



EMETALS
— LIMITED —

ABN 71 142 411 390

Annual Financial Report
For the year ended 30 June 2023

CONTENTS**PAGE**

CORPORATE INFORMATION	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION.....	19
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	20
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	21
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	22
CONSOLIDATED STATEMENT OF CASH FLOWS	23
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	24
DIRECTORS' DECLARATION	46
INDEPENDENT AUDITOR'S REPORT	47
ADDITIONAL SHAREHOLDER INFORMATION.....	51

CORPORATE INFORMATION

ABN 71 141 411 390

Directors	Mathew Walker	<i>Executive Director</i>
	Gary Lyons	<i>Non-executive Chairman</i>
	Teck Wong	<i>Non-executive Director</i>

Company secretary	Sonu Cheema
--------------------------	-------------

Registered office	Suite 9, 330 Churchill Avenue Subiaco WA 6008 Telephone: (08) 6489 1600 Fax: (08) 6489 1601
--------------------------	--

Principal place of business	Suite 9, 330 Churchill Avenue Subiaco WA 6008
------------------------------------	--

Share register	Automic Registry Services Level 5, 191 St Georges Terrace Perth WA 6000 Telephone: 1300 288 664
-----------------------	--

Solicitors	Steinepreis Paganin Lawyers and Consultants Level 4, Next Building 16 Milligan Street Perth WA 6000
-------------------	---

Bankers	National Australia Bank Level 1, 1238 Hay Street West Perth WA 6005
----------------	---

Auditors	HLB Mann Judd (WA Partnership) Level 4, 130 Stirling Street Perth WA 6000
-----------------	---

Website	https://www.emetalslimited.com.au/
----------------	---

DIRECTORS' REPORT

The directors of eMetals Limited (ASX: EMT) (Company or eMetals) submit herewith the annual report of the Company and the entities it controlled during the period ("the Group") for the year ended 30 June 2023. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

Directors

The names of directors who held office during or since the end of the year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mathew Walker	Executive Director
Gary Lyons	Non-executive Chairman
Teck Wong	Non-executive Director

Names, experience and special responsibilities

Mr Mathew Walker

Executive Director

Mr Walker has extensive experience in public company management and in the provision of corporate advice. Specialising in the natural resources sector, Mr Walker has served as Executive Chairman or Managing Director for public companies with mineral interests in North America, South America, Africa, Eastern Europe, Australia and Asia. He is also Chairman of corporate advisory firm Cicero Advisory Services Pty Ltd.

During the last three years, Mr Walker has served as a director of the following listed companies:

Frugl Group Limited (appointed 9 July 2018, resigned 1 May 2023)

Blaze Minerals Limited (appointed 1 August 2020)

Mr Gary Lyons

Non-executive Chairman

Mr Lyons is a successful and well-respected Perth based businessman being a shareholder and the Managing Director of the Heiniger Groups Australasian operations for the last 30 years.

During the last three years, Mr Lyons has served as a director of the following listed companies:

GWR Group Limited (appointed 2 June 2010)

Tungsten Mining Limited (appointed 16 July 2014)

Western Gold Resources Limited (appointed 22 March 2021)

Mr Teck Wong

Non-executive Director

Mr Wong has considerable international business experience having worked in Hong Kong, the United Kingdom and now in Malaysia and Indonesia after graduating with a Bachelor of Business degree from Swinburne University (Melbourne). Mr Wong is involved with mining industry in China, Indonesia and Malaysia. He was previously involved in sales & exports of steel related products and was a director of a retail chain business in the United Kingdom. Mr Wong was working in the OEM plastic manufacturing industry in Hong Kong prior to taking up a position in the steel industry in Malaysia.

During the last three years, Mr Wong has served as a director of the following ASX listed companies:

GWR Group Limited (Alternate director appointed 27 July 2011)

Tungsten Mining Limited (appointed 8 February 2016)

Western Gold Resources Limited (appointed 22 March 2021)

Mr Sonu Cheema**Company Secretary**

Sonu Cheema is an accountant and company secretary who has worked for industrial and mineral exploration companies with interests in Australia and abroad.

Interests in the shares and options of the Company and related bodies corporate

The following relevant interests in shares and options of the Group or a related body corporate were held by the directors as at the date of this report:

Directors	Number of options over ordinary shares	Net increase in shares held	Number of fully paid ordinary shares
Mathew Walker ²	43,400,000	(10,000,000)	65,000,000
Gary Lyons	-	-	6,164,114
Teck Wong ¹	-	-	21,433,300
Totals	43,400,000	(10,000,000)	92,597,414

¹ 16,433,300 Shares held in the name of Bluebay Investments Group Corporation, an entity controlled by Teck Wong

² Shares are held in the name of Great Southern Flour Mills Pty Ltd, an entity controlled by Mathew Walker. Options are held in the name of Great Southern Flour Mills Pty Ltd, an entity controlled by Mathew Walker

There were no ordinary shares issued by the Group during or since the end of the financial year as a result of the exercise of options.

During the year, there were no issues of options, and no options were issued subsequent to the balance date and up to the date of this report. There were no alterations to the terms and conditions of options granted since their grant date.

Dividends

No dividends have been paid or declared since the start of the financial year and the directors do not recommend the payment of a dividend in respect of the financial year.

Principal Activities

The principal activity of the Group during the financial year was mineral exploration within Australia.

Financial position

The cash balance at the end of the 30 June 2023 is \$4,163,974. The Group continues to review and appraise new commercial opportunities both within and outside the mining sector and will advise the market of any developments in this regard if and when they eventuate.

Review of Operations

The Directors of eMetals Limited are pleased to submit the Review of Operations for the year ended 30 June 2023. The Company continues to progress its exploration across its major projects during and subsequent to the year ended 30 June 2023. The Company has consolidated its tenement base through the sale, consolidation of existing tenements and application for new tenements throughout the year to capitalise on its exploration potential.

Highlights 30 June 2023

- During the year ended 30 June 2023, EMT completed agreement execution and completion for the sale of seven (7) exploration licenses to Minerals 260 Limited (ASX:MI6) for total consideration of 7,000,000 MI6 shares at an acquisition value of \$2,380,000.
- The Company announced high grade rock chip results were returned from sampling conducted at Beryl Well, including:
 - **BWRC3 26.47% Niobium & 6.68% Tantalum; and**
 - **BWRD4 23.79% Niobium & 6.33% Tantalum.**

The extent of the niobium and tantalum rich material is yet to be specifically determined, Company personnel believe it is related to iron rich material confined to structural infill zones. Beryl Well is one of the tenements which has subsequently been acquired by MI6.

- During the year ended 30 June 2023, an airborne geophysical survey was completed over E20/976, (Meka Project) covering 671 line kilometres with a 100 metre line spacing. Both magnetic and radiometric data was collected to assist in the interpretation of the underlying geology of this tenement. Field activities for this tenement are scheduled for the coming quarter.



SALE OF GASCOYNE TENURE

EMT announced on 7 March 2023 that it had executed an agreement for the sale of seven (7) exploration licenses (**Project**) to Minerals 260 Limited (ASX:MI6) in the Gascoyne Province of Western Australia for total consideration of 7,000,000 MI6 shares (**Consideration Shares**).

- The agreement was between M16 through its wholly owned subsidiary ERL (Aust) Pty Ltd and EMT and its wholly owned subsidiaries RWG Minerals Pty Ltd and Iron Clad Prospecting Pty Ltd which are the parties that hold the tenements comprising the Project.
- M16 issued EMT 7,000,000 shares Consideration Shares on completion. These shares were issued on 24 March 2023, and had a market value at completion of \$2,380,000.

MEKA PROJECT (E20/0976)

The Meka Project (E20/0976) is an unexplored magnetic anomaly located in the Murchison, approximately 110 kilometres west of Cue. The tenement is approximately 15 kilometres west of the Poona Project and is accessible by station tracks and roads. A series of anomalies lies directly along strike from the Gnangooragoo Complex, on the interpreted terrane boundary between the Murchison Domain and the Narryer Terrane, and is a prominent magnetic feature composed of both positive and negative amplitude magnetic anomalies. A series of these magnetic anomalies are present within proximity to the interpreted terrane boundary and represent exploration opportunities untested to date.

The recent work completed during the year ended 30 June 2023 had involved the flying of a low level, high resolution magnetic and radiometric survey on a 100 metre line spacing. Preliminary data has been returned from the airborne contractor (Thomson Airborne). Southern Geoscience Consultants has been commissioned to produce a series of images and interpretations which will be used to guide future exploration within the tenement.

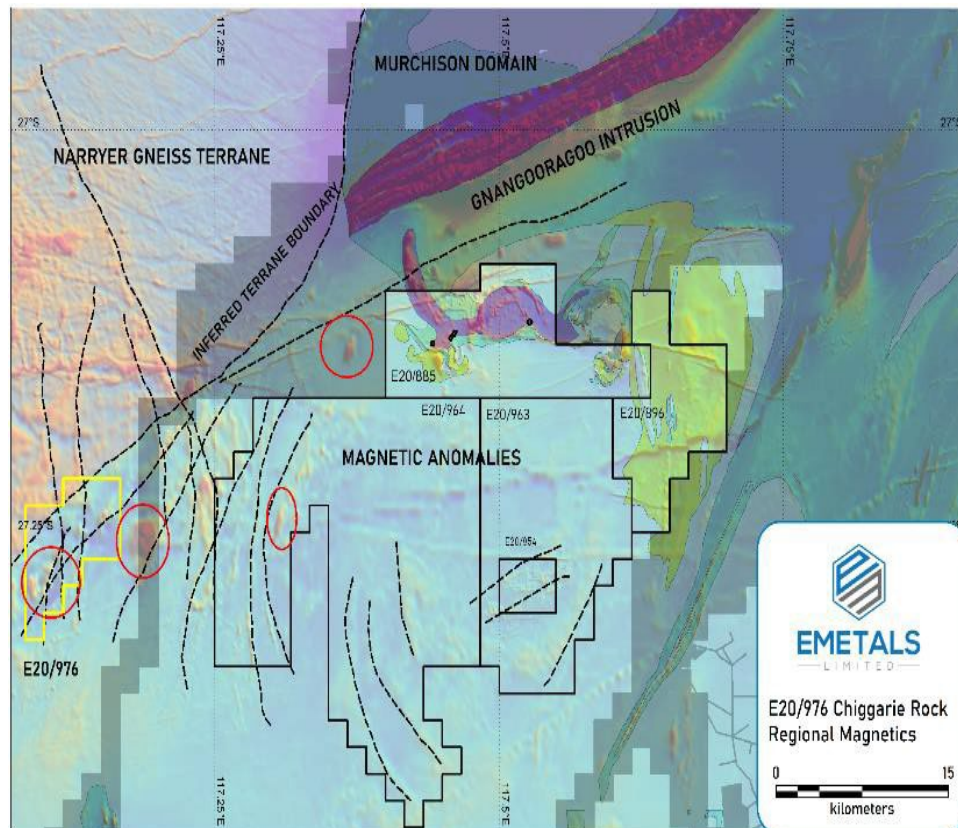


Figure 1: E20/976 Interpreted Regional Setting on the terrane boundary

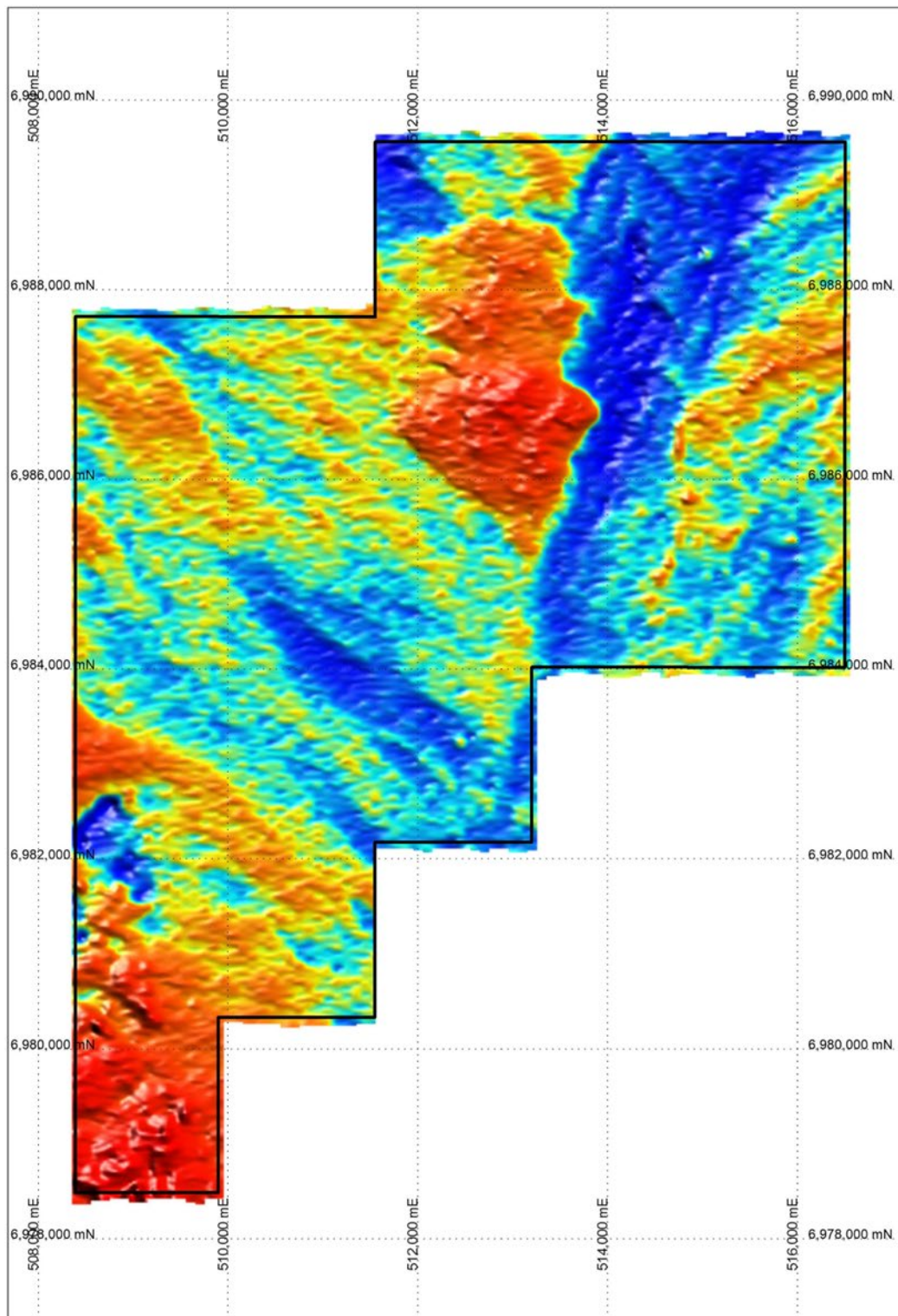


Figure 2: Combined Radiometric Image E20/976

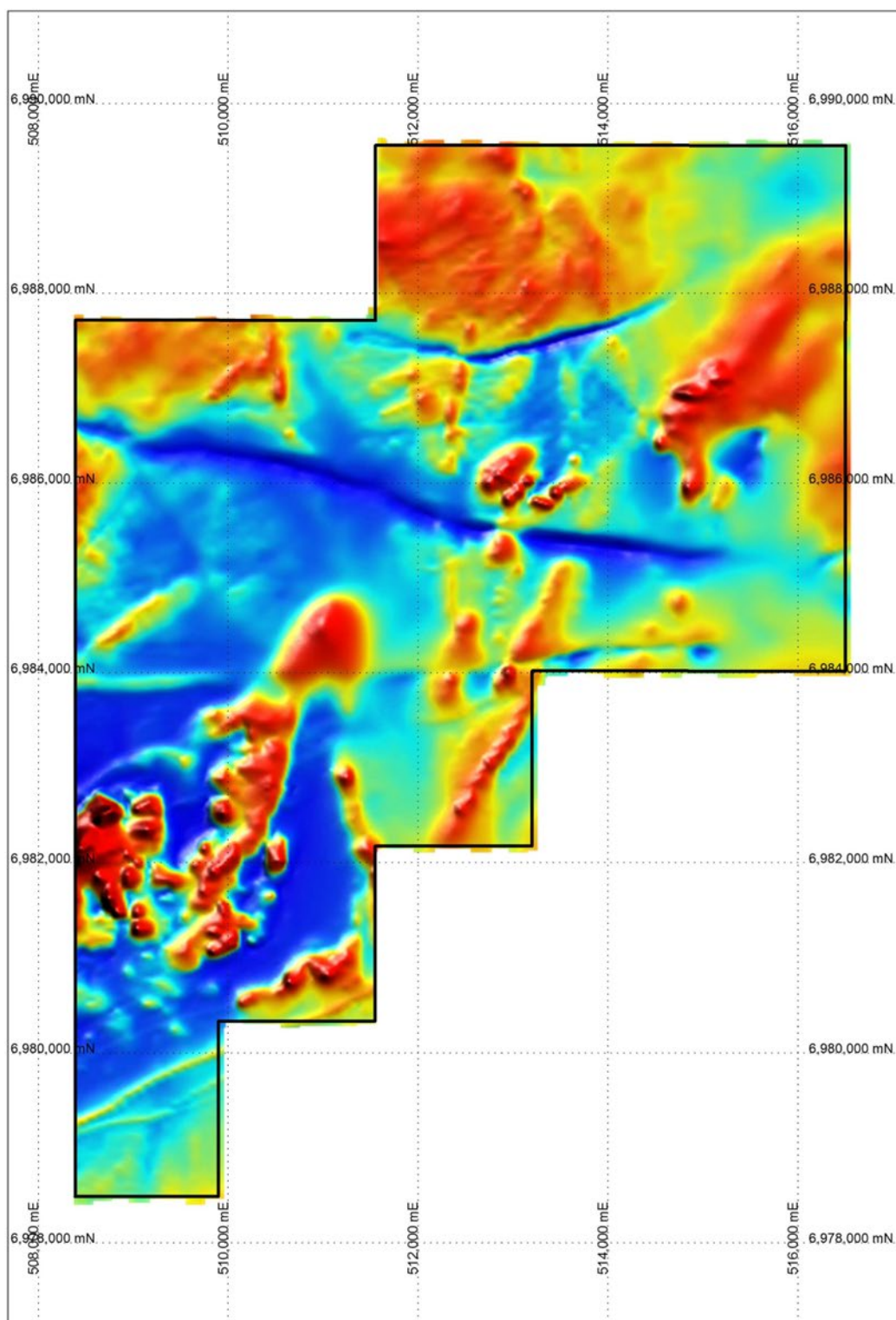


Figure 3: Aeromagnetic Image (RTP) E20/976

SALMON GUMS PROJECT

EMT and its controlled wholly owned subsidiaries hold four exploration licenses (E63/2049, E63/2066, E63/2126, E63/2127) covering an area of 219 blocks for a total of 630 square kilometers of the Eucla Basin in the Albany Fraser Range Province of southern Western Australia (**Project**).

The Project cover areas underlain by meta-granites of Archaean to Proterozoic age. These granitic rocks are situated within the Albany Fraser Orogen on the south and southeastern margins of the Yilgarn Craton. Outcrop of the meta-granites within the Project is rare with majority of the tenements overlain by Cainozoic sediments, aeolian sands and salt lakes.

Work on the Salmon Gums Project was restricted to negotiation of a Heritage survey during the March quarter, and statutory reporting obligations. Recent encouraging gold and rare earth values have been recently released by Meeka Metals (ASX: MEK) on adjoining tenure to the south highlighting the prospectivity of the area.

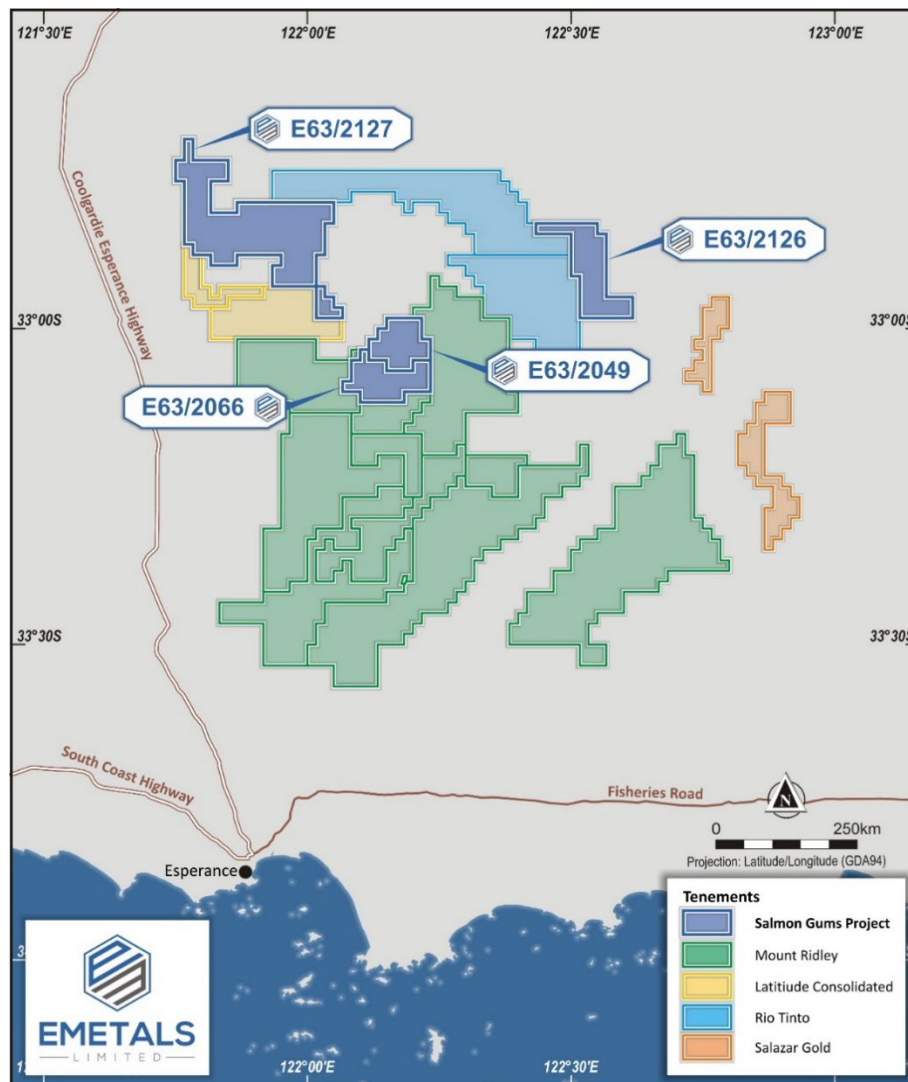


Figure 4 - Salmon Gums Project

TWIN HILLS

The Twin Hills Project consists of three granted exploration licenses (E29/950, E29/1163, E29/1164) located approximately 30 kilometers northeast of Menzies and 150 kilometers north of Kalgoorlie in the Eastern Goldfields of Western Australia. The tenement covers an area of approximately 50 square kilometers and extends over about 10 kilometers of strike of the greenstone sequence that hosts the excised historical Twin Hills gold mine. The tenement covers the north and south extension of the shear zone which is the interpreted host of mineralisation at Twin Hills.

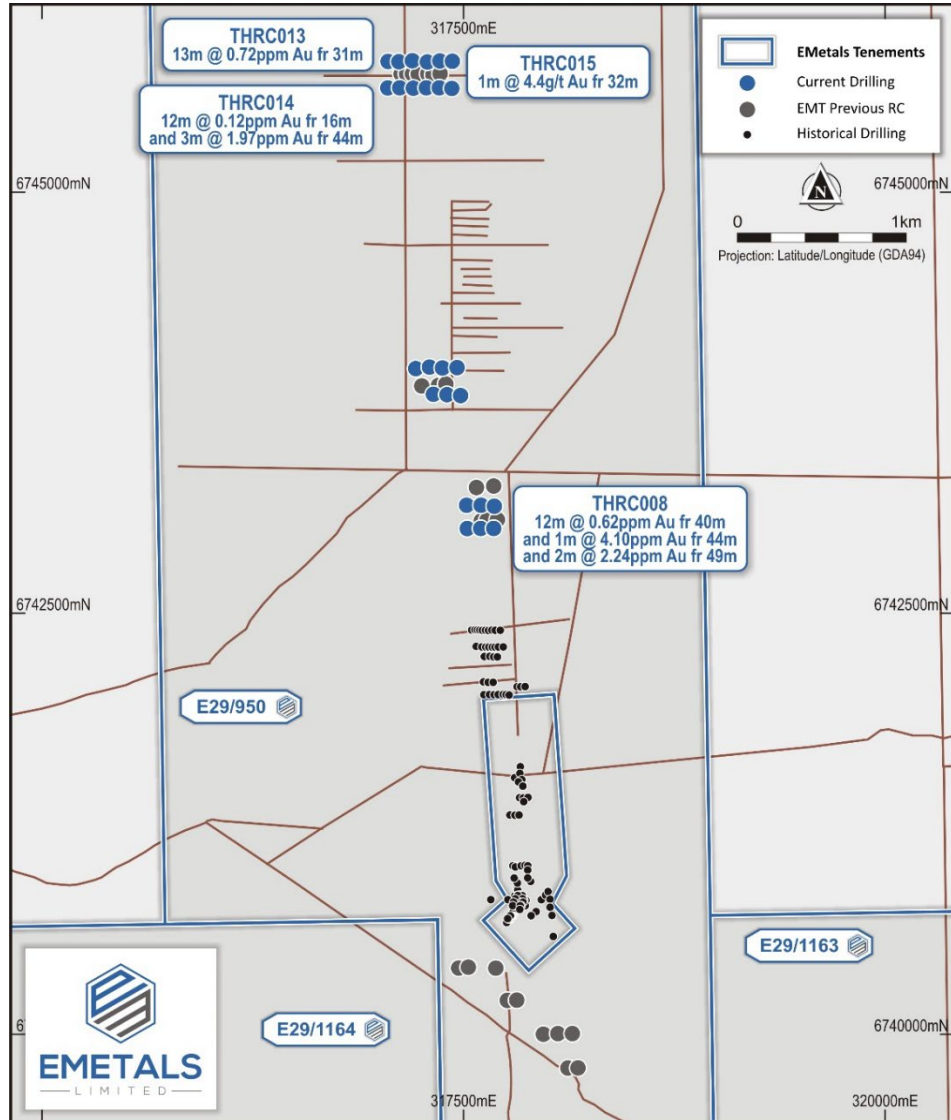


Figure 5 – Twin Hills Drill Project

CORPORATE

CATEGORY	ASX CODE	NUMBER
Issued Ordinary Shares	EMT	850,000,000
Options (\$0.03 – 30 September 2025)	EMTO	420,000,000

Tenement	Status	Project	Interest (%)	Current Area	Grant Date	Application Date	Expiry Date
E20/0976	LIVE	MEKA	100	19	2/08/2021	26/10/2020	1/08/2026
E29/1163	LIVE	TWIN HILLS	100	7	1/07/2022	21/10/2021	30/06/2027
E29/1164	LIVE	TWIN HILLS	100	5	1/07/2022	21/10/2021	30/06/2027
E63/2049	LIVE	SALMON GUMS	100	26	21/09/2020	6/07/2020	20/09/2025
E63/2066	LIVE	SALMON GUMS	100	31	10/12/2020	26/10/2020	9/12/2025
E63/2126	LIVE	SALMON GUMS	100	41	15/03/2022	24/06/2021	14/03/2027
E63/2127	LIVE	SALMON GUMS	100	121	15/03/2022	24/06/2021	14/03/2027

Forward looking statements

This announcement contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties. These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this announcement, are expected to take place. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of the Company, the directors and our management. We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements. We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this announcement, except where required by law. These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements.

Competent Persons Statement

The information in this announcement that relates to Exploration Results is based on and fairly represents information and supporting documentation prepared by Mr Simon Coxhell. Mr Coxhell is a consultant geologist for eMetals and a member of the Australian Institute of Mining and Metallurgy. Mr Coxhell has sufficient experience relevant to the styles of mineralisation and types of deposits which are covered in this announcement and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' ("JORC Code"). Mr Coxhell consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Operational Risks

The Company may be affected by various operational factors. In the event that any of these potential risks eventuate, the Company's operational and financial performance may be adversely affected. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its tenement interests. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits, failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, insufficient or unreliable infrastructure such as power, water and transport, difficulties in commissioning and operating plant and equipment, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

The Company's Mineral Resource estimates are made in accordance with the 2012 edition of the JORC Code. Mineral resources are estimates only. An estimate is an expression of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate.

The tenements are at various stages of exploration, and potential investors should understand that mineral exploration and development are speculative and high-risk undertakings that may be impeded by circumstances and factors beyond the control of the Company.

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

Further capital requirements

The Company's projects may require additional funding in order to progress activities. There can be no assurance that additional capital or other types of financing will be available if needed to further exploration or possible development activities and operations or that, if available, the terms of such financing will be favourable to the Company.

Native title and Aboriginal Heritage

There are areas of the Company's projects over which legitimate common law and/or statutory Native Title rights of Aboriginal Australians exist. Where Native Title rights do exist, the Company must obtain consent of the relevant landowner to progress the exploration, development and mining phases of operations. Where there is an Aboriginal Site for the purposes of the Aboriginal Heritage legislation, the Company must obtain consents in accordance with the legislation.

Government regulations and approvals

The Company is subject to certain Government regulations and approvals. Any material adverse change in government policies or legislation in Western Australian and Australia that affect mining, processing, development and mineral exploration activities, export activities, income tax laws, royalty regulations, government subsidiaries and environmental issues may affect the viability and profitability of any planned exploration or possible development of the Company's portfolio of projects.

Global conditions

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities. General economic conditions, laws relating to taxation, new legislation, trade barriers, movements in interest and inflation rates, currency exchange controls and rates, national and international political circumstances (including outbreaks in international hostilities, wars, terrorist acts, sabotage, subversive activities, security operations, labour unrest, civil disorder, and states of emergency), natural disasters (including fires, earthquakes and floods), and quarantine restrictions, epidemics and pandemics, may have an adverse effect on the Company's operations and financial performance, including the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Environmental Regulation

EMT's operations are subject to significant environmental regulations under the laws of the Commonwealth and/or State. No notice of any breach has been received and to the best of the Directors' knowledge no breach of any environmental regulations has occurred during the financial year or up to the date of this Annual Report.

Significant events since the end of the period

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Operating results for the year

The comprehensive profit/ (loss) of the Group for the financial year, after providing for income tax amounted to \$3,773,801 (2022: loss \$1,925,704).

Review of financial conditions

As at 30 June 2023, the Group had \$4,163,974 in cash assets.

Risk management

Details of the Company's Risk Management policies are contained within the Corporate Governance Statement.

Corporate Governance

Details of the Company's Corporate Governance policies are contained within the Corporate Governance Statement.

Likely developments and expected results

Disclosure of information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Therefore, this information has not been presented in this report.

Environmental legislation

The Company was not subject to any significant environmental and monitoring requirements during the year.

Indemnification and insurance of Directors and Officers

The Company has agreed to indemnify all the directors of the Company for any liabilities to another person (other than the Company or related body corporate) that may arise from their position as directors of the Company, except where the liability arises out of conduct involving a lack of good faith.

During the financial year the Company paid a premium in respect of a contract insuring the directors and officers of the Company against any liability incurred in the course of their duties to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Remuneration Report (Audited)

This report outlines the remuneration arrangements in place for directors and senior management of eMetals Limited (the "Group") for the financial period ended 30 June 2023.

Key Management Personnel ("KMP")

The KMP of the Group during or since the end of the financial year were as follows:

Directors

Gary Lyons	Non-Executive Chairman
Mathew Walker	Executive Director
Teck Wong	Non-Executive Director

Remuneration philosophy

The remuneration policy of eMetals Limited has been designed to align Director's objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of eMetals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company, as well as create aligned goals between directors and shareholders.

Non-executive director remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders. The Company's constitution states that an aggregate remuneration of \$250,000 per period can be paid to the non-executive directors. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is reviewed annually.

The Board considers advice from external advisors as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Each director receives a fee for being a director of the Company. The current fee for non-executive directors are between \$36,000 per annum and \$60,000 per annum. No remuneration consultants were used during the year.

Executive director remuneration

Remuneration consists of fixed remuneration and Company options (as determined from time to time). In addition to the Group employees and directors, the Company has contracted key consultants on a contractual basis. These contracts stipulate the remuneration to be paid to the consultants.

Fixed Remuneration

Fixed remuneration is reviewed annually by the Independent Directors Committee. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Committee has access to external, independent advice where necessary.

The fixed remuneration component of the Key Management Personnel is detailed in Table 1.

No advice was sought from remuneration consultants during the year for any key management personnel.

Remuneration Report (continued)

16

Employment Contracts

On 1 September 2012, the Group entered into an executive consulting services agreement with Mr Walker (Executive Consulting Services Agreement) effective as from 1 September 2012. Under the Executive Consulting Services Agreement, Mr Walker is engaged to provide services to the Group in the capacity of Executive Director, based in Perth, Western Australia. Mr Walker is to be paid a monthly remuneration of \$6,667 plus GST. Mr Walker will also be reimbursed for reasonable expenses incurred in carrying out his duties. The Executive Consulting Services agreement can be terminated by one month's written notice from the Company, while Mr Walker can terminate by providing three months written notice.

Options

There was no Options granted by the Company as remuneration during the year ended 30 June 2023 (2022: Nil).

Performance-based Remuneration

There was no performance-based bonus awarded as remuneration during the year ended 30 June 2023 (2022: Nil).

Remuneration of key management personnel

Table 1: Key management personnel remuneration for the year ended 30 June 2023									
		Short-term employee benefits			Post-employment benefits	Equity			
		Salary & Fees	Bonuses	Non-Monetary Benefits	Super-annuation	Options Granted	Total	Performance Related	Option Related
		\$	\$	\$	\$	\$	\$	%	%
Directors									
Gary Lyons	2023	48,000	-	-	5,040	-	53,040	-	-
Mathew Walker	2023	80,000	10,000	-	-	-	90,000	-	-
Teck Wong	2023	36,000	-	-	-	-	36,000	-	-
Total	2023	164,000	10,000	-	5,040	-	179,040	-	-

As at 30 June 2023 an amount of \$nil was owing to directors for unpaid fees (2022: \$nil).

Remuneration of key management personnel

Table 1: Key management personnel remuneration for the year ended 30 June 2022									
		Short-term employee benefits			Post-employment benefits	Equity			
		Salary & Fees	Bonuses	Non-Monetary Benefits	Super-annuation	Options Granted	Total	Performance Related	Option Related
		\$	\$	\$	\$	\$	\$	%	%
Directors									
Gary Lyons	2022	48,000	-	-	4,440	-	52,440	-	-
Mathew Walker	2022	80,000	-	-	-	-	80,000	-	-
Teck Wong	2022	36,000	-	-	-	-	36,000	-	-
Total	2022	164,000	-	-	4,440	-	168,440	-	-

Remuneration Report (continued)

17

Option holdings of Directors

Director	Balance at 1 July	Received as Remuneration	Options Purchased	Options Lapsed	Balance at 30 June
Gary Lyons	10,000,000	-	-	(10,000,000)	-
Mathew Walker	35,000,000	-	15,000,000	(35,000,000)	15,000,000
Teck Wong	10,000,000	-	-	(10,000,000)	-
Total	55,000,000	-	15,000,000	(55,000,000)	15,000,000

Shareholdings of Directors

Director	Balance at 1 July	Received as Remuneration	Disposal / Acquisition	On Exercise of Options	Balance at 30 June
Gary Lyons	6,164,114	-	-	-	6,164,114
Mathew Walker	75,000,000	-	(10,000,000)	-	65,000,000
Teck Wong	21,433,300	-	-	-	21,433,300
Total	102,597,414	-	(10,000,000)	-	92,597,414

Other related party transactions

The Company had an agreement with Cicero Group Pty Ltd (CGC), a company related to Mr Walker, for corporate administration services including financial reporting, company secretarial services, rent and administrative operations. The charges for these services is \$8,000 per month (exc. GST). Charges are at commercial terms in accordance with the agreement entered as part of the reinstatement to ASX quotation following IPO in January 2020. The agreement ended on 30 June 2023.

End of Remuneration Report

Directors' Meetings

The number of meetings of directors (including meetings of committees of directors) held during the period and the number of meetings attended by each director were as follows:

Directors	Directors Meetings		Audit Committee meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Gary Lyons	1	1	-	-
Mathew Walker	1	1	-	-
Teck Wong	1	1	-	-

In addition, there were 1 circular resolutions signed by the board. During the year, various due diligence meetings were conducted for potential project assessment and review.

Proceedings on behalf of the Company

There are no proceedings on behalf of the Company.

Auditor Independence and Non-Audit Services

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the audit of the annual report. This Independence Declaration is set out on the following page and forms part of this directors' report for the year ended 30 June 2023.

Non-Audit Services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 17 to the financial statements. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that services provided by the auditor do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the impartiality and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 *Code of Ethics for Professional Accountants* issued by the Accounting Professional and Ethical Standards Board.

Signed in accordance with a resolution of the directors.



Mr Gary Lyons

Non-Executive Chairman

Perth, Western Australia; Dated this 29th day of September 2023

CORPORATE GOVERNANCE STATEMENT

eMetals Limited ("the Company") and the Board of Directors are committed to achieving the highest standards of corporate governance. The Board continues to review the framework and practices to ensure they meet the interests of shareholders. The Company and its controlled entities together are referred to as the Group in this statement.

A description of the Group's main corporate governance practices is set out on the Company's website <https://www.emetalslimited.com.au/corporate-governance>. All these practices, unless otherwise stated, were in place for the entire year and comply with the ASX Corporate Governance Principles and Recommendations and are contained in the accompanying Appendix 4G for the year ended 30 June 2023.



AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of eMetals Limited for the year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
29 September 2023

A handwritten signature in blue ink, appearing to read 'Norman G. Neill'.

N G Neill
Partner

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 **E:** mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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

	Notes	2023 \$	2022 \$
Continuing operations			
Other income	2	1,206,005	21,343
Fair value gain on financial assets		3,150,000	12,000
Administration expenses	2	(274,495)	(351,101)
Director fees and Executive fees		(179,040)	(168,440)
Exploration expenses		(41,960)	(556,353)
Share based payment expense	7	(76,874)	(196,624)
Impairment of deferred exploration and evaluation expenditure	10	-	(673,526)
Loss on sale of financial assets		(9,835)	(13,003)
Profit / (loss) before income tax expense		3,773,801	(1,925,704)
Income tax expense	3	-	-
Profit/ (loss) after tax from continuing operations		3,773,801	(1,925,704)
Net profit / (loss) for the year		3,773,801	(1,925,704)
Other comprehensive income, net of income tax			
Total comprehensive income / (loss) for the year		3,773,801	(1,925,704)
Basic (loss) per share (cents per share)	4	0.44	(0.30)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
Assets			
Current Assets			
Cash and cash equivalents	8	4,163,974	4,515,336
Trade and other receivables	9	22,810	58,206
Financial assets	18	5,530,000	284,000
Total Current Assets		9,716,784	4,857,542
Non-Current Assets			
Deferred exploration expenditure	10	1,265,594	2,218,236
Total Non-Current Assets		1,265,594	2,218,236
Total Assets		10,982,378	7,075,778
Liabilities			
Current Liabilities			
Trade and other payables	11	90,217	34,292
Total Current Liabilities		90,217	34,292
Total Liabilities		90,217	34,292
Net Assets		10,892,161	7,041,486
Equity			
Issued capital	5	20,036,905	20,036,905
Reserves	6	1,296,661	1,219,787
Accumulated losses		(10,441,405)	(14,215,206)
Total Equity		10,892,161	7,041,486

The accompanying notes form part of these financial statements.

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

Consolidated	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2021	14,837,155	(12,289,502)	1,172,913	3,720,566
Loss for the year	-	(1,925,704)	-	(1,925,704)
Total comprehensive loss for the year	-	(1,925,704)	-	(1,925,704)
Shares issued during the year	5,645,000	-	-	5,645,000
Performance shares issued during the year	-	-	46,874	46,874
Issue costs	(445,250)	-	-	(445,250)
Balance at 30 June 2022	20,036,905	(14,215,206)	1,219,787	7,041,486

Consolidated	Issued Capital	Accumulated Losses	Share Based Payments Reserve	Total Equity
	\$	\$	\$	\$
Balance at 1 July 2022	20,036,905	(14,215,206)	1,219,787	7,041,486
Profit for the year	-	3,773,801	-	3,773,801
Total comprehensive income for the year	-	3,773,801	-	3,773,801
Options issued during the year	-	-	30,000	30,000
Performance rights vested during the year	-	-	46,874	46,874
Balance at 30 June 2023	20,036,905	(10,441,405)	1,296,661	10,892,161

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS **FOR THE YEAR ENDED 30 JUNE 2023**

	Note	2023 \$	2022 \$
		Inflows/(Outflows)	
Cash flows from operating activities			
Receipts from customers		-	16,500
Payments to suppliers and employees		(614,174)	(827,183)
Interest received		41,740	2,027
Net cash (used in) operating activities	8	(572,434)	(808,656)
Cash flows from investing activities			
Proceeds from sale of financial assets		274,165	283,247
Proceeds from sale of tenements		210,000	12,500
Payments for exploration and evaluation		(263,093)	(378,170)
Net cash provided by / (used in) investing activities		221,072	(82,423)
Cash flows from financing activities			
Proceeds from issue of shares		-	4,875,000
Payment for share issue costs		-	(155,000)
Net cash provided by financing activities		-	4,720,000
Net increase / (decrease) in cash held		(351,362)	3,828,921
Cash and cash equivalents at the beginning of the year	8	4,515,336	686,415
Cash and cash equivalents at the end of the year	8	4,163,974	4,515,336

The accompanying notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) **Basis of Preparation**

The financial report is a general-purpose consolidated financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity registered in Australia and operating in Australia. For the purposes of preparing the annual financial report, the period has been treated as a discrete reporting period. The accounting policies below have been consistently applied to all of the years presented unless otherwise stated.

These financial statements have been prepared under the historical cost convention, and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The financial report is presented in Australian dollars.

(b) **Adoption of new and revised standards**

Changes in accounting policies on initial application of Accounting Standards

Standards and Interpretations applicable to 30 June 2023:

In the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company's operations and effective for the year reporting periods beginning on or after 1 July 2022.

As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and therefore no material change is necessary to Group accounting policies.

Standards and Interpretations in issue not yet effective:

The Directors have also reviewed all of the new and revised Standards and Interpretations issued but not yet effective that are relevant to the Company and effective for the annual reporting period beginning on or after 1 July 2023.

As a result of this review, the Directors have determined that there is no material impact of the new and revised standards and interpretations issued but not yet effective on the Company and therefore no material change is necessary to Group accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

25

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Statement of compliance

The financial report was authorised for issue on 29 September 2023.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

(d) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement in with the investee; and
- has the ability to its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements listed above.

When the Company has less than a majority of the voting rights in an investee, it has the power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties; rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Critical accounting judgements and key sources of estimation uncertainty

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Exploration and evaluation costs carried forward

In accordance with accounting policy Note 1(q) management determines when an area of interest should be abandoned. When a decision is made that an area of interest is not commercially viable, all costs that have been capitalised in respect of that area of interest are written off. In determining this, various assumptions including the maintenance of title, ongoing expenditure and prospectively are made.

Share-based payment transactions:

The Group measures the cost of equity-settled transactions by reference to the fair value of the services provided. Where the services provided cannot be reliably estimated fair value is measure by reference to the fair value of by the equity instruments at the date at which they are granted. The fair value of the options issued was determined by using a Black and Scholes model and the performance rights fair value was determined using a Trinomial Barrier option pricing model.

(f) Revenue recognition

Revenue is recognised to the extent that control has passed of the goods or services provided and it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(g) Cash and cash equivalents

Cash comprises cash at bank and in hand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(h) Trade and other receivables

Trade receivables are measured on initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method, less any allowance for impairment. Trade receivables are generally due for settlement within periods ranging from 15 days to 30 days.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

27

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial Assets

Recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. If the fair value of the financial assets at initial recognition differs from the transaction price, the fair value will be and measured through profit or loss at the transaction date based on Level 1 inputs in the fair value hierarchy.

Subsequent measurement of financial assets

The fair values of financial assets are determined by reference to active market transactions or using a valuation technique where no active market exists, with gains or losses recognised in profit or loss.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

(j) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset, or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration received that the Company could be required to repay. When continuing involvement takes the form of a written and/or purchased option (including a cash-settled option or similar provision) on the transferred asset, the extent of the Company's continuing involvement is the amount of the transferred asset that the Company may repurchase, except that in the case of a written put option (including a cash-settled option or similar provision) on an asset measured at fair value, the extent of the Company's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

28

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(ii) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

29

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Other taxes

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

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

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

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

(j) Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

30

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Share-based payment transactions

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of eMetals Limited (market conditions) if applicable.

The cumulative expense recognised for equity-settled transactions at each balance date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the Company's best estimate of the number of equity instruments that will ultimately vest. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition. If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

(m) Issued capital

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

31

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Earnings per share

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

Diluted earnings per share are calculated as net profit or loss attributable to members of the parent, adjusted for:

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

(o) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of eMetals Limited.

(p) Going concern

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

The Directors have reviewed the business outlook, cash flow forecasts and immediate capital requirements and are of the opinion that the use of the going concern basis of accounting is appropriate as the Directors believe the Group will be able to pay its debts as and when they fall due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

32

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- the rights to tenure of the area of interest are current; and
- at least one of the following conditions is also met:
 - the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
 - exploration and evaluation activities in the area of interest have not at the balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent 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 in previous years. Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

33

NOTE 2: REVENUES AND EXPENSES

	2023 \$	2022 \$
(a) Other income		
Interest income	41,740	2,027
Gain on sale of tenements	1,164,265	19,316
	<u>1,206,005</u>	<u>21,343</u>
(b) Administration expenses		
Marketing and investor relations expenses	-	24,000
Legal expenses	3,322	68,183
Corporate fees	103,750	76,500
Accounting and audit fees	38,597	38,375
ASX and registry fees	55,743	97,503
Other administration expenses	73,083	46,540
	<u>274,495</u>	<u>351,101</u>

NOTE 3: INCOME TAX

Current tax expense

	2023 \$	2022 \$
(a) Income tax benefit	<u>-</u>	<u>-</u>
(b) Numerical reconciliation between tax-expense and pre-tax net profit / (loss)		
Profit / (loss) from ordinary activities	<u>3,773,801</u>	<u>(1,925,704)</u>
	<u>3,773,801</u>	<u>(1,925,704)</u>
Income tax using the company's domestic tax rate of 25% (2022: 25%)	943,450	(481,426)
Share based payments	19,219	49,156
Other non-deductible expenses/(deductible tax adjustments)	(722,369)	146,609
Tax losses not brought to account as a deferred tax asset	-	285,661
Recoupment of prior year losses	(240,300)	
Income tax benefit/(expense) attributable to entity	<u>-</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

34

NOTE 3: INCOME TAX (continued)

(c) Tax losses

The deferred tax asset on the unused cumulative 2023 tax losses of \$9,985,069 (2022: \$10,948,433) which includes capital losses of \$109,588 (2022: \$111,753) has not been recognised as a deferred tax asset as the future recovery of these losses is subject to the Group satisfying the requirements imposed by the regulatory authorities. The benefit of deferred tax assets not brought to account will only be brought to account if:

- Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised.
- The conditions for deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely effect of the Group in realising the benefit.

(d) Unrecognised temporary differences

	2023 \$	2022 \$
Net deferred tax assets calculated at 25% (2022: 25%) have not been recognised in respect of the following items:		
Income tax losses not brought to account	1,671,354	2,634,023
Unrecognised deferred tax assets relating to the above temporary differences	1,671,354	2,634,023

NOTE 4: LOSS PER SHARE

	2023 Cents per share	2022 Cents per share
<i>Basic earnings / (loss) per share</i>		
Continuing operations	0.44	(0.30)
	\$	\$
Profit / (loss) for the year	3,773,801	(1,925,704)
	Number	Number
Weighted average number of ordinary shares for the purposes of basic loss per share:	850,000,000	631,547,945

There are no potential ordinary shares that are considered dilutive, as a result no dilutive earnings per share has been disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

35

NOTE 5: ISSUED CAPITAL

	2023 \$	2022 \$	2023 No.	2022 No.
<i>Movements in ordinary shares on issue</i>				
At 1 July	20,036,905	14,837,155	850,000,000	425,000,000
Movements during the period:				
Shares issued as part of placement	-	4,875,000	-	390,000,000
Shares issued for acquisition of Salmon Gums (Note 19)	-	330,000	-	15,000,000
Shares issued for lead manager fees	-	440,000	-	20,000,000
Share issue costs	-	(445,250)	-	-
At 30 June	20,036,905	20,036,905	850,000,000	850,000,000

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

NOTE 6: RESERVES

Share based payments reserve

This reserve is used to record the value of equity benefits provided to consultant, employees and directors as part of their remuneration.

	2023 \$	2022 \$
<i>Share based payments reserve</i>		
At 1 July	1,219,787	1,172,913
Options issued	30,000	-
Performance rights vested during the year	46,874	46,874
At 30 June	1,296,661	1,219,787

	2023 \$	2022 \$	2023 No.	2022 No.
<i>Movements in options on issue</i>				
At 1 July	1,171,384	1,171,384	445,000,000	35,000,000
Movements during the period:				
Options issued as part of placement	-	-	-	410,000,000
Options issued to consultant for services	-	-	10,000,000	-
Options expired	-	-	(35,000,000)	-
At 30 June	1,171,384	1,171,384	420,000,000	445,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

36

NOTE 7: SHARE BASED PAYMENTS

	2023	2022
	\$	\$
Options issued to consultant	30,000	149,750
Performance rights issued to consultant ⁽ⁱ⁾	46,874	46,874
	<u>76,874</u>	<u>196,624</u>

(i) Performance Rights Granted During the Year

On 31 May 2021, a total of 7,500,000 Performance Rights were issued to the Company's consultant. The Performance Rights were issued at nil cost and are subject to a vesting condition, as follows:

- (1) 2,500,000 Class A Performance Rights, to be issued subject to the terms of the employee incentive scheme and subject to the vesting on the date that the 15 Day VWAP of the Company's shares is equal to or in excess of \$0.10 per share and engaged with the Company as an eligible employee or contractor at the time of vesting.
- (2) 2,500,000 Class B Performance Rights, to be issued subject to the terms of the employee incentive scheme and subject to the vesting on the date that the 15 Day VWAP of the Company's shares is equal to or in excess of \$0.15 per share and engaged with the Company as an eligible employee or contractor at the time of vesting.
- (3) 2,500,000 Class C Performance Rights, to be issued subject to the terms of the employee incentive scheme and subject to the vesting on the date that the 15 Day VWAP of the Company's shares is equal to or in excess of \$0.20 per share and engaged with the Company as an eligible employee or contractor at the time of vesting.

The assessed fair value of the performance rights was determined using a Trinomial Barrier option pricing model, taking into account the term of performance rights, the share price at grant date, expected price volatility of the underlying share, expected dividend yield and the risk-free interest rate of the term of the rights.

The fair value of the performance rights is recognized over the expected vesting period of the rights, as follows:

	Class A Performance Rights	Class B Performance Rights	Class C Performance Rights
Number	2,500,000	2,500,000	2,500,000
Grant date	31 May 2021	31 May 2021	31 May 2021
Expiry date	30 June 2024	30 June 2024	30 June 2024
Value per Right	\$0.0202	\$0.0201	\$0.0177
Total Value	<u>\$50,500</u>	<u>\$50,250</u>	<u>\$44,250</u>
Charge in current period	\$16,325	\$16,244	\$14,305

(ii) Options issued issued During the Year

As announced on 20 September 2022, the Company issued 10,000,000 quoted Options to the Company's technical geological consultant, Simon Coxhell (Consultant Options). Shareholder approval was received on 29 November 2022. The EMTO options issued to the Consultant an exercise price of \$0.03 per share and expire on 30 September 2025.

The assessed fair value of the options was determined using market value. The fair value of the options is recognised as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

37

	Consultant Options
Number	10,000,000
Grant date	29 November 2022
Expiry date	30 Septmeber 2025
Value per Option	\$0.03
Total value	<u>\$30,000</u>

NOTE 8: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at hand and in bank	4,163,974	4,515,336
	<u>4,163,974</u>	<u>4,515,336</u>

Cash at bank earns interest at floating rates on daily bank deposit rates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

38

Reconciliation of loss for the year to net cash flows from operating activities

	2023	2022
Profit / (loss) after tax for the period	3,773,801	(1,925,704)
Adjustments for:		
(Gain) / loss on revaluation of financial assets	(3,150,000)	(12,000)
(Gain) on sale of tenements	(1,164,265)	-
(Gain) / loss on sale of financial assets	9,835	-
Share based payment expenses	76,874	196,624
Exploration expenses paid through shares issued (refer to Note 19)	-	330,000
Write-off exploration expenditure	-	673,526
Loss on sale of Financial Assets	-	13,003
Proceeds from sale of tenements	(210,000)	-
Decrease / (increase) in trade receivables and other receivables	35,396	15,417
(Decrease) / increase in trade and other payables	55,925	(99,522)
Net cash (used in) operating activities	(572,434)	(808,656)

Non-cash financing and investing activities

Sale of tenements (refer to Note 10)	2,380,000	272,000
--------------------------------------	-----------	---------

NOTE 9: TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
Goods and services tax receivables	8,572	31,960
Prepayments	14,238	26,246
Balance at 30 June	22,810	58,206

NOTE 10: DEFERRED EXPLORATION EXPENDITURE

	2023	2022
	\$	\$
Expenditure brought forward	2,218,236	2,798,092
Expenditure incurred during year	263,093	378,170
Sale of tenements received in shares	1,215,735	(272,000)
Sale of tenements received in cash	-	(12,500)
Write-down exploration expenditure	-	(673,526)
Expenditure carried forward	1,265,594	2,218,236

The recoupment of cost carried forward in relation to the above area of interest in the exploration phase is dependent on the successful development and commercial exploitation or sale of the respective area.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

39

NOTE 11: TRADE AND OTHER PAYABLES (CURRENT)

	2023	2022
	\$	\$
Trade payables ¹	66,717	10,792
Accrued expenses	23,500	23,500
Balance at 30 June	90,217	34,292

¹ Trade payables are non-interest bearing and are normally settled on 60-day terms.

NOTE 12: FINANCIAL INSTRUMENTS

	2023	2022
	\$	\$
Financial assets		
Receivables	22,810	58,206
Financial assets	5,530,000	284,000
Cash and cash equivalents	4,163,974	4,515,336
Balance at end of year	9,716,784	4,857,542
Financial liabilities		
Trade and other payables	90,217	34,292
Balance at end of year	90,217	34,292

The following table details the expected maturities for the Company's non-derivative financial assets. These have been drawn up based on undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Company anticipates that the cash flow will occur in a different period.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2023						
Non-interest bearing	-	22,810	-	-	-	-
Variable interest rate instruments	4.0	4,163,974	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		4,186,784	-	-	-	-
2022						
Non-interest bearing	-	58,206	-	-	-	-
Variable interest rate instruments	0.290	4,515,336	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		4,857,542	-	-	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

40

NOTE 12: FINANCIAL INSTRUMENTS (continued)

The following tables detail the Company's remaining contractual maturity/s for its non-derivative financial liabilities. These are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate %	Less than 1 month \$	1 – 3 Months \$	3 months – 1 year \$	1 – 5 years \$	5+ years \$
2023						
Non-interest bearing	-	90,217	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		90,217	-	-	-	-
2022						
Non-interest bearing	-	34,292	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Fixed interest rate instruments	-	-	-	-	-	-
		34,292	-	-	-	-

The carrying amount of cash and cash equivalents approximates fair value because of their short-term maturity. The carrying amount of the financial assets, and financial liabilities measured at fair value on a non-recurring basis approximates their fair value.

Financial risk management objectives and policies:

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Interest rate risk
- Market risk
- Capital risk

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. The Board has overall responsibility for the establishment and oversight of the risk management framework. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The Company's principal financial instruments comprise cash and short-term deposits and equity investments. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Company. The Company also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Company's policy not to trade in financial instruments, other than available-for-sale financial assets in the form of listed shares.

FOR THE YEAR ENDED 30 JUNE 2023**NOTE 12: FINANCIAL INSTRUMENTS (continued)****(a) Credit risk management**

Credit risk refers to the risk that a counter-party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. An example is that the Company only dealt with the NAB for Term Deposits during the year. This information is supplied by independent rating agencies where available and, if not available, the Company uses publicly available financial information and its own trading record to rate its major customers and suppliers. The Company's exposure and the credit ratings of its counter-parties are continuously monitored. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Board annually.

The Company does not have any significant credit risk exposure to the NAB. The credit risk on liquid funds and Term Deposits is reduced because 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 allowance for losses, represents the Company's maximum exposure to credit risk without taking account of the value of any collateral obtained.

(b) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, who have built an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Company did not have any undrawn facilities at its disposal as at balance date.

(c) Interest rate risk management

The Company is exposed to interest rate risk as the Company deposits the bulk of the Company's cash reserves in Short Term Deposits with the NAB or other acceptable Australian Banking entities. The risk is managed by the Company by maintaining an appropriate mix between short term deposits and at call deposits. The Company's exposure to interest rate on financial assets is detailed in the interest rate risk sensitivity analysis section of this note.

Interest rate risk sensitivity analysis

The sensitivity analyses have been determined based on the Company's cash and cash equivalent exposure to interest rates. A 100 basis point increase or decrease is used when reporting interest rate risk. The Company's sensitivity to interest rates may decrease during the current period depending on the use of the cash reserves of the Company. The effect on loss and equity as a result of change in the interest rate, with all other variables remaining constant would be immaterial.

(d) Foreign currency sensitivity analysis

The Company has no material exposure to foreign currency fluctuations.

(e) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The Company is exposed to movements in market interest rates on short term deposits. The Company does not have short or long term debt, and therefore the risk is minimal. The Company limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have acceptable credit ratings. The Company's sensitivity to equity prices has increased during the year as result of changes in fair value of equity investments. A 100 basis point change in fair value would result in a immaterial change in fair value.

The Company may be exposed to currency risk on international investments and purchases that are denominated in a currency other than the respective currencies of the Company. There has been no change to the Company's exposure to market risks or the manner in which it manages and measures the risk from the previous period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

42

NOTE 12: FINANCIAL INSTRUMENTS (continued)

(f) Capital Risk Management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders. Due to the nature of the Company's planned activities, being mineral exploration, it does not have ready access to credit facilities and therefore is not subject to any externally imposed capital requirements, with the primary source of Company funding being equity raisings. Accordingly, the objective of the Company's capital risk management is to balance the current working capital position against the requirements to meet exploration programmes and corporate overheads. This is achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

NOTE 13: COMMITMENTS AND CONTINGENCIES

Commitments

Tenement Related Commitments and Contingencies

In order to maintain rights of tenure of its Australian located mineral tenements, the Company is required to outlay certain amounts in respect of rent and minimum expenditure requirements set by the Western Australian State Government Mines Department. The Company's commitments to meet this minimum level of expenditure are approximately \$2,138,000 (2022: \$1,122,171) annually.

	2023	2022
Commitments for exploration expenditure on Western Australian Projects	\$	\$
Not longer than 1 year	467,000	145,057
Longer than 1 year and less than 2 years	302,500	196,057
Longer than 2 year and less than 5 years	1,368,500	781,057
	2,138,000	1,122,171

NOTE 14: EVENTS AFTER THE BALANCE DATE

There has been no matter or circumstance that has arisen after balance date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

43

NOTE 15: DIRECTORS AND EXECUTIVES DISCLOSURES

(a) Details of Directors and Executives

The following persons were directors and executives of eMetals Limited during the financial year:

- Mathew Walker Executive Director
- Gary Lyons Non-executive Chairman
- Teck Wong Non-executive Director

Directors and executives remuneration has been included in the Remuneration Report section of the Directors' Report.

(b) Key Management Personnel Compensation

Refer to the remuneration report contained in the director's 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 during the year are as follows:

	2023	2022
	\$	\$
Short-term employee benefits	164,000	164,000
Post-employment benefits	5,040	4,440
Bonuses	10,000	-
Share-based payments	-	-
Total KMP compensation	179,040	168,440

NOTE 16: RELATED PARTY DISCLOSURES

The Company had an agreement with Cicero Group Pty Ltd (CGC), a company related to Mr Walker, for corporate administration services including financial reporting, company secretarial services, rent and administrative operations. The charges for these services is \$8,000 per month (exc. GST). Charges are at commercial terms in accordance with the agreement entered as part of the reinstatement to ASX quotation following IPO in January 2020. This agreement ended on the 30 June 2023.

NOTE 17: AUDITOR'S REMUNERATION

The auditor of eMetals Limited is HLB Mann Judd.

Amounts received or due and receivable by HLB Mann Judd for:

	2023	2022
	\$	\$
Audit or review of the financial statements	37,297	33,675
Total	37,297	33,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

44

NOTE 18: FINANCIAL ASSETS

	2023 \$	2022 \$
Listed Shares – fair value through profit and loss	5,530,000	284,000
Total	5,530,000	284,000

This balance represents the company's shareholding of 7,000,000 shares in Minerals 260 Limited (ASX: M16). During the year, the Company fully sold their shareholding in Scorpion Minerals Limited (ASX: SCN).

The Company's financial assets are measured at fair value through profit or loss at the end of the reporting period based on Level 1 inputs in the fair value hierarchy.

NOTE 19: CONTINGENT LIABILITIES

The Company has no contingent liabilities outstanding at the end of the year.

NOTE 20: SUBSIDIARIES

The consolidated financial statements include the assets, liabilities and results of the following subsidiaries:

Entity	Incorporation	2023 Ownership	2022 Ownership
RWG Minerals Pty Ltd	Australia	100%	100%
SOC Resources Pty Ltd	Australia	100%	100%
Iron Clad Prospecting Pty Ltd	Australia	100%	100%
Salmon Gums Minerals Pty Ltd	Australia	100%	100%

NOTE 21: PARENT ENTITY INFORMATION

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

	2023 \$	2022 \$
Assets		
Current assets	9,716,784	4,857,542
Non-current assets	1,265,594	2,218,236
Total assets	10,982,378	7,075,778
Liabilities		
Current liabilities	90,217	34,292
Total liabilities	90,217	34,292
Equity		
Issued capital	20,036,905	20,036,905
Reserves	1,296,661	1,219,787
Accumulated losses	(10,441,405)	(14,215,206)
Total equity	10,892,161	7,041,486

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

45

NOTE 22: SEGMENT REPORTING

The Group has adopted AASB 8 "Operating Segments" which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports. During the period, the Group operated predominantly in one segment being the mineral exploration sector in Western Australia. Accordingly, under the "management approach" outlined above only one operating segment has been identified and no further disclosure is required in the notes to the consolidated financial statements.

DIRECTORS' DECLARATION

1. In the opinion of the directors of eMetals Limited ('the Group'):
 - a. the financial statements and notes of the Group are in accordance with the Corporations Act 2001 including:
 - i. giving a true and fair view of the Group's financial position as at 30 June 2023 and the Company's performance for the year then ended; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
 - c. The financial statements and note thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

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



Mr Gary Lyons
Non-Executive Chairman

Perth, Western Australia; Dated this 29th day of September 2023

INDEPENDENT AUDITOR'S REPORT

To the Members of eMetals Limited

Report on the Audit of the Financial Report*Opinion*

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

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the 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 (including Independence Standards)* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

hlb.com.au

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

Level 4, 130 Stirling Street, Perth WA 6000 / PO Box 8124 Perth BC WA 6849

T: +61 (0)8 9227 7500 E: mailbox@hlbwa.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of exploration expenditure Refer to Note 10	
In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group capitalises all exploration and evaluation expenditure, including acquisition costs and subsequently applies the cost model after recognition. Our audit focused on the Group's assessment of the carrying amount of the capitalised exploration and evaluation asset, as this is one of the most significant assets of the Group. We planned our work to address the audit risk that the capitalised expenditure may no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount.	Our procedures included but were not limited to the following: ▪ We obtained an understanding of the key processes associated with management's review of the carrying values of each area of interest; ▪ We considered management's assessment of potential indicators of impairment; ▪ We obtained evidence that the Group has current rights to tenure of its areas of interest; ▪ We discussed with management the nature of planned ongoing activities; ▪ We enquired with management, reviewed ASX announcements and reviewed minutes of Directors' meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and ▪ We examined the disclosures made in the financial report.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group'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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have 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 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 Group'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 Group'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 Group 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.

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, actions taken to eliminate threats or safeguards applied.

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

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2023.

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

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
29 September 2023



N G Neill
Partner

ADDITIONAL SHAREHOLDER INFORMATION

A. CORPORATE GOVERNANCE

A statement disclosing the extent to which the Group has followed the best practice recommendations set by the ASX Corporate Governance Council during the period is contained in the Corporate Governance Statement which is available on the Company website.

B. SHAREHOLDING

1. Substantial Shareholders

CITICORP NOMINEES PTY LIMITED	101,316,735	11.92%
"TIRUMI PTY LTD <TIRUMI SUPER FUND A/C>"	91,600,000	10.78%
GREAT SOUTHERN FLOUR MILLS PTY LTD	65,000,000	7.65%
ZERO NOMINEES PTY LTD	59,600,000	7.01%

2. Number of holders in each class of equity securities and the voting rights attached (as at 14 September 2022)

Ordinary Shares

There are 1,015 holders of ordinary shares. Each shareholder is entitled to one vote per share held.

In accordance with the Company's Constitution, on a show of hands every number present in person or by proxy or attorney or duly authorized representative has one vote. On a poll every member present in person or by proxy or attorney or duly authorized representative has one vote for every fully paid ordinary share held.

Options (listed)

Listed Options (\$0.03 – 30/09/2025 expiry) 420,000,000

3. Distribution schedule of the number of holders in each class of equity security as at 25 September 2023.

a) Fully Paid Ordinary Shares

Holding Ranges	Holders	Total Units	% Issued Share Capital
above 0 up to and including 1,000	27	4,527	0.00%
above 1,000 up to and including 5,000	47	199,296	0.02%
above 5,000 up to and including 10,000	31	272,695	0.03%
above 10,000 up to and including 100,000	486	26,130,370	3.07%
above 100,000	405	823,393,112	96.87%
Totals	996	850,000,000	100.00%

b) Quoted securities (Listed Options)

Holding Ranges	Holders	Total Units	% Unquoted Securities
above 0 up to and including 1,000	-	-	-
above 1,000 up to and including 5,000	-	-	-
above 5,000 up to and including 10,000	-	-	-
above 10,000 up to and including 100,000	7	497,626	0.12%
above 100,000	93	419,502,374	99.88%
Totals	100	420,000,000	100.00%

4. Marketable Parcel

There are 7,084,946 (343) shareholders with less than a marketable parcel (basis price \$0.01).

5. Twenty largest holders of each class of quoted equity security.

The names of the twenty largest holders of each class of quoted equity security, the number of equity security each holds and the percentage of capital each holds (as at 25 September 2023) is as follows:

a) Ordinary shares top 20 holders and percentage held

Position	Holder Name	Holding	% IC
1	CITICORP NOMINEES PTY LIMITED	101,316,735	11.92%
2	TIRUMI PTY LTD <TIRUMI SUPER FUND A/C>	91,600,000	10.78%
3	GREAT SOUTHERN FLOUR MILLS PTY LTD	65,000,000	7.65%
4	ZERO NOMINEES PTY LTD	59,600,000	7.01%
5	GWR GROUP LIMITED	30,788,460	3.62%
6	MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	25,000,000	2.94%
7	TURNQUEST INVESTMENTS LIMITED	16,769,649	1.97%
8	MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	12,294,282	1.45%
9	MR ANTHONY DE NICOLA & MRS TANYA LOUISE DE NICOLA <DE NICOLA FAMILY S/F A/C>	12,250,000	1.44%
10	CTTR GROWTH PTY LTD	10,000,000	1.18%
10	MR PAUL GREGORY BROWN & MRS JESSICA ORIWA BROWN <BROWN SUPER FUND A/C>	10,000,000	1.18%
10	SABRELINE PTY LTD <JPR INVESTMENT A/C>	10,000,000	1.18%
11	SYRACUSE CAPITAL PTY LTD <TENACITY A/C>	9,630,080	1.13%
12	KELVERLEY PTY LTD <RERANI SUPER FUND A/C>	8,500,000	1.00%
13	CAPITAL INVESTMENT PARTNERS PTY LTD	8,000,000	0.94%
14	FLUE HOLDINGS PTY LTD	7,000,000	0.82%
14	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	7,000,000	0.82%
15	MR PAUL SIMON DONGRAY <THE DONGRAY FAMILY NO 2 A/C>	6,861,617	0.81%
16	WARRAGOON INVESTMENTS PTY LTD	6,500,000	0.76%
17	MR GARY LYONS & MS TATJANA CUSMANO <LYONS SUPER FUND A/C>	6,164,114	0.73%
18	MR YUEN SUEN SHERMAN LAM	6,000,000	0.71%
19	TA SECURITIES HOLDINGS BERHAD	5,695,000	0.67%
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,574,300	0.66%
	Total	521,544,237	61.36%
	Total issued capital - selected security class(es)	850,000,000	100.00%

ADDITIONAL SHAREHOLDER INFORMATION

53

b) Options (Listed) top 20 holders and percentage held

Position	Holder Name	Holding	% IC
1	TIRUMI PTY LTD <TIRUMI SUPER FUND A/C>	83,900,000	19.98%
2	ZERO NOMINEES PTY LTD	35,600,000	8.48%
3	STANDARD PASTORAL COMPANY PTY LTD	28,400,000	6.76%
4	MR ROGER BLAKE & MRS ERICA LYNETTE BLAKE <THE MANDY SUPER FUND A/C>	25,000,000	5.95%
5	BUNNING NOMINEES PTY LTD <BUNNING SUPER FUND A/C>	21,420,000	5.10%
6	GREAT SOUTHERN FLOUR MILLS PTY LTD	15,000,000	3.57%
7	BT GLOBAL HOLDINGS PTY LTD <BT UNIT A/C>	14,249,546	3.39%
8	COXROCKS PTY LTD	12,000,000	2.86%
9	SABRELINE PTY LTD <JPR INVESTMENT A/C>	10,000,000	2.38%
10	TURNQUEST INVESTMENTS LIMITED	9,750,000	2.32%
11	STATION NOMINEES PTY LTD <STATION SUPER FUND A/C>	8,000,000	1.90%
11	CAPITAL INVESTMENT PARTNERS PTY LTD	8,000,000	1.90%
11	OCEAN VIEW WA PTY LTD <DANIEL WISE SUPERFUND A/C>	8,000,000	1.90%
11	FLUE HOLDINGS PTY LTD	8,000,000	1.90%
12	M & K KORKIDAS PTY LTD <M & K KORKIDAS PTY LTD A/C>	7,000,000	1.67%
12	SABRELINE PTY LTD <JPR INVESTMENT A/C>	7,000,000	1.67%
13	SABRE POWER SYSTEMS PTY LTD	6,000,000	1.43%
14	PAUL THOMSON FURNITURE PTY LTD <THOMSON S/F A/C>	5,110,000	1.22%
15	AUSTRALIAN EXECUTOR TRUSTEES LIMITED <NO 1 ACCOUNT>	5,100,000	1.21%
16	JKR SUPER PTY LTD <JPR SUPER FUND A/C>	4,800,000	1.14%
17	BNP PARIBAS NOMS PTY LTD <DRP>	4,000,000	0.95%
17	ERIC JACQUES STEPHANE JEAN-LOUIS ROSENAL ANDREW THOMAS ROBINSON	4,000,000	0.95%
17	MARK WILLIAM POLLARD	4,000,000	0.95%
17	NATHAN BERNARD LINNEY & KASEY LYN LINNEY <THE LINNEY FAMILY A/C>	4,000,000	0.95%
18	WILDING RESOURCES PTY LTD	3,000,000	0.71%
18	RIMOYNE PTY LTD	3,000,000	0.71%
18	FRY SUPER PTY LTD <INXS SUPER FUND A/C>	3,000,000	0.71%
19	ROBERT WILLIAM GUNDELACH	2,400,000	0.57%
19	MR CHIN AN LAU	2,400,000	0.57%
20	RIYA INVESTMENTS PTY LTD	2,000,000	0.48%
20	OREQUEST PTY LTD <THE CNT FAMILY A/C>	2,000,000	0.48%
20	MR PAUL SIMON DONGRAY <THE DONGRAY FAMILY NO 2 A/C>	2,000,000	0.48%
20	HYACINTH CUSTODIAN NOMINEES PTY LTD	2,000,000	0.48%
20	TATIANA KOZYREVA	2,000,000	0.48%
20	MRS JANICE ELAINE CHISHOLM	2,000,000	0.48%
20	CLOVERDALE MEADOWS PTY LTD	2,000,000	0.48%
20	WATERBEACH INVESTMENTS PTY LTD <THE CHRISTIE FAMILY A/C>	2,000,000	0.48%
20	ZAMBEZI ENTERPRISES PTY LTD	2,000,000	0.48%
20	CTTR GROWTH PTY LTD	2,000,000	0.48%
20	MR JONATHAN MARK WILD	2,000,000	0.48%
20	FRANCIS CHEN EN YU	2,000,000	0.48%
20	PATRICK ROBERT PUGLIESE & MELANIE PUGLIESE	2,000,000	0.48%

20	RHYANNA JANE VAN LEEUWARDEN <NADI A/C>	2,000,000	0.48%
	Total	380,129,546	90.51%
	Total issued capital - selected security class(es)	420,000,000	100.00%

6. Company Secretary

The name of the company secretary is Sonu Cheema.

7. Address and telephone details of the entity's registered administrative office and principle place of business:

Suite 9, 330 Churchill Avenue
SUBIACO WA 6008
Telephone: (08) 6489 1600
Fax: (08) 6489 1601

8. Address and telephone details of the office at which a registry of securities is kept:

Automic
Level 5
191 St Georges Terrace
Perth WA 6000
Telephone: 1300 288 664

9. Stock exchange on which the Group's securities are quoted:

The Group's listed equity securities are quoted on the Australian Securities Exchange.

10. Restricted Securities

The Group has no restricted securities.

11. Review of Operations

A review of operations is contained in the Directors' Report.

12. Tenement Schedule

Tenement	Status	Project	Interest (%)	Current Area	Grant Date	Application Date	Expiry Date
E20/0976	LIVE	MEKA	100	19	2/08/2021	26/10/2020	1/08/2026
E29/1163	LIVE	TWIN HILLS	100	7	1/07/2022	21/10/2021	30/06/2027
E29/1164	LIVE	TWIN HILLS	100	5	1/07/2022	21/10/2021	30/06/2027
E63/2049	LIVE	SALMON GUMS	100	26	21/09/2020	6/07/2020	20/09/2025
E63/2066	LIVE	SALMON GUMS	100	31	10/12/2020	26/10/2020	9/12/2025
E63/2126	LIVE	SALMON GUMS	100	41	15/03/2022	24/06/2021	14/03/2027
E63/2127	LIVE	SALMON GUMS	100	121	15/03/2022	24/06/2021	14/03/2027