continued)**

- (i) The consideration paid to acquire Fish Hawk Resources Pty Ltd was \$550,000, of which \$500,000 is to be settled in newly issued shares in ACDC Metals Limited. 2,500,000 fully paid ordinary shares were issued at \$0.20 per share.
- (ii) In accordance with AASB 2018-6 Amendments to Australian Accounting Standards - Definition of a Business, the management of the Company has reviewed the following steps to determine that acquiring Fish Hawk Resources Pty Ltd was an acquisition of an asset and not a business. As such, no goodwill was recognised. Instead, an asset, being capitalised exploration expenditure has been recognised.
  - (a) Chosen to use the optional concentration test
  - (b) Determined that Fish Hawk Resources Pty Ltd only holds a single asset, being Exploration Tenements.
  - (c) Determined that all of the fair value is concentrated in the single asset being Exploration Tenements.

**Note 10 Capitalised Exploration Expenditure**

|                                      | <b>Group</b>     |             |
|--------------------------------------|------------------|-------------|
|                                      | <b>2023</b>      | <b>2022</b> |
|                                      | <b>\$</b>        | <b>\$</b>   |
| Balance at beginning of year         | -                | -           |
| Acquisition costs                    | 3,913,866        | -           |
| Current year expenditure capitalised | 1,197,333        | -           |
| Balance at end of year               | <u>5,111,199</u> | <u>-</u>    |

**Note 11 Other Assets**

|               | <b>Group</b>  |             |
|---------------|---------------|-------------|
|               | <b>2023</b>   | <b>2022</b> |
|               | <b>\$</b>     | <b>\$</b>   |
| Current       |               |             |
| Prepayments   | 9,807         | -           |
| Deposits      | 5,353         | -           |
| Bond deposits | 50,000        | -           |
|               | <u>65,160</u> | <u>-</u>    |

**Note 12 Trade and Other Payables**

|                                      | <b>Group</b>   |               |
|--------------------------------------|----------------|---------------|
|                                      | <b>2023</b>    | <b>2022</b>   |
|                                      | <b>\$</b>      | <b>\$</b>     |
| Current                              |                |               |
| Loans <sup>1</sup>                   | -              | 38,867        |
| Trade payables                       | 69,463         | -             |
| Sundry payables and accrued expenses | 151,296        | 34,593        |
|                                      | <u>220,759</u> | <u>73,460</u> |

<sup>1</sup> On 16 September 2022, the loan of \$40,000 was converted, resulting in 400,000 fully paid ordinary shares being issued.

**Note 13 Issued Capital**

|                                                                                     | <b>Group</b>      |                |
|-------------------------------------------------------------------------------------|-------------------|----------------|
|                                                                                     | <b>2023</b>       | <b>2022</b>    |
|                                                                                     | <b>\$</b>         | <b>\$</b>      |
| 72,305,130 fully paid ordinary shares (2022: 31,900,000 fully paid ordinary shares) | 10,516,206        | 635,800        |
|                                                                                     | <u>10,516,206</u> | <u>635,800</u> |

The Group has authorised share capital amounting to 72,305,130 ordinary shares.

|                                          | <b>Consolidated Group</b> |                   |                   |                |
|------------------------------------------|---------------------------|-------------------|-------------------|----------------|
|                                          | <b>2023</b>               |                   | <b>2022</b>       |                |
|                                          | <b>No.</b>                | <b>\$</b>         | <b>No.</b>        | <b>\$</b>      |
| At the beginning of the reporting period | 31,900,000                | 635,800           | -                 | -              |
| Shares issued during the year            | 56,755,130                | 11,202,853        | 31,900,000        | 635,800        |
| Shares bought back during year           | (16,000,000)              | (16,000)          | -                 | -              |
| Shares cancelled during the year         | (350,000)                 | -                 | -                 | -              |
| Less: capital raising costs              | -                         | (1,306,447)       | -                 | -              |
| At the end of the reporting period       | <u>72,305,130</u>         | <u>10,516,206</u> | <u>31,900,000</u> | <u>635,800</u> |

On 22 August 2022, 1,000,000 fully paid ordinary shares were issued, raising a \$100,000, net of capital raising costs.

On 23 August 2022, 16,000,000 fully paid ordinary shares were bought back for a total value of \$16,000. Shares were cancelled on the same day.

On 23 August 2022, 350,000 fully paid ordinary shares were cancelled at nil cost.

On 16 September 2022, 400,000 fully paid ordinary shares were issued to repay the Company's loan of \$40,000. (refer to Note 12: Trade and Other Payables)

On 27 October 2022, 100,000 fully paid ordinary shares were issued, raising a total of \$8,200, net of capital raising costs.

On 9 January 2023, 55,255,130 fully paid ordinary shares were issued. Details of the issue are as follows:

- 40,000,000 fully paid ordinary shares, raising a total of \$8,000,000;
- 2,500,000 fully paid ordinary shares were issued to satisfy the acquisition of Fish Hawk Resources Pty Ltd;
- 6,586,991 fully paid ordinary shares were issued to satisfy the acquisition of EL 5278; and
- 6,168,139 fully paid ordinary shares were issued to satisfy the acquisition of EL 7544 and EL 7545.

**(b) Options**

The following reconciles the outstanding listed options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial period.

|                                | <b>Group</b>      |             |
|--------------------------------|-------------------|-------------|
|                                | <b>2023</b>       | <b>2022</b> |
|                                | <b>No.</b>        | <b>No.</b>  |
| Opening Balance                | -                 | -           |
| Options issued during the year | 38,152,565        | -           |
|                                | <u>38,152,565</u> | <u>-</u>    |

The following reconciles the outstanding unlisted options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial period.

|                                | <b>Group</b>     |             |
|--------------------------------|------------------|-------------|
|                                | <b>2023</b>      | <b>2022</b> |
|                                | <b>No.</b>       | <b>No.</b>  |
| Opening Balance                | -                | -           |
| Options issued during the year | 9,550,000        | -           |
|                                | <u>9,550,000</u> | <u>-</u>    |



**Note 13: Issued capital (continued)**

|                  | Number     | Issue Date | Expiry Date | Exercise Price |
|------------------|------------|------------|-------------|----------------|
|                  |            |            |             | \$             |
| Listed options   | 38,152,565 | 14/04/2023 | 14/04/2025  | \$ 0.30        |
| Unlisted options | 9,550,000  | 9/01/2023  | 9/01/2026   | \$ 0.30        |

**(c) Capital Management**

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

The Group is not subject to any externally imposed capital requirements.

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

|                                |      | Group       |           |
|--------------------------------|------|-------------|-----------|
|                                | Note | 2023        | 2022      |
|                                |      | \$          | \$        |
| Total liabilities              |      | 220,759     | 73,460    |
| Less cash and cash equivalents | 7    | (5,998,805) | (486,602) |
| Net debt                       |      | (5,778,046) | (413,142) |
| Total equity                   |      | 11,060,537  | 422,937   |
| Total net debt and equity      |      | 5,282,491   | 9,795     |

**Note 14 Capital and Leasing Commitments**

|                                                               | Group   |      |
|---------------------------------------------------------------|---------|------|
|                                                               | 2023    | 2022 |
|                                                               | \$      | \$   |
| <b>(a) Exploration Commitments</b>                            |         |      |
| Not longer than 1 year                                        | 270,860 | -    |
| Longer than 1 year and not longer than 5 years                | 640,170 | -    |
| Longer than 5 years                                           | -       | -    |
| Committed at reporting date but not recognised as liabilities | -       | -    |
|                                                               | 911,030 | -    |

**Note 15 Operating Segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and determining the allocation of resources.

Operating segments are determined on the basis of financial information reported to the Board.

**Types of segments**

(a) Exploration and project development

This operating segment presents costs involved in all exploration and project development in Victoria.

(b) Development of a Rare Earth Processing Plant (REPP) utilising the MMP Process

This operating segment represents costs involved in the development of the MMP process as per the exclusive license for Eastern Australia (SA, Vic, NSW and NT).

(b) Corporate costs

The Group's corporate costs segment represents costs incurred by the Group not allocated to the operating segments.

(c) Segment information

|                                                                               | Exploration<br>and Project<br>Development | Development<br>of REPP | Corporate<br>Costs | Total              |
|-------------------------------------------------------------------------------|-------------------------------------------|------------------------|--------------------|--------------------|
| 30 June 2023                                                                  | \$                                        | \$                     | \$                 | \$                 |
| Total segment revenue                                                         | -                                         | -                      | 48,010             | 48,010             |
| <i>Reconciliation of segment revenue to group revenue</i>                     |                                           |                        |                    |                    |
| Total segment revenue                                                         | -                                         | -                      | -                  | -                  |
| <b>Segment net loss from continuing operations before tax</b>                 | -                                         | -                      | (1,121,815)        | (1,121,815)        |
| <i>Reconciliation of segment result to group net profit/(loss) before tax</i> |                                           |                        |                    |                    |
| Net loss before tax from continuing operations                                |                                           |                        |                    | <u>(1,121,815)</u> |
|                                                                               | Exploration<br>and Project<br>Development | Development<br>of REPP | Corporate<br>Costs | Total              |
| 30 June 2022                                                                  | \$                                        | \$                     | \$                 | \$                 |
| Total segment revenue                                                         | -                                         | -                      | -                  | -                  |
| <i>Reconciliation of segment revenue to group revenue</i>                     |                                           |                        |                    |                    |
| Total segment revenue                                                         | -                                         | -                      | -                  | -                  |
| <b>Segment net loss from continuing operations before tax</b>                 | -                                         | -                      | (216,490)          | (216,490)          |
| <i>Reconciliation of segment result to group net profit/(loss) before tax</i> |                                           |                        |                    |                    |
| Net loss before tax from continuing operations                                |                                           |                        |                    | <u>(216,490)</u>   |

(ii) Segment assets

|                                                         | Exploration<br>and Project<br>Development | Development<br>of REPP | Corporate<br>Costs | Total             |
|---------------------------------------------------------|-------------------------------------------|------------------------|--------------------|-------------------|
| 30 June 2023                                            | \$                                        | \$                     | \$                 | \$                |
| <b>Segment assets</b>                                   | 4,794,085                                 | 466,265                | 11,232,124         | 16,492,474        |
| <i>Reconciliation of segment assets to group assets</i> |                                           |                        |                    |                   |
| Inter-segment elimination                               |                                           |                        |                    | (5,211,178)       |
| <b>Total group assets</b>                               |                                           |                        |                    | <u>11,281,296</u> |
|                                                         | Exploration<br>and Project<br>Development | Development<br>of REPP | Corporate<br>Costs | Total             |
| 30 June 2022                                            | \$                                        | \$                     | \$                 | \$                |
| <b>Segment assets</b>                                   | -                                         | -                      | 496,397            | 496,397           |
| <i>Reconciliation of segment assets to group assets</i> |                                           |                        |                    |                   |
| <b>Total group assets</b>                               |                                           |                        |                    | <u>496,397</u>    |

Note 15: Operating segments (continued)

(iii) Segment liabilities

|                                                            | Exploration<br>and Project<br>Development | Development<br>of REPP | Corporate<br>Costs | Total       |
|------------------------------------------------------------|-------------------------------------------|------------------------|--------------------|-------------|
| 30 June 2023                                               | \$                                        | \$                     | \$                 | \$          |
| Segment liabilities                                        | 4,245,555                                 | 526,555                | 171,827            | 4,943,937   |
| Reconciliation of segment liabilities to group liabilities |                                           |                        |                    |             |
| Inter-segment elimination                                  |                                           |                        |                    | (4,723,178) |
| Total group liabilities                                    |                                           |                        |                    | 220,759     |
|                                                            | Exploration<br>and Project<br>Development | Development<br>of REPP | Corporate<br>Costs | Total       |
| 30 June 2022                                               | \$                                        | \$                     | \$                 | \$          |
| Segment liabilities                                        | -                                         | -                      | 73,460             | 73,460      |
| Reconciliation of segment liabilities to group liabilities |                                           |                        |                    |             |
| Total group liabilities                                    |                                           |                        |                    | 73,460      |

Note 16 Cash Flow Information

|                                                                                                 | Group       |           |
|-------------------------------------------------------------------------------------------------|-------------|-----------|
|                                                                                                 | 2023        | 2022      |
|                                                                                                 | \$          | \$        |
| (a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax         |             |           |
| Profit after income tax                                                                         | (1,121,815) | (216,490) |
| Non-cash flows in profit                                                                        |             |           |
| Share based payments                                                                            | 450,129     | -         |
| Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries: |             |           |
| (Increase)/decrease in trade and term receivables                                               | (96,337)    | (9,795)   |
| (Increase)/decrease in other assets                                                             | (46,337)    | -         |
| Increase/(decrease) in trade payables and accruals                                              | 246,681     | 37,087    |
| Net cash generated by operating activities                                                      | (567,679)   | (189,198) |

Note 17 Share-based Payments

The aggregate share-based payments for the year ended 30 June 2023 are set out below:

|                                                             | 2023       |                                          | 2022   |                                          |
|-------------------------------------------------------------|------------|------------------------------------------|--------|------------------------------------------|
|                                                             | Number     | Weighted<br>average<br>exercise<br>price | Number | Weighted<br>average<br>exercise<br>price |
| Options outstanding at the beginning of the year            | -          | -                                        | -      | -                                        |
| Granted                                                     | 11,550,000 | 0.30                                     | -      | -                                        |
|                                                             | 11,550,000 | 0.30                                     | -      | -                                        |
|                                                             | 2023       |                                          | 2022   |                                          |
|                                                             | Number     | Fair Value                               | Number | Fair Value                               |
| Performance Rights outstanding at the beginning of the year | -          | -                                        | -      | -                                        |
| Granted                                                     | 6,250,000  | 722,500                                  | -      | -                                        |
|                                                             | 6,250,000  | 722,500                                  | -      | -                                        |

**Note 17: Share-based payments (continued)**

The following share-based payment arrangements were in existence during the current reporting period:

|                                  | Number    | Grant Date      | Expiry Date     | Exercise Price | Fair value at grant date | Vesting Period |
|----------------------------------|-----------|-----------------|-----------------|----------------|--------------------------|----------------|
| (i) Options granted              | 9,550,000 | 13 January 2023 | 9 January 2026  | \$0.300        | 944,777                  | N/A            |
| (ii) Options granted             | 2,000,000 | 14 April 2023   | 14 April 2025   | \$0.030        | 43,603                   | N/A            |
| (iii) Performance Rights granted | 1,500,000 | 13 January 2023 | 13 January 2028 | N/A            | 225,000                  | Refer below    |
| (iv) Performance Rights granted  | 1,500,000 | 13 January 2023 | 13 January 2028 | N/A            | 105,000                  | Refer below    |
| (v) Performance Rights granted   | 2,500,000 | 13 January 2023 | 13 January 2028 | N/A            | 325,000                  | Refer below    |
| (vi) Performance Rights granted  | 750,000   | 13 January 2023 | 13 January 2028 | N/A            | 67,500                   | Refer below    |

**Vesting conditions of Performance Rights**

**(a) Class A Performance Rights (1,500,000)**

This is in relation to Goschen Tenement - EL5278

Delineation of an Inferred Mineral Resource (reporting in accordance with JORC Code 2012) of at least 10 million tonnes (Mt) of heavy mineral sands (HMS) concentrate @ 2.0% HM or greater on EL 5278 on or before 13 January 2028.

The probability used is 75%.

**(b) Class B Performance Rights (1,500,000)**

This is in relation to Douglas Tenements - EL7544 and EL7545

Delineation of an Inferred Mineral Resource (reporting in accordance with JORC Code 2012) of at least 60 million tonnes (Mt) of heavy mineral (HM) concentrate @ 4.0% HM or greater on EL7544 and EL7545 on or before 13 January 2028.

The probability used is 35%.

**(c) Class C Performance Rights (2,500,000)**

This is in relation to Medallion Monazite Process Development.

Completion of a Pilot Plant of a size and scale as an independent technical consultant deems appropriate to demonstrate the technical and economic viability of the MMP Technology on or before 13 January 2028.

The probability used is 65%.

**(d) Class D Performance Rights (750,000)**

This is in relation to Medallion Monazite Process Development.

Mineral sand monazite processing refinery, known as a Monazite Cracking Facility been built by the Company or a wholly owned subsidiary of the Company operating at an average rate of not less than 80% of design capacity over a 30-day period and at a standard that an independent technical consultant deems appropriate and as agreed by the Parties on or before 13 January 2028.

The probability used is 45%.

Options were priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability of exercise restrictions. Expected volatility is based on the historical share price volatility of the Company over the reporting period.

| Number    | Share price at grant date | Exercise Price | Expected volatility | Option life | Risk-free interest rate |
|-----------|---------------------------|----------------|---------------------|-------------|-------------------------|
| 9,550,000 | \$ 0.20                   | \$ 0.30        | 90%                 | 3 years     | 3.16%                   |
| 2,000,000 | \$ 0.10                   | \$ 0.30        | 90%                 | 2 years     | 2.97%                   |

Options granted during the year detailed above as Share-based Payments are as follows:

|                                                          | 2023<br>\$     | 2022<br>\$ |
|----------------------------------------------------------|----------------|------------|
| Total share-based payments for the year                  | 988,379        | -          |
| Share-based payments recognised as capital raising costs | (538,250)      | -          |
| Share-based payments expense                             | <u>450,129</u> | <u>-</u>   |

**Note 18 Events After the Reporting Period**

On 15 August 2023, the Company announced that they had entered into a Joint-Venture with Oro Plata, where it had been agreed that a total of \$111,140 in cash payments will be made over a four year period at agreed milestones. Tenements included are EL7987 and EL 7985, which adjoin EL7642 (Watchem Project) to the north, along with exploration licence applications EL7907 and EL7908 which surround the Company's Douglas Project, EL7544.

On 19 August 2023, the Company announced that 325,000 fully paid ordinary shares were released from escrow and quotation of those shares were sought after on that day.

On 18 September 2023, the Company issued 1,075,000 Performance Rights with a vesting date of 30 June 2024. Listed below details of the issue:

- 600,000 performance rights issued to Thomas Davidson with the following vesting conditions
  - 35% will vest on the execution of certain Board approved work programs (including scoping studies, testwork programs and drill programs).
  - 30% will vest pursuant to zero lost time or environmental management.
  - 35% will vest at the discretion of the Board
- Total of 475,000 performance rights issued to 2 consultants with the following vesting conditions
  - 30% will vest on the execution of certain Board approved work programs (including drill programs).
  - 30% will vest pursuant to zero lost time or environmental management.
  - 40% will vest at the discretion of the Board

**Note 19 Related Party Transactions**

**Related Parties**

**(a) The Group's main related parties are as follows:**

**i. Key Management Personnel:**

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity are considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 4.

**(b) Transactions with related parties:**

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

The following transactions occurred with related parties:

|                                                                                                                       | <b>Group</b> |             |
|-----------------------------------------------------------------------------------------------------------------------|--------------|-------------|
|                                                                                                                       | <b>2023</b>  | <b>2022</b> |
|                                                                                                                       | <b>\$</b>    | <b>\$</b>   |
| <b>i. Director related entities</b>                                                                                   |              |             |
| Consulting fees paid to Sierra Peru Pty Ltd of which Mr Mark Saxon is a director and shareholder.                     | 31,875       | -           |
| Consulting fees paid to Vala Investments Pty Ltd of which Mr Andrew Shearer is a director and shareholder.            | 12,000       | -           |
| Rental and reimbursement expenses paid to Boyce Family Office of which Mr Richard Boyce is a director and shareholder | 18,409       | -           |

**Note 20 Financial Risk Management**

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bills, leases, preference shares and derivatives.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

|                                         |      | Group            |                |
|-----------------------------------------|------|------------------|----------------|
|                                         | Note | 2023<br>\$       | 2022<br>\$     |
| <b>Financial Assets</b>                 |      |                  |                |
| Financial assets at amortised cost      |      |                  |                |
| — cash and cash equivalents             | 7    | 5,998,805        | 486,602        |
| — trade and other receivables           | 8    | 106,132          | 9,795          |
| <b>Total Financial Assets</b>           |      | <b>6,104,937</b> | <b>496,397</b> |
| <b>Financial Liabilities</b>            |      |                  |                |
| Financial liabilities at amortised cost |      |                  |                |
| — trade and other payables              | 12   | 220,759          | 73,460         |
| <b>Total Financial Liabilities</b>      |      | <b>220,759</b>   | <b>73,460</b>  |

**Financial Risk Management Policies**

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

**a. Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds and derivative financial instruments is limited as the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represent the Group's maximum exposure to credit risk.

*Significant increase in credit risk for financial instruments*

The Company evaluates and compares the risk of a default on a financial instrument at the reporting date with the risk of a default on the financial instrument at the date of initial recognition. To support the evaluation process, the Company takes into consideration both quantitative and qualitative information that is reasonable and justifiable, including past experience and prospective information that is publicly available. Prospective information taken into consideration includes the future volatility of the industries in which the Company's debtors are in, obtained from industry expert reports, financial news report, governmental bodies, as well as taking into consideration multiple external sources of current and future economic information that Company's core operations can relate to.

**b. Liquidity risk**

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;

Note 20: Financial Risk Management (continued)

Financial liability and financial asset maturity analysis

| Consolidated Group                              | Within 1 Year |         | 1 to 5 years |      | Over 5 years |      | Total     |         |
|-------------------------------------------------|---------------|---------|--------------|------|--------------|------|-----------|---------|
|                                                 | 2023          | 2022    | 2023         | 2022 | 2023         | 2022 | 2023      | 2022    |
|                                                 | \$            | \$      | \$           | \$   | \$           | \$   | \$        | \$      |
| <b>Financial liabilities due for payment</b>    |               |         |              |      |              |      |           |         |
| Trade and other payables                        | 220,759       | 73,460  | -            | -    | -            | -    | 220,759   | 73,460  |
| Total expected outflows                         | 220,759       | 73,460  | -            | -    | -            | -    | 220,759   | 73,460  |
| Consolidated Group                              | Within 1 Year |         | 1 to 5 years |      | Over 5 years |      | Total     |         |
|                                                 | 2023          | 2022    | 2023         | 2022 | 2023         | 2022 | 2023      | 2022    |
|                                                 | \$            | \$      | \$           | \$   | \$           | \$   | \$        | \$      |
| <b>Financial Assets - cash flows realisable</b> |               |         |              |      |              |      |           |         |
| Cash and cash equivalents                       | 5,998,805     | 486,602 | -            | -    | -            | -    | 5,998,805 | 486,602 |
| Trade, term and loan receivables                | 106,132       | 9,795   | -            | -    | -            | -    | 106,132   | 9,795   |
| Total anticipated inflows                       | 6,104,937     | 496,397 | -            | -    | -            | -    | 6,104,937 | 496,397 |
| Net (outflow) / inflow on financial instruments | 5,884,178     | 422,937 | -            | -    | -            | -    | 5,884,178 | 422,937 |

c. Market Risk

i. Interest rate risk

The Group's exposure to market risk primarily consists of financial risks associated with changes in interest rates as detailed below. As the level of risk is low, the Group does not use any derivatives to hedge its exposure.

The Group is exposed to interest rate risks as it holds funds at variable interest rates.

The Group holds no borrowed funds.

ii. Foreign currency risk

Exposure to foreign currency 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 Group holds financial instruments which are other than the AUD functional currency of the Group.

Sensitivity Analysis

The following table illustrates sensitivities to the Group's exposures to changes in interest rates, exchange rates and commodity and equity prices. The table indicates the impact of how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

| Year ended 30 June 2023     | Consolidated Group |        |
|-----------------------------|--------------------|--------|
|                             | Profit             | Equity |
|                             | \$                 | \$     |
| +/- 0.75% in interest rates | 44,991             | 44,991 |
| Year ended 30 June 2022     | Consolidated Group |        |
|                             | Profit             | Equity |
|                             | \$                 | \$     |
| +/- 0.75% in interest rates | 3,650              | 3,650  |

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Fair Values

The Directors consider that the carrying amounts of financial assets and liabilities recorded at cost less any accumulated impairments in the financial statements approximates their fair values.

The fair values of financial assets and financial liabilities are determined as follows:

- Other financial assets and financial liabilities are determined in accordance with generally accepted pricing models.



**Note 20: Financial Risk Management (continued)**

**Fair value estimation**

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Group.

|                                                | Note | 2023             |                  | 2022            |                |
|------------------------------------------------|------|------------------|------------------|-----------------|----------------|
|                                                |      | Carrying Amount  | Fair Value       | Carrying Amount | Fair Value     |
|                                                |      | \$               | \$               | \$              | \$             |
| <b>Consolidated Group</b>                      |      |                  |                  |                 |                |
| <b>Financial assets</b>                        |      |                  |                  |                 |                |
| Financial assets at amortised cost:            |      |                  |                  |                 |                |
| Cash and cash equivalents                      | 7    | 5,998,805        | 5,998,805        | 486,602         | 486,602        |
| Trade and other receivables:                   |      | 106,132          | 106,132          | 9,795           | 9,795          |
| <b>Total financial assets</b>                  |      | <b>6,104,937</b> | <b>6,104,937</b> | <b>496,397</b>  | <b>496,397</b> |
| <b>Financial liabilities at amortised cost</b> |      |                  |                  |                 |                |
| Trade and other payables                       | 12   | 220,759          | 220,759          | 73,460          | 73,460         |
| <b>Total financial liabilities</b>             |      | <b>220,759</b>   | <b>220,759</b>   | <b>73,460</b>   | <b>73,460</b>  |

**Note 21 Reserves**

**a. Convertible Note Reserve**

The convertible note reserve records the movement on the fair value of the convertible note

|                                      | Group   |       |
|--------------------------------------|---------|-------|
|                                      | 2023    | 2022  |
|                                      | \$      | \$    |
| Balance at the beginning of the year | 3,627   | -     |
| Fair value movements during the year | (3,627) | 3,627 |
| Balance at the end of the year       | -       | 3,627 |

**b. Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options, broker options and performance rights.

|                                           | Group     |      |
|-------------------------------------------|-----------|------|
|                                           | 2023      | 2022 |
|                                           | \$        | \$   |
| Balance at the beginning of the year      | -         | -    |
| Options and rights issued during the year | 1,882,636 | -    |
| Balance at the end of the year            | 1,882,636 | -    |

**Total Reserves**

|                                | Group     |       |
|--------------------------------|-----------|-------|
|                                | 2023      | 2022  |
|                                | \$        | \$    |
| Convertible note reserve       | -         | 3,627 |
| Option reserve                 | 1,882,636 | -     |
| Balance at the end of the year | 1,882,636 | 3,627 |

**Note 22 Company Details**

The registered office of the company is:

Level 6, 111 Collins Street  
Melbourne Vic 3000

The principal places of business are:

Level 6, 111 Collins Street  
Melbourne Vic 3000

In accordance with a resolution of the directors of ACDC Metals Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 18 to 42, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (b) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated group;
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; and
3. the directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer.

Director

A handwritten signature in blue ink, appearing to read "Mark Saxon".

**Mark Saxon**

Dated this 26 September 2023

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACDC METALS LIMITED

### Report on the Audit of the Financial Report

#### Opinion

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

In our opinion:

- a. the accompanying financial report of the Consolidated Entity is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
  - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

#### Basis for Opinion

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

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

## Key Audit Matters

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

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>Capitalised Exploration Expenditure</b></p> <p>As disclosed in note 10 to the financial statements, during the year ended 30 June 2023 the Company capitalised exploration and evaluation expenditure was carried at \$5,111,199.</p> <p>Capitalised Exploration Expenditure is a key audit matter due to:</p> <ul style="list-style-type: none"> <li>• The significance of the balance to the Consolidated Entity's consolidated financial position.</li> <li>• The level of judgement required in evaluating management's application of the requirements of AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>. AASB 6 is an industry specific accounting standard requiring the application of significant judgements, estimates and industry knowledge. This includes specific requirements for expenditure to be capitalised as an asset and subsequent requirements which must be complied with for capitalised expenditure to continue to be carried as an asset.</li> <li>• The assessment of impairment of exploration and evaluation expenditure being inherently difficult.</li> </ul> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Assessing management's determination of its areas of interest for consistency with the definition in AASB 6. This involved analysing the tenements in which the consolidated entity holds an interest and the exploration programmes planned for those tenements.</li> <li>• For each area of interest, we assessed the Consolidated Entity's rights to tenure by corroborating to government registries and evaluating agreements in place with other parties as applicable;</li> <li>• We tested the additions to capitalised expenditure for the year by evaluating a sample of recorded expenditure for consistency to underlying records, the capitalisation requirements of the Consolidated Entity's accounting policy and the requirements of AASB 6;</li> <li>• We considered the activities in each area of interest to date and assessed the planned future activities for each area of interest by evaluating budgets for each area of interest.</li> <li>• We assessed each area of interest for one or more of the following circumstances that may indicate impairment of the capitalised expenditure: <ul style="list-style-type: none"> <li>○ the licenses for the right to explore expiring in the near future or are not expected to be renewed;</li> <li>○ substantive expenditure for further</li> </ul> </li> </ul> |

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | How our audit addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <p>exploration in the specific area is neither budgeted or planned</p> <ul style="list-style-type: none"> <li>○ decision or intent by the Consolidated Entity to discontinue activities in the specific area of interest due to lack of commercially viable quantities of resources; and</li> <li>○ data indicating that, although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or sale.</li> </ul> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the related disclosures in note 10 to the financial statements.</li> </ul> |
| <p><b>Share based payments</b></p> <p>As disclosed in note 17 in the financial statements, during the year ended 30 June 2023, the Company incurred share based payments totaling \$988,379.</p> <p>Share based payments are considered to be a key audit matter due to</p> <ul style="list-style-type: none"> <li>• the value of the transactions;</li> <li>• the complexities involved in recognition and measurement of these instruments; and</li> <li>• the judgement involved in determining the inputs used in the valuation.</li> </ul> <p>Management used the Black-Scholes option valuation model to determine the fair value of the options granted. This process involved significant estimation and judgement required to determine the fair value of the equity instruments granted.</p> | <p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Analysing contractual agreements to identify the key terms and conditions of share based payments issued and relevant vesting conditions in accordance with AASB 2 Share Based Payments;</li> <li>• Evaluating management's Black-Scholes Valuation Models and assessing the assumptions and inputs used;</li> <li>• Assessing the amount recognised during the period against the vesting conditions of the options; and</li> <li>• Assessing the adequacy of the disclosures included in the financial report.</li> </ul>                                                                |

## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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



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

## Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with s 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's Opinion

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



**HALL CHADWICK WA AUDIT PTY LTD**



**MARK DELAURENTIS CA**  
**Director**

Dated this 26<sup>th</sup> day of September 2023  
Perth, Western Australia

## SHAREHOLDER INFORMATION

In accordance with ASX Listing Rule 4.10, the Company provides the following information to shareholder not elsewhere disclosed in this Annual Report. The information provided is current as at 25 September 2023.

The Company is listed on the Australian Securities Exchange.

### Distribution of Equity Securities

Analysis of number of listed equitable security holders by size of holding:

#### Fully Paid Ordinary Shares (ASX:ADC)

| Range            | Shares     | Total Holders     | % of Shares    |
|------------------|------------|-------------------|----------------|
| 1 - 1,000        | 13         | 1,433             | 0.00%          |
| 1,001 - 5,000    | 27         | 97,133            | 0.21%          |
| 5,0001 - 10,000  | 122        | 1,153,816         | 2.45%          |
| 10,001 - 100,000 | 268        | 11,410,532        | 24.24%         |
| 100,001 Over     | 91         | 34,409,586        | 73.10%         |
| <b>Total</b>     | <b>521</b> | <b>47,072,500</b> | <b>100.00%</b> |

#### Listed Options Over Ordinary Shares (ASX:ADCO)

| Range            | Options    | Total Holders     | % of Shares    |
|------------------|------------|-------------------|----------------|
| 1 - 1,000        | 2          | 451               | 0.00%          |
| 1,001 - 5,000    | 33         | 145,290           | 0.38%          |
| 5,0001 - 10,000  | 14         | 120,284           | 0.32%          |
| 10,001 - 100,000 | 99         | 3,963,335         | 10.39%         |
| 100,001 Over     | 62         | 33,923,205        | 88.91%         |
| <b>Total</b>     | <b>210</b> | <b>38,152,565</b> | <b>100.00%</b> |

#### Unlisted Options Over Ordinary Shares

| Range            | Options   | Total Holders    | % of Shares    |
|------------------|-----------|------------------|----------------|
| 1 - 1,000        | -         | -                | -              |
| 1,001 - 5,000    | -         | -                | -              |
| 5,0001 - 10,000  | -         | -                | -              |
| 10,001 - 100,000 | 1         | 100,000          | 1.05%          |
| 100,001 Over     | 11        | 9,450,000        | 98.95%         |
| <b>Total</b>     | <b>12</b> | <b>9,550,000</b> | <b>100.00%</b> |

#### Unlisted Performance Rights Over Ordinary Shares

| Range            | Options  | Total Holders    | % of Shares    |
|------------------|----------|------------------|----------------|
| 1 - 1,000        | -        | -                | -              |
| 1,001 - 5,000    | -        | -                | -              |
| 5,0001 - 10,000  | -        | -                | -              |
| 10,001 - 100,000 | -        | -                | -              |
| 100,001 Over     | 6        | 7,325,000        | 100.00%        |
| <b>Total</b>     | <b>6</b> | <b>7,325,000</b> | <b>100.00%</b> |

### Unmarketable Parcels

|                                 | Parcel Size | Holder | Unit    |
|---------------------------------|-------------|--------|---------|
| \$500 parcel at \$0.07 per unit | 7,143       |        | 53      |
|                                 |             |        | 173,919 |

### Equity Security Holders

The names of the twenty largest security holder of quoted equity security holders are listed below:

#### Fully Paid Ordinary Shares (ASX:ADC)

| Holder                                                                    | Number Held       | % of Issued Capital |
|---------------------------------------------------------------------------|-------------------|---------------------|
| Fresh Start Australia Pty Ltd                                             | 3,050,000         | 6.48%               |
| Kjla Pty Ltd <Lingo Family A/C>                                           | 1,500,000         | 3.19%               |
| Lien Pty Ltd <The Neil Pension Fund A/C>                                  | 1,500,000         | 3.19%               |
| Vivien Enterprises Pte Ltd                                                | 1,250,000         | 2.66%               |
| BNP Paribas Nominees Pty Ltd<br><IB Au Noms Retailclient DRP>             | 1,204,290         | 2.56%               |
| Richard Allen Boyce                                                       | 1,201,727         | 2.55%               |
| Mark Stephen Saxon                                                        | 1,175,824         | 2.50%               |
| Andrew Nicholas Shearer                                                   | 1,044,141         | 2.22%               |
| Calama Holdings Pty Ltd<br><Mambat Super Fund A/C>                        | 1,000,000         | 2.12%               |
| Rimsley Pty Ltd <Grundmann-Giles Super A/C>                               | 1,000,000         | 2.12%               |
| Mrs Anna Sandilands                                                       | 930,000           | 1.98%               |
| Vivien Enterprises Pte Ltd                                                | 875,000           | 1.86%               |
| Tim Ainsworth <T & L Ainsworth Invest A/C>                                | 600,000           | 1.27%               |
| Super Secret Pty Limited <Tkocz Sf A/C>                                   | 600,000           | 1.27%               |
| Mr David Fagan                                                            | 590,000           | 1.25%               |
| Yarra River Capital Management Pty Ltd                                    | 545,000           | 1.16%               |
| Mutual Trust Pty Ltd                                                      | 500,000           | 1.06%               |
| Spring Nominees Pty Ltd <Spring Family A/C>                               | 500,000           | 1.06%               |
| Mr David Grundmann & Mrs Michelle Grundmann<br><Grundmann Super Fund A/C> | 500,000           | 1.06%               |
| Elton Holdings Pty Ltd                                                    | 500,000           | 1.06%               |
| Daisys Super Fund Pty Ltd<br><Daisys Holding PI Super A/C>                | 500,000           | 1.06%               |
| Mr William Richard Brown                                                  | 478,000           | 1.02%               |
| Mr Garnet Frederick Herring                                               | 456,021           | 0.97%               |
| Thomas John Burrowes                                                      | 418,390           | 0.89%               |
| Pac Partners Securities Pty Ltd                                           | 410,000           | 0.87%               |
| ACN 139 886 025 Pty Ltd                                                   | 385,000           | 0.82%               |
| Amvest Capital Principal Strategies Inc                                   | 380,790           | 0.81%               |
|                                                                           | <b>22,242,456</b> | <b>47.25%</b>       |

#### Listed Options Over Ordinary Shares (ASX:ADCO)

| Holder                                                                    | Number Held       | % of Issued Capital |
|---------------------------------------------------------------------------|-------------------|---------------------|
| Thomas John Burrowes                                                      | 3,343,496         | 8.76%               |
| Michael Robert Hudson                                                     | 3,259,070         | 8.54%               |
| Gazump Resources Pty Ltd                                                  | 1,633,127         | 4.28%               |
| Andrew Nicholas Shearer                                                   | 1,547,071         | 4.06%               |
| Mark Stephen Saxon                                                        | 1,542,912         | 4.04%               |
| Fresh Start Australia Pty Ltd                                             | 1,525,000         | 4.00%               |
| Mr Joshua Gordon                                                          | 1,510,000         | 3.96%               |
| Riya Investments Pty Ltd                                                  | 1,217,757         | 3.19%               |
| Mr Craig Russell Stranger                                                 | 1,150,000         | 3.01%               |
| Dealaccess Pty Ltd                                                        | 1,000,000         | 2.62%               |
| Emerging Equities Pty Ltd                                                 | 900,000           | 2.36%               |
| Kjla Pty Ltd <Lingo Family A/C>                                           | 870,000           | 2.28%               |
| Lien Pty Ltd <The Neil Pension Fund A/C>                                  | 862,500           | 2.26%               |
| Mr David Grundmann & Mrs Michelle Grundmann<br><Grundmann Super Fund A/C> | 760,000           | 1.99%               |
| Foment Inception Group Pty Ltd                                            | 625,000           | 1.64%               |
| Too Up Holdings Pty Ltd <Pobjoy Family>                                   | 625,000           | 1.64%               |
| Tilldog Pty Ltd <Carter Family A/C>                                       | 607,500           | 1.59%               |
| Ms Sihol Marito Gultom                                                    | 600,000           | 1.57%               |
| Aviation Safety Asia Limited                                              | 549,000           | 1.44%               |
| Mr William Harrison Burgess                                               | 549,000           | 1.44%               |
| Rimsley Pty Ltd <Grundmann-Giles Super A/C>                               | 500,000           | 1.31%               |
| Pac Partners Securities Pty Ltd                                           | 500,000           | 1.31%               |
|                                                                           | <b>26,141,433</b> | <b>68.52%</b>       |

#### **Substantial Shareholders**

##### Fully Paid Ordinary Shares

As at 25 September 2023, the Substantial Holders of the Group and number of equity securities in which those substantial holders and their associates have a relevant interest are as follows:

| Ordinary Shares                               | Number Held       | % of Ordinary Shares |
|-----------------------------------------------|-------------------|----------------------|
| ACDC Metals Ltd*                              | 25,557,630        | 35.35%               |
| Thomas John Burrowes and associated entities^ | 6,946,991         | 9.61%                |
| Michael Robert Hudson^                        | 6,518,139         | 9.01%                |
| Medallion Resources Ltd ^                     | 4,800,000         | 6.64%                |
|                                               | <b>43,822,760</b> | <b>60.61%</b>        |

\*Relevant interest arising from a restriction on disposal of shares due to ASX imposed escrow, as notified to ASX.

##### Unquoted Equity Securities

There are no persons who hold 20% or more of unquoted equity securities:

## Voting Rights

The voting rights attached to each class of equity securities are set out below:

|                 |                                                                                                                                                |
|-----------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| Ordinary Shares | On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. |
| Options         | No voting rights.                                                                                                                              |

## On Market Buy Back

There was no on market buy back in operation.

## Unquoted Equity Securities

Unquoted Options and Performance Rights issued over Ordinary Shares.

| Class                                                           | Number Held | Number of Holder |
|-----------------------------------------------------------------|-------------|------------------|
| Unquoted Options (Exp 04/01/2026 @ \$0.30) (Restricted for 12M) | 850,000     | 2                |
| Unquoted Options (Exp 04/01/2026 @ \$0.30) (Restricted for 24M) | 8,700,000   | 10               |
| Class A Performance Rights (Restricted)                         | 1,500,000   | 1                |
| Class B Performance Rights (Restricted)                         | 1,500,000   | 1                |
| Class C Performance Rights (Restricted)                         | 2,500,000   | 1                |
| Class D Performance Rights (Restricted)                         | 750,000     | 1                |

Unquoted Performance Rights issued under the Company's Employee Securities Incentive Plan ("ESIP") over Ordinary Shares:

| Class              | Number Held | Number of Holder |
|--------------------|-------------|------------------|
| Performance Rights | 1,075,000   | 3                |