# MANDRAKE RESOURCES LIMITED

A.B.N. 60 006 569 124

## ANNUAL REPORT

**FOR THE YEAR ENDED**

**30 June 2023**

## Table of Contents

## CORPORATE DIRECTORY

**Directors**
Lloyd Flint – Non-Executive Chairman
Roger Fitzhardinge – Non-Executive Director
James Allchurch – Managing Director

**Company Secretary**
Lloyd Flint

**Registered office**
Level 1,
10 Outram Street
West Perth WA 6005
Ph: +61 8 9200 3743
Website: www.mandrakeresources.com.au

**Auditors**
BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2,
5 Spring Street
Perth WA 6000

**Share Registry**
Automic Registry Services
Level 2
267 St Georges Terrace
Perth WA 6000
Ph: 1300 288 664 (within Australia) +61 2 9698 5414
E: hello@automicgroup.com.au
Website: www.automicgroup.com.au

**Bankers**
National Australia Bank
1232 Hay Street
West Perth WA 6005

**Securities Exchange Listing**
Australian Securities Exchange Limited

**ASX Code – MAN**

## DIRECTORS' REPORT

Your directors present their report of the Company and its controlled entities for the financial year ended 30 June 2023.

**Information on Directors**

The names of directors in office at any time during or since the end of the year are:

| | |
|---|---|
| **Lloyd Flint** | Non-Executive Chairman (Appointed 7 March 2021) and Company Secretary |
| **Qualifications** | BAcc, MBA, CAANZ, FGIA |
| **Experience** | Mr Flint is an experienced professional gained over 25 years including CFO and group Company Secretary roles for a number of listed ASX companies. Mr Flint currently provides financial and company secretarial services to a number of ASX listed companies |
| **Interest in Securities** | 5,000,000 Director Performance Rights |
| **Directorships held in listed entities (last 3 years)** | Nil |

| | |
|---|---|
| **Roger Fitzhardinge** | Independent Non-Executive Director (Appointed 24 January 2022) |
| **Qualifications** | (B.Sc (Geology), MAusIMM) |
| **Experience** | Mr Fitzhardinge is a geologist with more than 20 years' experience in the exploration and mining industry. Mr Fitzhardinge is currently the General Manager - Exploration & Growth of Centaurus Metals Limited. Before joining Centaurus, Mr Fitzhardinge worked with Mirabela Nickel Ltd in Brazil as Manager of Technical Services. He has previously worked in gold exploration in the Yilgarn with Normandy (now Newmont) and Homestake (now Barrick) as well as BHP's iron ore operations in the Pilbara region. Mr Fitzhardinge lived in Brazil for 11 years and is fluent in Portuguese. |
| **Interest in Securities** | 2,050,000 ordinary fully paid shares; 5,000,000 Director Performance Rights |
| **Directorships held in listed entities (last 3 years)** | Nil |

| | | |
|---|---|---|
| **James Allchurch** | — | Managing Director (Appointed 4 August 2019) |
| **Qualifications** | — | *BSc (Hons); AIG* |
| **Experience** | — | Mr Allchurch is a geologist with over 20 years' experience in oil, gas and mineral exploration and operations. Mr Allchurch has identified, financed and developed dozens of energy and mineral projects as well as having held various Board positions over the previous 10 years including ASX-listed Monto Minerals, Bligh Resources and various private entities. More recently Mr Allchurch founded a Chilean cobalt mining exploration company, executing detailed exploration activities prior to a cash sale to a US-based fund.<br>Mr Allchurch spent six years working at Ascent Capital and has considerable expertise in the identification and assessment of resource projects over a broad range of commodities in geographies including Europe, Australia, Africa and South America. |
| **Interest in Shares and Options** | — | 14,500,000 Ordinary fully paid shares; 8,500,000 Class A Performance Rights; 8,500,000 Class B Performance Rights; 20,000,000 Director Performance Rights |
| **Directorships held in listed entities (last 3 years)** | — | In the past 3 years, James Allchurch has been a director of:<br>Winchester Energy Limited – (Non-Executive Director – resigned 30 June 2023) |

**DIRECTORS' REPORT (CONT)**

**Meeting of Directors**

The number of meetings of Directors held during the period and the number of meetings attended by each Director was as follows:

| | DIRECTORS' MEETINGS | |
|---|---|---|
| | **Number eligible to attend** | **Number Attended** |
| Lloyd Flint | 3 | 3 |
| Roger Fitzhardinge | 3 | 3 |
| James Allchurch | 3 | 3 |

**Principal Activities**

The principal activity of the Company during the financial year ended 30 June 2023 was the exploration and evaluation of mineral resources.

**Operating Results**

The consolidated loss of the group after providing for income tax amounted to $310,619 (2022: Loss of $559,764).

**Dividends Paid or Recommended**

No interim dividend (2022: Nil) was paid during the year. No final dividend is recommended by the Directors.

**Review of Operations**

**Utah Lithium Project (Mandrake 100%)**

During the year ending 30 June 2023 the Company organically generated the Utah Lithium Project though the acquisition of both Utah State and US Federal mineral tenure.

As at 30 June 2023 Mandrake had secured 88,096 acres. To the date of this report a further 5,659 acres has been secured. Over 93,755 acres (approximately 379 km$^2$) of lithium brine prospective ground in the Paradox Basin in southeast Utah has now been secured. The lithium brine land tenure comprises:

1. 34,670 acres of leases pursuant to an Other Business Agreement (OBA) with the Utah School and Institutional Trust Lands Administration (SITLA), the organization which manages the Utah State Government's trust lands and mineral rights.
2. Over 2,950 claims have been acquired on Bureau of Land Management (BLM) land which totals over 59,058 acres. Claim staking has targeted the most prospective lithium brine areas in the Paradox Basin.

A global review undertaken by Mandrake of several lithium assets and numerous lithium hard-rock, clay and brine prospective areas throughout the world identified the Paradox Basin in the United States as the most attractive opportunity for the Company to successfully develop a world-class lithium project.

The Paradox Basin in the 'lithium four corners' area hosts hypersaline brines historically documented to contain significant concentrations of lithium, boron, potassium salts (potash) and other elements. The United States' biggest potash producer, Intrepid Potash (NYSE: IPI) operates the Cane Creek potash mine which is located approx 50km to the north west of the Utah Lithium Project whilst mid-tier ASX-listed lithium developer Anson Resources (ASX: ASN) is located approx 60km north west (Figure 1).

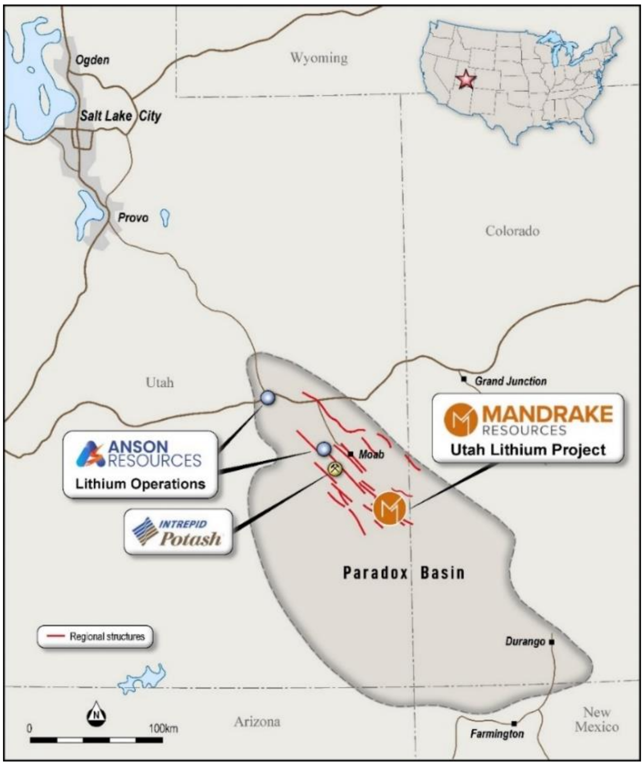


**Figure 1: Location of the Utah Lithium Project**

In a strong vote of confidence for the Utah Lithium Project, ASX-listed Galan Lithium Limited invested $1.5M for an approximate 5% stake in Mandrake through the subscription of 30M ordinary shares at 5c and also nominated strategic advisors who subscribed for a further 14M shares in Mandrake at 5c ($700,000).

***Operations***

In May 2023 Mandrake executed a Well Access Agreement (WAA) with Paradox Upstream LLC (Paradox), the largest vertically integrated oil and gas/ helium producer/processor in the northern Paradox Basin. The WAA covers Mandrake's entire Utah Lithium Project with any subsequent leasing conducted by Mandrake able to be added to the scope of the WAA.

The WAA is transformative for the Utah Lithium Project in that it allows Mandrake to potentially re-enter Paradox's 84 existing suspended oil and gas wells for the purpose of sampling lithium-rich brines, circumventing the requirement for drilling which will save Mandrake millions of dollars in exploration drilling costs given that a new well is estimated to cost in excess of US$3M.

The B-912 and BIU-1 wells are the first wells selected by Mandrake for lithium brine sampling under the WAA based on their highly prospective attributes, including:

1. Proximity to NW-SE trending fault structures
2. Total well depths of >9,000 feet, penetrating the highly prospective clastic units (Paradox) as well as the underlying Leadville and McCracken Formations (BIU-1 only)
3. Interpretation of logs indicates good porosity and permeability of target zones
4. Access (roads and pad)
5. Infrastructure (power and pipelines)
6. Down-hole well conditions (engineering)

Subsequent to the year ending 30 June 2023, Mandrake secured 181km$^2$ of 3D seismic data incorporating much of the Utah Lithium Project (Figure 2). The 3D data was acquired in 2008 and 2012 and was merged and reprocessed in 2022.

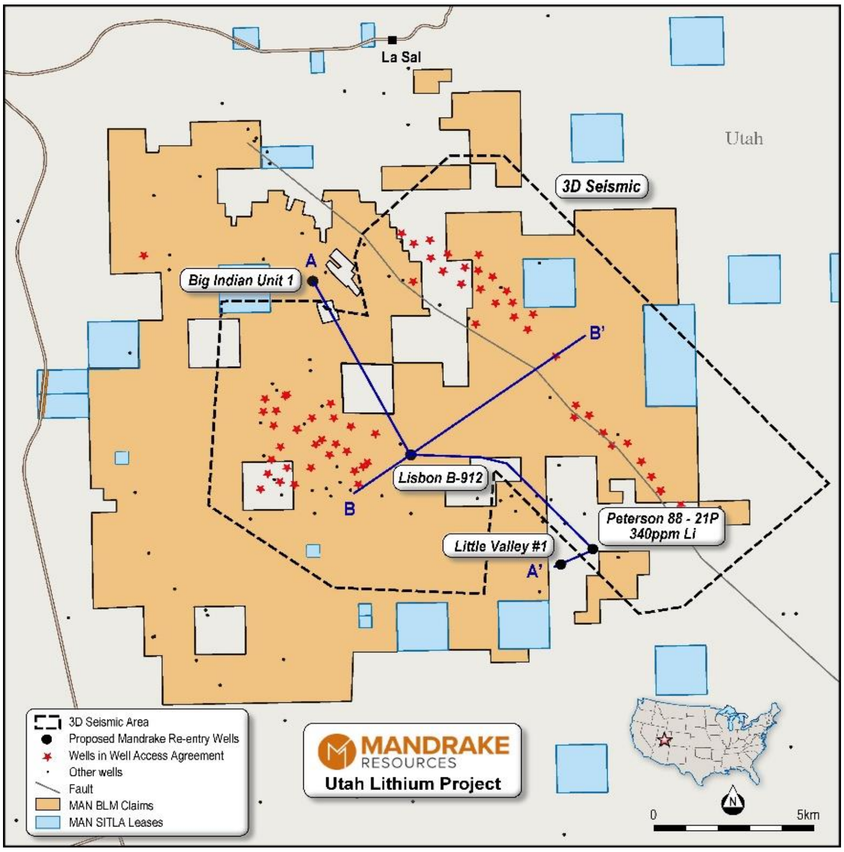

**Figure 2. Extent of 3D seismic and cross-section locations**

Mandrake, with the aid of the 3D seismic dataset and petrophysical and mud logs from historic wells, completed detailed stratigraphic correlation and modelling that identified the regional-scale, lateral continuity and significant thickness of formations to be targeted for lithium brine sampling (Figure 3).

Lithological units, or aquifers, with potential for hosting lithium-rich brines include the Devonian McCracken Sandstone, the Mississippian Leadville Limestone and a multitude of clastic zones within the overlying Pennsylvanian Paradox Formation. According to logs, the aggregate thickness of these laterally continuous regional units is typically in excess of 500ft (150m) of total brine-saturated rock.

The precise genesis of anomalously high lithium concentrations in Paradox Basin brines is understood to be from one or both of: 1) high lithium legacy in-situ evaporite sediments (contemporaneous with the formation of the Paradox Basin) and 2) the breakdown of hydrothermal and felsic basement rocks with high lithium content. Given its highly soluble nature, lithium is readily dissolved and transported in sub-surface fluids with highest concentrations of lithium typically proximal to feeder structures.

The deep-rooted faults across the Utah Lithium Project typically extend to the basement and have been subjected to hydrothermal fluid flow, giving rise to base metal and other mineralisation in the area. It is anticipated that the fault systems also provide preferential migration pathways for brines enriched in basement-sourced lithium to flow towards the surface and recharge existing aquifers in overlying sediments.

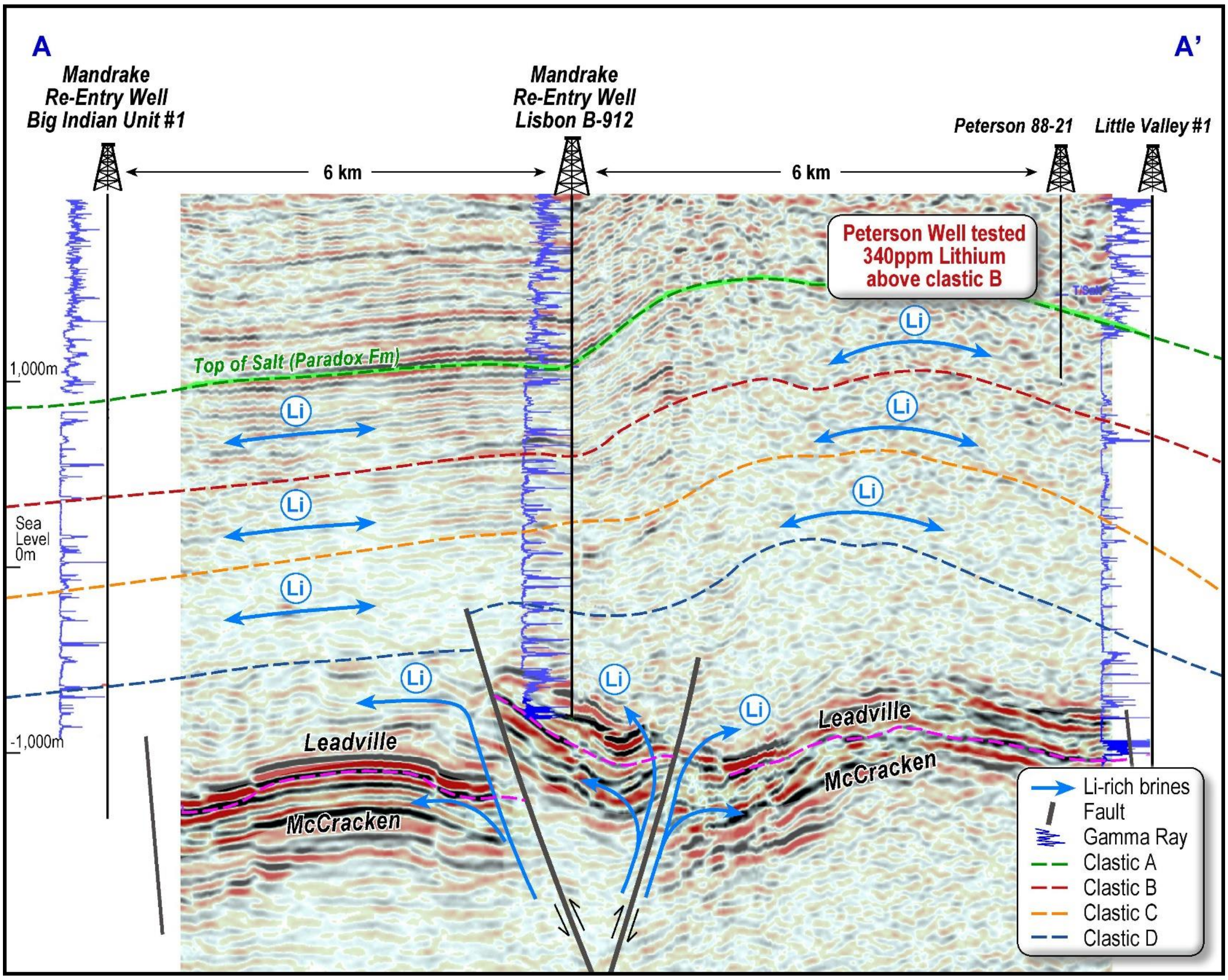


**Figure 3: Cross-section A– A' (see Figure 2 for cross-section location) - 3D seismic, re-entry wells and lateral continuity of lithological units**

## Berinka Pine Creek Gold-Copper Project (Mandrake 100%)

During the year ending 30 June 2023 the Company completing a drilling campaign of 11 holes for 1,131m and a soil and rock chip sampling campaign which collected 56 soil and 21 rock chip samples at the Berinka Pine Creek Gold-Copper Project in the Northern Territory.

Drilling results defined gold mineralisation over a strike length of greater than 2km between the Vegetation Anomaly and Terry's Prospects and also identified platinum and palladium anomalism for the first time in the Sandy Creek Complex gabbro host rock. Most of the Vegetation and Terry's Prospect area is under cover and there is insufficient drilling to enable a complete understanding of the extent of higher-grade zones or their controlling structures.

## Jimperding Project (Mandrake 100%)

The 142km$^2$ Jimperding Project lies approximately 30km east of Chalice Mining Limited's (Chalice) Julimar PGE-Ni-Cu deposit and includes the historical Newleyine prospect and two new prospects identified by the Company (Tolarno North and South). No activity was carried out at the Jimperding project during the period.

## Assessment of New Projects

In September 2022, Mandrake concluded the evaluation and due diligence of the Delfin project which, notwithstanding Mandrake's best endeavours, was unable to satisfy the Conditions Precedent of the Terms Sheet by the End Date (refer to the release dated 26 September 2022). As a result, Mandrake did not proceed with the Delfin transaction.

**RISKS**

The Group actively manages a range of financial and non-financial business risks and uncertainties which can potentially have a material impact on the Group and its ability to achieve its goals and objectives. While every effort is made to identify and manage material risks and emerging risks, additional risks not currently known or detailed below may also adversely affect future performance.

***Exploration Risk***
Mineral exploration and development are high risk undertakings due to the various levels of inherent uncertainty. There can be no assurance that exploration of the Group's tenements, or of any other tenements that may be acquired by the Group in the future, will result in the discovery of economic mineralisation. Even if economic mineralisation is discovered there is no guarantee that it can be commercially exploited.

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

***Resource Estimates***
There is no guarantee that a JORC Code compliant resource will be discovered on any of the Group's tenements. Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis the estimates are likely to change.

***Access Risks – Cultural Heritage and Native Title***
The Group must comply with various country specific cultural heritage and native title regulations which may require various commitments, such as base studies and compliant survey work, to be undertaken ahead of the commencement of mining operations.

***Environmental Risks***
The operations and proposed activities of the Group are subject to each project's jurisdiction, laws and regulations concerning the environment. As with most exploration projects and mining operations, the Group's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. Any future legislation and regulations governing exploration, development and possible production may impose significant environmental obligations on the Group.
There can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Group to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Group's business, financial condition and results of operations.

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

***Sovereign, Political and Title Risk***
The Group has overseas interests which are subject to the risks associated with operating in a foreign country. These risks may include economic, social or political instability or change, hyperinflation, currency non-convertibility or instability and changes of law affecting foreign ownership, exchange control, exploration licensing, export duties, investment into a foreign country and repatriation of income or return of capital, environmental protection, land access and environmental regulation, mine safety, labour relations as well as government control over petroleum properties or government regulations that require the employment of local staff or contractors or require other benefits be provided to local residents.

**COMPETENT PERSONS STATEMENT**
*The technical information in this announcement complies with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code) and has been compiled and assessed under the supervision of Mr James Allchurch, Managing Director of Mandrake Resources. Mr Allchurch is a Member of the Australian Institute of Geoscientists. He has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC Code. Mr Allchurch consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears*

**Financial Position**

The net assets of the Company at 30 June 2023 was $23,499,019 (2022: $19,681,226).

**Significant Changes in State of Affairs**

During the reporting year the company issued the following securities:
***Shares***
57,878,517 shares were issued on receipt of notice to exercise options raising $1,736,355 for the Company before costs. Of these shares, 12,000,000 were issued to directors of the Company on exercise.
44,000,000 shares were placed at $0.05 cents each raising $2,200,000 for the Company before costs. 1,760,000 shares were issued at $0.05 cents each in lieu of cash forming part of the capital arrangement fees.
500,000 shares were issued on the exercise of Performance Rights that had vested.

***Options***
5,000,000 options with a term of 4 years and an exercise price of $0.10 cents per share forming part of the capital arrangement fees were issued.
57,878,517 options were exercised during the year. Of these options, 12,000,000 were exercised by directors of the Company.

***Performance rights***
30,000,000 performance rights approved by shareholders in general meeting were issued during the year.
A further 9,500,000 performance rights were issued to the Company's US based Exploration Manager. The first tranche of the rights vested and 500,000 rights were converted to shares accordingly.

**Interests in the shares and options of the company and related bodies corporate**

<u>Securities</u>

As at the date of this report the interests of the Directors in the shares and options of Mandrake Resources Limited were as follows:

Ordinary Shares

| Holder | Balance at Beginning of Year | Exercise of Options during the year | Other changes during the year/ resignation | Balance at the date of this report |
|---|---|---|---|---|
| James Allchurch | 2,500,000 | 12,000,000 | - | 14,500,000 |
| Roger Fitzhardinge | 2,050,000 | - | - | 2,050,000- |
| Lloyd Flint | - | - | - | - |
| **Total** | **4,550,000** | **12,000,000** | **-** | **16,550,000** |

Options

| Holder | Balance at beginning of year | Issued during the year | Exercised during the year | Balance as at date of this report | Vested and exercisable |
|---|---|---|---|---|---|
| James Allchurch | **12,000,000** | **-** | **(12,000,000)** | **-** | **-** |
| Roger Fitzhardinge | - | - | - | - | - |
| Lloyd Flint | - | - | - | - | - |
| **Total** | **12,000,000** | **-** | **(12,000,000)** | **-** | - |

The amounts paid per ordinary share on the exercise of options at the date of exercise were as follows:
Date of exercise was 23 November 2022 and the amount paid per share was $0.03 per share. No amounts are unpaid on any shares issued on the exercise of options.

| **Performance Rights 30 June 2023** | Balance at the start of the year | Granted as Compensation | Vested during the year | Exercised during the year | Balance at end of Year | |
|---|---|---|---|---|---|---|
| | | | | | Vested | Un-vested |
| James Allchurch | 17,000,000 | 20,000,000 | - | - | 17,000,000 | 20,000,000 |
| Roger Fitzhardinge | - | 5,000,000 | - | - | - | 5,000,000 |
| Lloyd Flint | - | 5,000,000 | - | - | - | 5,000,000 |
| **Total** | **17,000,000** | **30,000,000** | **-** | **-** | **17,000,000** | **30,000,000** |

**Environmental Regulations**

To the best of the Directors' knowledge, all activities have been undertaken in compliance with the requirements of environmental regulations.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report, other than as disclosed above, because the Directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Proceedings on Behalf of Company**

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

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

**Subsequent Events**

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the Group's state of affairs in future financial years..e.

## DIRECTORS' REPORT (CONT)

### Share Options

Unissued shares under option

At the date of this report, the un-issued ordinary shares of Mandrake Resources Limited under option are as follows:

| Grant Date | Expiry Date | Exercise Price | Number of shares under option |
|---|---|---|---|
| 22 June 2021 | 18 June 2024 | $0.30 | 5,000,000 |
| 29 June 2021 | 18 June 2024 | $0.30 | 6,000,000 |
| 28 February 2023 | 27 February 2027 | $0.10 | 5,000,000 |

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

### Indemnification and Insurance of Directors and Officers

The Company indemnifies each of its Directors, Officers and Company Secretary. The Company indemnifies each Director or Officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties, except where the liability arises out of conduct involving lack of good faith, and in defending legal and administrative proceedings and applications for such proceedings.

The Company must use its best endeavours to insure a Director or Officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavours to insure a Director or Officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has not entered into any agreement with its current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

On the 29 June 2023, Director and Officers Insurance was taken out with Liberty Mutual Insurance Company.

### Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or group are important.

The board of directors has considered the position and, in accordance with advice received from the audit committee, is 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 satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services provided during the year are set out in note 16.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Non-audit services | | |
| – Other | - | 565 |
| | - | 565 |

### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 16.

## REMUNERATION REPORT (AUDITED)

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration governance
3. Executive remuneration arrangements
4. Non-executive director fee arrangements
5. Details of remuneration
6. Additional disclosures relating to options and shares
7. Loans to key management personnel (KMP) and their related parties
8. Consultancy Agreements, and other transactions and balances with KMP and their related parties
9. Service agreements
10. Remuneration consultants
11. Voting of shareholders at the Company's 2022 Annual General Meeting

The names of the directors in office at any time during or since the end of the financial year are:

Lloyd Flint – Non-Executive Chairman (appointed 7 March 2021)
Roger Fitzhardinge – Non-Executive Director (appointed 24 January 2022)
James Allchurch – Managing Director (appointed 4 August 2019)

### 1. Introduction

The remuneration policy of the Company has been designed to ensure reward for performance is competitive and appropriate to the result delivered. The framework aligns executive reward with the creation of value for shareholders and conforms to market best practice. The Board ensures that Director and executive reward satisfies the following key criteria for good reward government practices:

- Competitiveness and reasonableness;
- Acceptability to the shareholder;
- Performance;
- Transparency; and
- Capital management.

Executive Officers are those directly accountable for the operational management and strategic direction of the Company and the Group. The following table shows key performance indicators for the Group over the last five years:

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|
| (Loss)/Profit for the year ($) | (300,169 | (155,201) | (237,283) | (788,931) | (547,107) |
| Basic (loss) per share ($) | (0.001) | (0.0003) | (0.0005) | (0.003) | (0.168) |
| Dividend payments | - | - | - | - | - |
| Dividend payment ratio (%) | - | - | - | - | - |
| 30 June share price | 0.046 | 0.034 | 0.170 | 0.027 | 0.02 |

### 2. Remuneration governance

Throughout the financial year, the Company did not have a remuneration committee as the directors believed the size of the consolidated entity and the size of the Board did not warrant its existence.

### 3. Executive remuneration arrangements

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated group is based on the following:

- All KMP receive a base salary or fees (which is based on factors such as length of service and experience) and superannuation.
- Incentives paid in the form of options and performance rights are intended to align the interests of the directors and Company with those of the shareholders. Incentive securities were issued during the year.
- KMP receive a superannuation guarantee contribution required by the government (), which is currently 10.5% (2022: 10.0%) of the individual's average weekly ordinary time earnings (AWOTE), and do not receive any other retirement benefits. Some individuals, may choose to sacrifice part of their salary to increase payment towards superannuation.
- Upon retirement, KMP are paid employee benefit entitlements accrued to the date of retirement. Any options or performance rights not exercised before or on the date of termination will lapse. The Non-Executive Directors are not entitled to retirement benefits.
- All remuneration paid to KMP is valued at the cost to the Company and expensed.

**REMUNERATION REPORT (AUDITED) (CONT)**

**4. Non-executive director fee arrangements**

The Board policy is to remunerate Non-Executive Directors at a level to comparable Companies for time, commitment, and responsibilities. Non-executive Directors do not receive performance related compensation. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to Non-Executive Directors.

The Non-Executive Directors have or may be provided with options that are meant to incentivise the Non-Executive Directors. The board determines payments to the Non-Executive Directors and reviews their remuneration annually based on market practice, duties, and accountability. Independent external advice will be sought when required.

The maximum aggregate amount of fees that can be paid to Non-Executive Directors is $300,000 per annum and any change is subject to approval by shareholders at a General Meeting. Fees for Non-Executive Directors are not linked to the performance of the Company. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in the Company.

**5. Details of Remuneration**

The Key Management Personnel of Mandrake Resources Limited includes the Directors of the Company.

| 30 June 2023 | Short Term Salary, Fees & Commissions | Post Employment Superannuation | Other/ Bonus | Share-based payments | Total | Performance based remuneration |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | % |
| James Allchurch[1] | 257,354 | - | - | 124,380 | 381,734 | 33% |
| Roger Fitzhardinge[2] | 60,000 | 6,300 | - | 31,095 | 97,395 | 32% |
| Lloyd Flint[3] | 36,000 | - | - | 31,095 | 67,095 | 46% |
| **Total** | **353,354** | **6,300** | **-** | **186,570** | **546,223** | **34%** |

1 Director fees are paid to Stoped Pty Ltd, a company controlled by Mr Allchurch.
2 Fees are $5,000 per month plus superannuation.
3 All fees were paid to Flint Family Trust, an entity controlled by Mr Flint. In addition, $79,150 was paid to Mr Flint for financial and company secretarial services performed during the year

| 30 June 2022 | Short Term Salary, Fees & Commissions | Post Employment Superannuation | Other/ Bonus | Share-based payments | Total | Performance based remuneration |
|---|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ | % |
| Patrick Burke[1] | 43,870 | - | - | - | 43,870 | -% |
| James Allchurch[2] | 251,342 | - | - | - | 251,342 | -% |
| Roger Fitzhardinge[3] | 26,154 | 2,746 | - | - | 28,900 | -% |
| Lloyd Flint[4] | 36,000 | - | - | - | 36,000 | -% |
| **Total** | **357,366** | **2,746** | **-** | **-** | **360,112** | **-%** |

1 Resigned 24 March 2022.
2 Director fees are paid to Stoped Pty Ltd, a company controlled by Mr Allchurch.
3 Appointed 24 January 2022. Fees are $5,000 per month plus superannuation. As at 30 June 2023, $26,154 in fees along with superannuation was due and payable.
4 All fees were paid to Flint Family Trust, an entity controlled by Mr Flint. In addition, $74,910 was paid to Mr Flint for financial and company secretarial services performed during the year

**REMUNERATION REPORT (AUDITED) (CONT)**

**6. Additional disclosures relating to options, performance rights and shares**

**KMP Options and Rights Holdings**

The table below discloses the number of share options and performance rights granted, vested or lapsed during the year.

Share options and performance rights do not carry any voting or dividend rights and can only be exercised once the vesting conditions have been met, until their expiry date.

| **Options 30 June 2023** | Balance at the start of the year | Granted as Compensation and Exercisable | Options Exercised | Options Expired | Balance at end of Year |
|---|---|---|---|---|---|
| James Allchurch | 12,000,000 | - | (12,000,000) | - | - |
| Roger Fitzhardinge | - | - | - | - | - |
| Lloyd Flint | - | - | - | - | - |
| **Total** | **12,000,000** | **-** | **(12,000,000)** | **-** | **-** |

The amounts paid per ordinary share on the exercise of options at the date of exercise were as follows:

Date of exercise was 23 November 2022 and the amount paid per share was $0.03 per share.

No amounts are unpaid on any shares issued on the exercise of options.

| **Performance Rights 30 June 2023** | Balance at the start of the year | Granted as Compensation | Vested during the year | Exercised during the year | Balance at end of Year | |
|---|---|---|---|---|---|---|
| | | | | | Vested | Un-vested |
| James Allchurch | 17,000,000 | 20,000,000 | - | - | 17,000,000 | 20,000,000 |
| Roger Fitzhardinge | - | 5,000,000 | - | - | - | 5,000,000 |
| Lloyd Flint | - | 5,000,000 | - | - | - | 5,000,000 |
| **Total** | **17,000,000** | **30,000,000** | **-** | **-** | **17,000,000** | **30,000,000** |

A total of 30,000,000 Performance Rights approved at the 2022 Annual General Meeting on 29 November 2022 were issued to the directors of the Company. The terms of the Performance Rights are as follows:

| Class | Vesting Condition |
|---|---|
| Performance Rights | The 20 Day volume weighted average price of Shares traded on ASX is greater than $0.10 per Share subject to holder continuing to be an employee, consultant or Director of the Company or as the Board decides otherwise in its absolute discretion. |

*The Rights were valued as follows:*

| | Performance Rights |
|---|---|
| Methodology | Barrier up-and-in trinomial hybrid method |
| Inputs: | |
| Underlying security spot price | $0.041 |
| Exercise price | Nil |
| Valuation date | 29 November 2022 |
| Commencement of performance period | 29 November 2022 |
| End of performance period | 29 November 2025 |
| Performance period (years) | 3 |
| Implied share price barrier | $0.10 |
| Volatility | 100% |
| Risk-free rate | 3.235% |
| Dividend yield | Nil |
| Value per right | $0.032 |

The value of the grant of the rights was calculated to be $960,000 of which $186,570 has been expensed to share based payments in the statement of profit or loss and other comprehensive income during the year ended 30 June 2023.

The rights were issued pursuant to approval at the 2022 annual general meeting as follows:

| **Class Rights** | **Lloyd Flint entitlement** | **Value $** | **Roger Fitzhardinge entitlement** | **Value $** | **James Allchurch entitlement** | **Value $** | **Total Value** |
|---|---|---|---|---|---|---|---|
| Performance Rights | 5,000,000 | 160,000 | 5,000,000 | 160,000 | 20,000,000 | 640,000 | 960,000 |

**KMP Shareholdings**

The number of ordinary shares in Mandrake Resources Limited held by each KMP of the Group during the financial year is as follows:

| **30 June 2023** | Balance at the start of the year | Shares Purchased | Granted as Compensation | Other changes during the year | Balance at end of Year |
|---|---|---|---|---|---|
| James Allchurch[1] | 2,500,000 | - | - | 12,000,000 | 14,500,000 |
| Roger Fitzhardinge | 2,050,000 | - | - | - | 2,050,000 |
| Lloyd Flint | - | - | - | - | - |
| **Total** | **4,550,000** | **-** | **-** | **12,000,000** | **16,550,000** |

1 Exercise of options.

**Transactions between related parties**

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

The following transactions occurred with related parties:

$79,150 was paid to Mr Flint for financial and company secretarial services performed during the year (2022: $74,910).

There were no other transactions with KMP and their related parties other than what is disclosed above and Note 15.

**7. Loans to KMP and their related parties**

There were no loans to KMP and the related parties during the financial year (2022: nil).

## REMUNERATION REPORT (AUDITED) (CONT)

### 8. Consultancy agreements, and other transactions and balances with KMP and their related parties

During the reporting period, no related parties of directors were engaged by the Company.

### 9. Service agreements

The Company entered into an executive service agreement with James Allchurch which was amended on 12 May 2020. The material terms of the agreement are as follows:

(a). (Position): Mr Allchurch is appointed as the Managing Director of the Company.

(b). (Commencement Date): Mr Allchurch's term as the Managing Director of the Company will commence on completion of the acquisition of Focus Exploration Pty Ltd.

(c). (Term): Mr Allchurch's employment commenced on the Commencement Date and continue until the agreement is validly terminated in accordance with its terms.

(d). (Notice period): The Company must give 6 months' notice to terminate the agreement other than for cause. Mr Allchurch must give 3 months' notice to terminate the agreement.

(e). (Salary): The Company will pay Mr Allchurch a salary of $220,000 per year for services rendered. Should Mr Allchurch be required to undertake services with time commitments above and beyond that contemplated by this agreement, with Board approval, the Mr Allchurch will receive a day rate of $1,200 per day.

The agreement otherwise contains leave entitlements, termination and confidentiality provisions and general provisions considered standard for an agreement of this nature.

**Non-executive Directors:**

Each of the non-executive Directors have signed letters of appointment. The key terms of appointment are:

| | Roger Fitzhardinge | Lloyd Flint |
|---|---|---|
| Term | n/a | n/a |
| Remuneration | $5,000 per month | $3,000 per month |
| Termination benefits | n/a | n/a |

There were no other transactions with KMP and their related parties.

### 10. Remuneration consultants

The Board may, from time to time, engage independent remuneration consultants to assist with the review of the Company's remuneration policy and structure to ensure it remains aligned to the Company's needs and meets the Company's remuneration principles. The Company did not engage any independent remuneration consultants during the year.

### 11. Voting of shareholders at the Company's 2022 Annual General Meeting

The Company received 82.58% of votes "in favour" on its remuneration report for the 2022 financial year. The Company did not receive any specific feedback at the Annual General Meeting or throughout the year on its remuneration practices.

**This is the end of the Remuneration Report.**

**Corporate Governance Statement**

Under ASX Listing Rule 4.10.3 the Company's Corporate Governance Statement can be located at the URL on the Company's website: http: https://www.mandrakeresources.com.au/about-us/corporate-governance/

Signed in accordance with a resolution of the directors.

James Allchurch
Managing Director
Dated 26 September 2023

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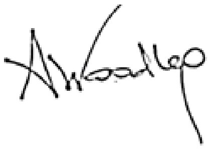
Australia

**DECLARATION OF INDEPENDENCE BY ASHLEIGH WOODLEY TO THE DIRECTORS OF MANDRAKE RESOURCES LIMITED**

As lead auditor for the review of Mandrake Resources Limited for year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Mandrake Resources Limited and the entities it controlled during the period.



**Ashleigh Woodley**

**Director**

**BDO Audit (WA) Pty Ltd**

Perth, 26 September 2023

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

| | Note | 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| | | $ | $ |
| Interest Received | | 402,018 | 23,679 |
| Exploration and evaluation expenditure expensed | 8 | (18,588) | (145,029) |
| Administration expenses | | (206,842) | (225,440) |
| Consultancy Fees | | (37,600) | (22,609) |
| Director Fees and employee costs | | (91,154) | (105,870) |
| Travel expenses | | (33,065) | (9,442) |
| Occupancy expenses | | (22,050) | (33,525) |
| Legal compliance and professional fees | | (69,114) | (41,528) |
| Share based payments | | (234,224) | - |
| **Loss before income tax** | | **(310,619)** | **(559,764)** |
| Income tax benefit/(expense) | 3 | - | - |
| **Loss for the year** | | **(310,619)** | **(559,764)** |
| Other comprehensive income for the year | | - | - |
| **Total comprehensive loss for the year** | | **(310,619)** | **(559,764)** |
| **Earnings per share** | | | |
| Basic and diluted (loss) per share | 5 | (0.001) | (0.001) |

The above consolidated statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 June 2023

| | Note | Consolidated Group 30.06.2023 | 30.06.2022 |
|---|---|---|---|
| | | $ | $ |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 6 | 16,809,515 | 16,262,730 |
| Other receivables | 7 | 78,463 | 77,557 |
| **TOTAL CURRENT ASSETS** | | 16,887,978 | 16,340,287 |
| **NON- CURRENT ASSETS** | | | |
| Exploration and Evaluation expenditure | 8 | 6,749,702 | 3,526,199 |
| **TOTAL NON- CURRENT ASSETS** | | 6,749,702 | 3,526,199 |
| **TOTAL ASSETS** | | 23,637,680 | 19,866,486 |
| **CURRENT LIABILITIES** | | | |
| Trade and other payables | 9 | 138,660 | 185,260 |
| **TOTAL CURRENT LIABILITIES** | | 138,660 | 185,260 |
| **TOTAL LIABILITIES** | | 138,660 | 185,260 |
| **NET ASSETS** | | 23,499,019 | 19,681,226 |
| **EQUITY** | | | |
| Ordinary Share Capital | 10a | 37,450,685 | 33,704,247 |
| Performance Right Reserve | 10b | 2,546,413 | 2,312,189 |
| Option Reserve | 10c | 1,990,716 | 1,842,966 |
| Accumulated (Losses) | | (18,488,795) | (18,178,176) |
| **TOTAL EQUITY** | | 23,499,019 | 19,681,226 |

The above Statement of Financial Position should be read in conjunction with the accompanying notes

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

| | | Ordinary Share Capital | Performance Rights Reserve | Option Reserve | Accumulated (Losses) | Total Equity |
|---|---|---|---|---|---|---|
| **Consolidated Group** | | $ | | $ | $ | $ |
| **Balance at 1.7.2021** | | 32,346,886 | 2,312,189 | 1,842,966 | (17,618,412) | 18,883,629 |
| Loss for the year | | - | - | - | (559,764) | (559,764) |
| **Transactions with owners in their capacity as owners** | | - | - | - | (559,764) | (559,764) |
| Shares issued during the year | 10a | 1,370,897 | - | - | - | 1,370,897 |
| Share Issue Expenses | 10a | (13,536) | - | - | - | (13,536) |
| **Balance at 30.06.2022** | | 33,704,247 | 2,312,189 | 1,842,966 | (18,178,176) | 19,681,226 |
| **Balance at 1.7.2022** | | 33,704,247 | 2,312,189 | 1,842,966 | (18,178,176) | 19,681,226 |
| **Loss for the year** | | - | - | - | (310,619) | (310,619) |
| **Transactions with owners in their capacity as owners** | | - | - | - | (310,619) | (310,619) |
| Issue of performance rights | 10b | - | 234,224 | - | - | 234,224 |
| Issue of options | 10c | - | - | 147,750 | - | 147,750 |
| Shares issued during the year | 10a | 4,024,355 | - | - | - | 4,024,355 |
| Share Issue Expenses | 10a | (277,917) | - | - | - | (277,917) |
| **Balance at 30.06.2023** | | 37,450,685 | 2,546,413 | 1,990,716 | (18,488,795) | 23,499,019 |

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

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

| | | Consolidated Group | |
|---|---|---|---|
| | **Note** | **30.06.2023** | **30.06.2022** |
| | | **$** | **$** |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Payments to suppliers and employees | | (507,331) | (442,027) |
| Interest received | | 402,018 | 23,679 |
| **Net cash outflow from operating activities** | 13 | (105,313) | (418,348) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Exploration and evaluation expenditure | 8 | (3,242,091) | (738,701) |
| **Net cash outflow from investing activities** | | (3,242,091) | (738,701) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of shares | 10 | 3,936,356 | 1,370,897 |
| Payment of share issue cost | 10 | (42,167) | (13,536) |
| **Net cash inflow from financing activities** | | 3,894,189 | 1,357,361 |
| **Net increase in cash held** | | 546,785 | 200,311 |
| Cash at beginning of year | | 16,262,730 | 16,062,419 |
| **Cash and cash equivalents at end of year** | 6 | 16,809,515 | 16,262,730 |

The above consolidated Statement of Cashflows should be read in conjunction with the accompanying notes

## NOTES TO FINANCIAL REPORT FOR THE YEAR ENDED 30 June 2023

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

This financial report includes the consolidated financial statements and notes of Mandrake Resources Limited and controlled entities ('Consolidated Group' or 'Group').

The separate financial statements of the parent entity, Mandrake Resources Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The financial report was authorised for issue on 26 September 2023 by the Board of Directors.

**Basis of Preparation**

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

**Accounting Policies**

a. **Going Concern**

The financial statements have been prepared on the going concern basis, which assumes the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

The net loss after income tax for the consolidated entity for the financial year ended 30 June 2023 was $310,619, and as at 30 June 2023, the net assets was $23,499,019. Cash and cash equivalents was $16,809,515.

Forecast Cash Flows demonstrates the Group can operate on a Going Concern basis.

b. **Principles of Consolidation**

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

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 19 to the financial statements.

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

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are reported separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

c. **Income Tax**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority. Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

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

*Tax Consolidation*

Mandrake Resources Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group under the tax consolidation regime. The tax consolidated group has entered a tax funding arrangement whereby each company in the group contributes to the income tax payable by the group in proportion to their contribution to the group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution to the head entity

d. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

e. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

f. **Revenue**

Interest revenue is recognised as the interest accrues (using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the instrument) to the net carrying amount of the financial asset.

g. **Trade and Other Receivables**

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for expected credit losses.

h. **Trade and Other Payables**

Liabilities for trade creditors and other payables are initially measured at fair value and subsequently carried at amortised cost which is the amount of the consideration to be paid in the future for goods and services received, whether or not billed to the Group. The amounts are unsecured and are usually paid within 30 days. Payables to related parties are carried at the principal amount.

i. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

j. **Segment Information**

An operating segment is a component of an entity that engages in business activities for which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity) , whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of Directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The Group aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable, and
- Nature of the regulatory environment

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the Financial Statements.

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The Group does not have any material operating segments with discrete financial information. The Group does not have any customers and all its' assets and liabilities are primarily related to the corporate office and are located within Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

k. **Comparative Figures**

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

Where the group has retrospectively applied an accounting policy, made a retrospective restatement of items in the financial statements or reclassified items in its financial statements, an additional statement of financial position as at the beginning of the earliest comparative period will be disclosed.

l. **Earnings per share**

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the year.

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares outstanding plus the weighted average number of ordinary shares that would be issued on the conversion of all potential ordinary shares into ordinary shares.

m. **Contributed Equity**

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.

n. **Exploration and evaluation expenditure**

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

o. **Share-based payments**

The Group provides benefits to employees (including Directors) and consultants of the Group in the form of share-based payment transactions, whereby employees and consultants render services in exchange for shares, performance rights or options over shares (“equity-settled transactions”).

The fair value of options and performance rights are recognised as an expense with a corresponding increase in equity (share-based payments reserve). The fair value is measured at grant date and recognised over the period during which the holder becomes unconditionally entitled to the options. Fair value for options is determined using a Black-Scholes option pricing model and fair value for performing rights is determined using Barrier up-and-in trinomial hybrid method. In determining fair value, no account is taken of any performance conditions other than those related to the share price of Mandrake Resources (“market conditions”).

p. **Financial Instruments**

*Classification*
The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on how the Group manages the financial assets and the contractual terms of the cash flows. At year end, all of the Group’s financial assets have been classified as those to be measured at amortised cost.

*Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

*Impairment*
The Group assesses expected credit losses associated on a forward looking basis. For trade receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

q. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

**Share-based payments**

The measurement of fair value requires the Group to make certain significant estimates and judgements as disclosed in the relevant note to the financial statements. The accounting estimates and judgements relating to equity-settled share based payments impact amounts recorded as assets and liabilities, and profit and loss. Please refer to Note 10 for further information.

**Exploration and evaluation expenditure**

The consolidated group capitalises expenditure relating to exploration and evaluation costs where they are considered to be likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable resources. Capitalisation of expenditure requires the consolidated group to make a judgement on the extent that expenditure on exploration and evaluation assets will likely be recovered in the future through mineral extraction or some other form of commercialisation of the exploration and evaluation stage assets.

The future recoverability of capitalised exploration and evaluation costs are dependent on a number of factors, including whether the consolidated group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

**Asset Acquisition not Constituting a Business**

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transaction costs of the acquisition will be included in the capitalised cost of the asset.

**Changes in accounting policies and Accounting Policies issued not yet effective**

Certain new/amended accounting standards and interpretations have been issued but are not mandatory for financial years ended 30 June 2023. They have not been adopted in preparing the financial statements for the year ended 30 June 2023. They are not expected to have a material impact on the entity in the period of initial application.

| | 2023 $ | 2022 $ |
|---|---|---|
| **NOTE 2: REVENUE AND OTHER INCOME** | | |
| **Other Income** | | |
| Interest received or due and receivable from other persons | 402,018 | 23,679 |
| | **402,018** | **23,679** |

| | 2023 $ | 2022 $ |
|---|---|---|
| **NOTE 3: OPERATING (LOSS)** | | |
| **(Loss) before income tax expense includes the following expenses** | | |
| Audit and Accounting | 31,625 | 30,921 |
| Legal and compliance fees | 71,909 | 87,453 |
| Travel | 33,065 | 9,442 |

**NOTE 3: INCOME TAX EXPENSE**

| | | 2023 $ | 2022 $ |
|---|---|---|---|
| a. | The components of income tax expense comprise: | | |
| | Current tax | - | - |
| | Deferred tax | - | - |
| | Utilisation of deferred tax assets previously not recognised | - | - |
| | Deferred tax assets not recognised (losses) | (85,420) | (153,935) |
| | Deferred tax assets not recognised (temporary) | - | - |
| | | (85,420) | (153,935) |
| b. | The prima facie tax on (loss) from ordinary activities before income tax is reconciled to the income tax as follows: | | |
| | Accounting profit (loss)from continuing operations before income tax | (310,619) | (559,764) |
| | Prima facie tax payable on (profit) from ordinary activities before income tax at 27.5% (2022: 27.5%) | (85,420) | (153,935) |
| | Add: | | |
| | Tax effect of: | | |
| | — Other non-allowable items | (63,473) | (47,053) |
| | Less: | | |
| | Tax effect of: | | |
| | — Utilisation of deferred tax assets previously not recognised | - | - |
| | — Deferred tax assets not recognised (losses) | 148,894 | 200,968 |
| | — Deferred tax assets not recognised (temporary) | - | - |
| | Income tax expense/(benefit) | - | - |

The deferred tax assets on revenue losses have not been recognised as it is not probable that taxable profits will be available against which the deductible temporary differences can be utilised. At reporting date, the group has unrecognised losses of $5,304,077 (2022: $4,153,410) and unrecognised net deferred tax asset of $ 1,458,621 (2022: $1,142,188).

**NOTE 4: DIVIDENDS**

No dividends have been paid during the financial year (2022: nil)

**NOTE 5: LOSS PER SHARE**

| | | 2023 | 2022 |
|---|---|---|---|
| Net loss used in the calculation of basic EPS | $ | (310,619) | (559,764) |
| Weighted average number of ordinary shares outstanding during the year used in the calculation of basic loss per share | No. | 558,437,649 | 478,229,611 |
| Basic loss per share | $ | (0.001) | (0.001) |

For the year ended 30 June 2023, diluted loss per share was not disclosed because potential ordinary shares, being options granted, are not dilutive and their conversion to ordinary shares would not demonstrate an inferior view of the losses performance of the Company.

**NOTE 6: CASH AND CASH EQUIVALENTS**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Cash at bank and on hand | 16,809,515 | 16,262,730 |
| | 16,809,515 | 16,262,730 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

**NOTE 7: OTHER RECEIVABLES**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| CURRENT | | |
| Other receivables | 48,827 | 47,921 |
| Deposits | 29,636 | 29,636 |
| | 78,463 | 77,557 |

The group have considered the other receivables as not impaired or past due.

**NOTE 8: EXPLORATION AND EVALUATION EXPENDITURE**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Opening balance | 3,526,199 | 2,932,528 |
| Exploration and evaluation interests written off | (18,588) | (145,029) |
| Exploration and evaluation expenditure | 3,242,091 | 738,701 |
| | 6,749,702 | 3,526,199 |

The exploration projects of the Company require additional exploration work in order to be able to assess their prospectively as economic deposits. Notwithstanding certain due diligence costs have been expensed, no triggers for impairment have been identified for June 2023.

**NOTE 9: TRADE AND OTHER PAYABLES**

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| CURRENT | | |
| Trade payables and other payables | 138,660 | 185,260 |
| | 138,660 | 185,260 |

Trade payables are non-interest bearing and are normally settled on 30-day terms.

**NOTE 10: CONTRIBUTED EQUITY**

| a. **Share Capital** | **2023 $** | **2023 No.** | **2022 $** | **2022 No.** |
|---|---|---|---|---|
| Ordinary fully paid shares | 37,450,685 | 598,759,920 | 33,704,247 | 494,621,403 |
| **Movement in ordinary shares on issue** | | | | |
| Balance at 1 July | 33,704,247 | 494,621,403 | 32,346,886 | 443,924,843 |
| Exercise of options | 1,736,355 | 57,878,517 | 1,370,897 | 45,696,560 |
| Placement[1] | 2,200,000 | 44,000,000 | - | - |
| Share issue in lieu for fees[2] | 88,000 | 1,760,000 | - | - |
| Exercise of rights | - | 500,000 | - | 5,000,000 |
| Share Issue Costs[3] | (277,917) | - | (13,536) | - |
| **Balance at 30 June 2023** | **37,450,685** | **598,759,920** | **33,704,247** | **494,621,403** |

1 In February 2023 the Company undertook a placement to raise funds to progress the Utah lithium project. The shares were placed with sophisticated investors at $0.05 each,

2 Part of the capital arrangement fee was taken in shares in lieu of cash. The fair value of the shares was deemed to be $0.05 per share being the quoted price of the shares on date of issue.

3 Forming part of the capital arrangement fee was the issue of 5,000,000 options fair valued at $0.02954 each ($147,700 in total). Refer note 10c below.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

| b. **Performance Rights Reserves** | **2023 No.** | **2023 $** | **2022 No.** | **2022 $** |
|---|---|---|---|---|
| Period opening balance | 17,000,000 | 2,312,189 | 22,000,000 | 2,312,189 |
| Issue of Performance Rights | 39,500,000 | 234,224 | - | - |
| Exercised | (500,000) | - | (5,000,000) | - |
| Lapsed | - | - | - | - |
| Period closing balance | 56,000,000 | 2,546,413 | 17,000,000 | 2,312,189 |

A total of 30,000,000 Performance Rights approved at the 2022 Annual General Meeting on 29 November 2022 were issued to the directors of the Company. The terms of the Performance Rights are as follows:

| Class | Vesting Condition |
|---|---|
| Performance Rights | The 20 Day volume weighted average price of Shares traded on ASX is greater than $0.10 per Share subject to holder continuing to be an employee, consultant or Director of the Company or as the Board decides otherwise in its absolute discretion. |

*The Rights were valued as follows:*

| | Performance Rights |
|---|---|
| Methodology | Barrier up-and-in trinomial hybrid method |
| Inputs: | |
| Underlying security spot price | $0.041 |
| Exercise price | Nil |
| Valuation date | 29 November 2022 |
| Commencement of performance period | 29 November 2022 |
| End of performance period | 29 November 2025 |
| Performance period (years) | 3 |
| Implied share price barrier | $0.10 |
| Volatility | 100% |
| Risk-free rate | 3.235% |
| Dividend yield | Nil |
| Value per right | $0.032 |

The value of the grant of the rights was calculated to be $960,000 of which $186,569 has been expensed to share based payments in the statement of profit or loss and other comprehensive income during the period ended 30 June 2023.

The rights were issued pursuant to approval at the 2022 annual general meeting as follows:

| Class Rights | Lloyd Flint entitlement | Value $ | Roger Fitzhardinge entitlement | Value $ | James Allchurch entitlement | Value $ | Total Value |
|---|---|---|---|---|---|---|---|
| Performance Rights | 5,000,000 | 175,060 | 5,000,000 | 175,060 | 20,000,000 | 700,240 | 1,050,360 |

The Company also issued 9,500,000 Performance Rights to the exploration manager for the Utah Lithium Project (or his nominee) on 8 March 2023 on the terms and conditions set out below. The Performance Rights are split into four tranches and vest as follows:

| Class | Performance Rights | Vesting Milestone | Expiry Date |
|---|---|---|---|
| Tranche A | 500,000 | Successful lodgement and registration of 26,000 acres of BLM claims | Three (3) years from the date of issue |
| Tranche B | 1,000,000 | Establishment of JORC-compliant Exploration Target | Three (3) years from the date of issue |
| Tranche C | 3,000,000 | Establishment of JORC-compliant Mineral Resource | Three (3) years from the date of issue |
| Tranche D | 5,000,000 | Commercial production of over 100t of lithium carbonate equivalent | Three (3) years from the date of issue |

The performance rights have been fair valued at grant date (8 March 2023) and each class of performance rights are being expensed over the vesting period

The Performance Rights were ascribed the following value and cost realised in the current **period:**

| Class | Number of Performance Rights | Fair Value at grant date | Fair Value $ | Expense recognised during the year | Balance 30 June 2023 |
|---|---|---|---|---|---|
| Tranche A[1] | 500,000 | $0.052 | 26,000 | 26,000 | - |
| Tranche B | 1,000,000 | $0.052 | 52,000 | 5,414 | 1,000,000 |
| Tranche C | 3,000,000 | $0.052 | 156,000 | 16,241 | 3,000,000 |
| Tranche D | 4,000,000 | $0.052 | 260,000 | - | 4,000,000 |

[1] Converted on 22 March 2023 on achievement of relevant hurdles

**2022**

No performance rights were issued during the year ended 30 June 2022.

### c. Option Reserve

| | 2023 $ | 2023 Number | 2022 $ | 2022 Number |
|---|---|---|---|---|
| Period opening balance | 1,842,966 | 68,878,517 | 1,842,966 | 117,575,078 |
| Options expired | - | - | - | (3,000,001) |
| Broker options (refer note 10) | 147,700 | 5,000,000 | - | - |
| Option application fee | 50 | - | - | - |
| Options exercised | - | (57,878,517) | - | (45,696,560) |
| | 1,990,716 | 16,000,000 | 1,842,966 | 68,878,517 |

| Options | Grant date | Expiry date | Balance at the start | Granted during the year | Exercise Price $ | Exercised during the year | Expired during the year | Balance at the end of the year | Vested and exercisable at year end |
|---|---|---|---|---|---|---|---|---|---|
| Broker | 12/08/19 | 14/07/22 | 39,878,517 | - | 0.030 | (39,878,517) | - | - | - |
| Directors | 28/11/19 | 28/11/22 | 18,000,000 | - | 0.030 | (18,000,000) | - | - | - |
| Lead Manager | 22/06/21 | 18/06/24 | 5,000,000 | - | 0.300 | - | - | 5,000,000 | 5,000,000 |
| Driller | 29/06/21 | 18/06/24 | 5,000,000 | - | 0.300 | - | - | 5,000,000 | 5,000,000 |
| Geologist | 29/06/21 | 18/06/24 | 1,000,000 | - | 0.300 | - | - | 1,000,000 | 1,000,000 |
| Broker fees | 28/02/23 | 27/02/27 | - | 5,000,000 | 0.100 | - | - | 5,000,000 | 5,000,000 |
| | | | 68,878,517 | 5,000,000 | | (57,878,517) | - | 16,000,000 | 16,000,000 |

The fair value of the options issued was calculated using Black-Scholes modelling. A fair value of 2.954c per option for the broker fee options was calculated. The options vested immediately on grant date. The following inputs were used in the calculation:

| | Fee options |
|---|---|
| Valuation date | 28 February 2023 |
| Exercise price | 10 cents |
| Expiration date | 27 February 2027 |
| Share price at valuation date | $0.050 |
| Risk free rate of interest | 3.63% p.a. |
| Company share price volatility | 100% p.a. |
| Fair value | $0.02954 |
| Quantity | 5,000,000 |
| Value | $147,700 |

The Broker options were considered to be capital raising costs, the value recorded was deducted against share capital.

**2022**

No options were issued during the year ended 30 June 2022.

d. **Capital Management**

Management controls the capital of the group in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

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

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

There are no material commitments or contingencies within the group at reporting date (2022: nil).

Minimum annual exploration expenditure on granted leases is $87,000 (2022: $87,000).

**NOTE 12: EVENTS SUBSEQUENT TO BALANCE DATE**

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the operations.

**NOTE 13: CASH FLOW INFORMATION**

**Reconciliation of profit/(loss) after income tax expense to net cash used in operating activities**

| | **2023** | **2022** |
|---|---|---|
| | **$** | **$** |
| Loss for the year | (310,619) | (559,764) |
| Non-cash items recorded in Profit and Loss: | | |
| Share-based payments | 234,224 | - |
| Exploration and evaluation interests written off | 18,588 | 145,029 |
| Changes in working capital balances | | |
| Trade and other receivables | (906) | 178,715 |
| Trade and other payables | (46,600) | (182,328) |
| Net cash outflow from operating activities | (105,313) | (418,348) |

**NON-CASH INVESTING ACTIVITIES**

There were no non-cash investing activities during the year (2022: nil).

**NOTE 14: RELATED PARTY TRANSACTIONS**

a. **Related parties**

The Group's main related parties are as follows:

**NOTE 14: RELATED PARTY TRANSACTIONS**

(i) *Entities exercising control over the Group:*

The ultimate parent entity that exercises control over the Group is, Mandrake Resources Limited which is incorporated in Australia.

(ii) *Key management personnel:*

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

For details of disclosures relating to key management personnel, refer below and Note 15.

(iii) *Entities subject to significant influence by the Group:*

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

b. **Transactions with related parties**

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

The following transactions occurred with related parties:

$79,150 was paid to Mr Flint for financial and company secretarial services performed during the year.

There were no other transactions with KMP and their related parties other than what is disclosed above and Notes 10 (the issue of performance rights) and Note 15.

**NOTE 15: KEY MANAGEMENT PERSONNEL COMPENSATION**

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

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

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Short-term employee benefits | 353,354 | 357,366 |
| Post-employment benefits | 6,300 | 2,746 |
| Share-based payments | 186,569 | - |
| Total KMP compensation | 546,223 | 360,112 |

**Short-term employee benefits**

These amounts include fees and benefits paid to the non-executive Chair, non-executive directors and executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post- retirement, superannuation contributions made during the year and post-employment life insurance benefits.

**Share-based payments**

A total of 30,000,000 Performance Rights approved at the 2022 Annual General Meeting on 29 November 2022 were issued to the directors of the Company as disclosed in Note 10 (2022: nil).

Further information in relation to KMP remuneration can be found in the directors' report.

**NOTE 16: AUDITOR'S REMUNERATION**

During the financial year the following fees were paid or payable for services provided by BDO Audit (WA) Pty Ltd, the auditor of the company:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Remuneration of the auditor for: | | |
| – auditing or reviewing the financial statements – BDO Audit (WA) Pty Ltd | 45,494 | 36,988 |
| Remuneration of the auditor for non-assurance services: | | |
| – Other | 4,000 | 565 |
| | 49,494 | 37,553 |

**NOTE 17: FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Interest Rate Risk**

At reporting date, the Group's exposure to market risk for changes in interest rates relates primarily to the Group's cash. The Group constantly analyses its exposure to interest rates, with consideration given to potential renewal of existing positions, the mix of fixed and variable interest rates and the period to which deposits may be fixed.

At reporting date, the Group had the following financial assets exposed to variable interest rates that are not designated in cash flow hedges:

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| Financial Assets | | |
| Cash and cash equivalents – interest bearing | 16,809,515 | 16,262,730 |

*Sensitivity*

At 30 June 2023, if interest rates had increased by 2.75% (2022: 1.75%) from the year end variable rates with all other variables held constant, post tax profit and equity for the group would have been $462,261 (2022: $284,598) higher. The 2.75% (2022: 1.75%) sensitivity is based on reasonably possible changes over a financial year, using an observed range of historical RBA movements over the last few years.

**Liquidity Risk**

The Group has no significant exposure to liquidity risk as there is effectively no debt. The Group manages liquidity risk by monitoring immediate and forecast cash requirements and ensuring adequate cash reserves are maintained.

**Credit Risk**

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group measures credit risk on a fair value basis.

Significant cash deposits are with institutions with a minimum credit rating of -AA- (or equivalent) as determined by a reputable credit rating agency e.g. Standard & Poor.

The Group does not have any other significant credit risk exposure to a single counterparty or any group of counterparties having similar characteristics.

## NOTE 18: PARENT ENTITY DISCLOSURES

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Accounting Standards.

| | 2023<br>$ | 2022<br>$ |
|---|---|---|
| **Financial position of the parent entity at year end** | | |
| Current assets | 16,953,362 | 16,405,671 |
| Non-current assets | 6,749,901 | 3,526,399 |
| Total assets | 23,703,263 | 19,932,070 |
| Current Liabilities | 204,244 | 250,844 |
| Total liabilities | 204,244 | 250,844 |
| **Total equity of the parent entity comprising of:** | | |
| Share capital | 37,450,685 | 33,704,247 |
| Reserves | 4,537,129 | 4,155,155 |
| Accumulated losses | (18,488,795) | (18,178,176) |
| **Total equity** | **23,499,019** | **19,681,226** |
| | | |
| **Statement of Profit or Loss and Other Comprehensive Income** | | |
| Total Profit/(loss) | (310,619) | (559,764) |
| Total comprehensive loss | **(310,619)** | **(559,764)** |

**COMMITMENTS AND CONTINGENCIES**

Mandrake Resources Limited has minimum annual exploration expenditure commitments of $87,000 (2022: $nil). The entity does not have any contingent assets and liabilities at 30 June 2023 (30 June 2022: nil).

## NOTE 19: CONTROLLED ENTITIES

| Name | Country of incorporation | Percentage owned | |
|---|---|---|---|
| | | 2023 | 2022 |
| Focus Exploration Pty Ltd | Australia | 100% | 100% |
| Seventh Son Pty Ltd | Australia | 100% | 100% |

## NOTE 19: CONTROLLED ENTITIES

| | | | |
|---|---|---|---|
| Mandrake Lithium USA, Inc | USA (Incorporated 4 January 2023) | 100% | - |

## NOTE 20: FAIR VALUES OF FINANCIAL INSTRUMENTS

**Recurring fair value measurements**

The Group does not have any financial instruments that are subject to recurring or non-recurring fair value measurements

**Fair values of financial instruments not measured at fair value**

Due to their short-term nature, the carrying amounts of current receivables and current trade and other payables is assumed to equal their fair value.

## DIRECTORS' DECLARATION

The Directors declare that:

(a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

(b) in the Directors' opinion, the attached consolidated financial statements as at 30 June 2023 and notes thereto are in compliance with International Financial Reporting Standards, as stated in note 1 to the financial statements;

(c) in the Directors' opinion, the attached consolidated financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the consolidated financial position and performance of the Company; and

(d) the Directors have been given the declarations required by s.295A of the Corporations Act.

Signed in accordance with a resolution of the Directors made pursuant to s.295 (5) of the Corporations Act 2001.

James Allchurch
Managing Director
Dated 26 September 2023

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**INDEPENDENT AUDITOR'S REPORT**

To the members of Mandrake Resources Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Mandrake Resources Limited (the Company) and its subsidiaries (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 report, 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:

(i) 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 ended on that date; and

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

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### 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.

## CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS

| *Key audit matter* | *How the matter was addressed in our audit* |
|---|---|
| The carrying value of the capitalised exploration and evaluation asset as at 30 June 2023 is disclosed in Note 1(q) and Note 8 of the financial report.<br><br>As the carrying value of the exploration and evaluation asset represents a significant asset of the Group, we considered it necessary to assess whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.<br><br>Judgement is applied in determining the treatment of exploration expenditure in accordance with Australian Accounting Standard AASB 6 *Exploration for and Evaluation of Mineral Resources*. In particular:<br><br>• Whether the conditions for capitalisation are satisfied;<br><br>• Which elements of exploration and evaluation expenditures qualify for recognition; and<br><br>• Whether facts and circumstances indicate that the exploration and evaluation expenditure assets should be tested for impairment.<br><br>As a result, this is considered a key audit matter. | Our procedures included, but were not limited to:<br><br>• Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date;<br><br>• Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes;<br><br>• Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed;<br><br>• Verifying, on a sample basis, exploration and evaluation expenditure capitalised during the year for compliance with the recognition and measurement criteria of AASB 6;<br><br>• Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; and<br><br>• Assessing the adequacy of the related disclosures in Note 1(q) and Note 8 to the financial report. |

### Other information

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of 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 has no realistic alternative but to do so.

**Auditor's responsibilities for the audit of the Financial Report**

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Mandrake Resources 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.

**BDO Audit (WA) Pty Ltd**

BDO

**Ashleigh Woodley**

**Director**

Perth, 26 September 2023

## ASX ADDITIONAL INFORMATION

The shareholder information set out below was applicable as at 12 September 2023.

As at 12 September 2023 there were 3,630 holders of 598,759,920 Ordinary Fully Paid Shares

### VOTING RIGHTS

The voting rights of the ordinary shares are as follows:

(a) at meetings of members each member entitled to vote may vote in person or by proxy or attorney;
(b) on a show of hands each person present who is a member has one vote; and
(c) on a poll each person present in person or by proxy or by attorney has one vote for each ordinary share held

There are no voting rights attached to any of the options that the Company currently has on issue. Upon exercise of these options, the shares issued will have the same voting rights as existing ordinary shares.

### TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders as at 12 September 2023 are as follows:

Ordinary Fully Paid Shares

| Holder Name | Holding | % |
|---|---:|---:|
| BNP PARIBAS NOMS PTY LTD <DRP> | 33,041,925 | 5.52% |
| GALAN LITHIUM LIMITED | 30,000,000 | 5.01% |
| MARTINI 29 PTY LTD | 13,773,951 | 2.30% |
| SANDHURST TRUSTEES LTD <JMFG CONSOL A/C> | 13,590,766 | 2.27% |
| MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C> | 12,000,000 | 2.00% |
| CITICORP NOMINEES PTY LIMITED | 11,627,922 | 1.94% |
| ROWAN HALL PTY LTD <ROWAN HALL TRADING A/C> | 11,000,000 | 1.84% |
| BELLARINE GOLD PTY LTD <RIBBLESDALE SUPER FUND A/C> | 10,000,000 | 1.67% |
| PURESTEEL HOLDINGS PTY LTD <RATTIGAN SUPER FUND A/C> | 7,094,820 | 1.18% |
| BROWN BRICKS PTY LTD <HM A/C> | 6,600,000 | 1.10% |
| BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP> | 6,076,553 | 1.01% |
| ESZLENY INVESTMENTS PTY LTD <TANACS FAMILY A/C> | 5,700,000 | 0.95% |
| PJ & SL MOYLAN PTY LTD <THE MOYLAN FAMILY S/F A/C> | 5,000,000 | 0.84% |
| ALITIME NOMINEES PTY LTD <HONEYHAM FAMILY A/C> | 5,000,000 | 0.84% |
| GALAN LITHIUM LIMITED | 5,000,000 | 0.84% |
| DC & PC HOLDINGS PTY LTD <DC & PC NEESHAM SUPER A/C> | 5,000,000 | 0.84% |
| SWANCAVE PTY LTD <BMC FAMILY A/C> | 4,439,809 | 0.74% |
| ONGAVA PTY LTD <PRH SUPER FUND A/C> | 4,200,000 | 0.70% |
| ABDUL FIDA PTY LTD <AR&F DANNAOUI FAMILY A/C> | 4,000,000 | 0.67% |
| BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM | 3,610,093 | 0.60% |
| HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED | 3,433,928 | 0.57% |
| MR RYAN BOYD | 3,418,785 | 0.57% |
| ST BARNABAS INVESTMENTS PTY LTD | 3,150,000 | 0.53% |
| **Totals** | **206,758,552** | **34.53%** |

### SUBSTANTIAL HOLDERS

No changes to substantial holdings notices have been received by the Company since the last Annual Report was released.

## ASX ADDITIONAL INFORMATION (CONT)

### DISTRIBUTION OF EQUITY SECURITIES

Ordinary Fully Paid Shares

Unmarketable Parcels -1,435 Holders comprising a total of 5,545,690 ordinary fully paid shares. This is based on a price of $0.039, being the closing trading price on 12 September 2023.

| Holding Ranges | Holders | Total Units | % Issued Share Capital |
|---|---:|---:|---:|
| 1 - 1,000 | 676 | 62,699 | 0.01% |
| 1,001 - 5,000 | 253 | 916,375 | 0.15% |
| 5,001 - 10,000 | 371 | 3,015,892 | 0.50% |
| 10,001 - 100,000 | 1,600 | 66,835,866 | 11.16% |
| 100,001 - 9,999,999,999 | 730 | 527,929,088 | 88.17% |
| **Totals** | **3,630** | **598,759,920** | **100.00%** |

### RESTRICTED SECURITIES

There were 30,000,000 restricted securities as at 12 September 2023 escrowed to 27/02/2024.

### UNQUOTED SECURITIES

As at 12 September 2023, the following unquoted securities are on issue:

**11,000,000 Options expiring 18/06/2024 exerciseable at $0.30 - 5 Holders**

| | | |
|---|---:|---:|
| BELL POTTER NOMINEES LTD | 3,750,000 | 34.1% |
| BLUE SPEC DRILLING PTY LTD | 5,000,000 | 45.5% |

**5,000,000 Options expiring 27/02/2027exerciseable at $0.10 – 11 Holders**

| | | |
|---|---:|---:|
| VERT NOMINEES (WA) PTY LTD | 1,000,000 | 20% |

**17,000,000 Performance rights - 1 Holder**

| | | |
|---|---:|---:|
| MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C> | 17,000,000 | 100% |

**30,000,000 Performance rights - 3 Holders**

| | | |
|---|---:|---:|
| MR JAMES PETER ALLCHURCH <MANSTEIN HOLDINGS A/C> | 20,000,000 | 67% |

**9,000,000 Performance rights - 1 Holder**

| | | |
|---|---:|---:|
| INTERPRETIVE GEOSCIENCES LLC | 9,000,000 | 100% |

### ON-MARKET BUY BACK

There is currently no on-market buyback program.