SUVO STRATEGIC MINERALS

Annual Financial Report

Year ended 30 June 2022

Suvo Strategic Minerals Limited ABN 97 140 316 463

Corporate Directory

Directors	Henk Ludik Aaron Banks Oliver Barnes Ian Wilson
Company secretary	Chris Achurch
Registered office	Level 11 40 The Esplanade Perth WA 6000 Phone: (08) 9389 4495
Principal place of business	3610 Glenelg Hwy Pittong VIC 3360 Phone: (03) 5344 6688
Share register	Automic Registry Services Pty Ltd Level 5 191 St Georges Terrace Perth WA 6000 Phone: 1300 288 664
Auditors	RSM Australia Partners Level 32 2 The Esplanade Perth WA 6000 Phone: (08) 9261 9100
Solicitors	Hamilton Locke Level 27 152-158 St Georges Terrace Perth WA 6000 Phone: (08) 6311 9160
Stock exchange listing	Suvo Strategic Minerals Limited’s shares are listed on the Australian Securities Exchange (ASX code: SUV)
Website	www.suvo.com.au
Corporate Governance Statement	www.suvo.com.au/investors/corporate-governance/

Chairman's Letter

Dear Shareholder

On behalf of the Board, I am pleased to present the 2022 Annual Report to shareholders.

Suvo Strategic Minerals hit several strategic milestones during the year ended 30 June 2022, setting the Company up for future growth.

Suvo recently signed a binding supply contract with the minerals division of Global Fortune 500 company Xiamen C&D. Suvo is supplying C&D with 20 tonnes of two hydrous kaolin products from the Company's 100 per cent owned Pittong operation in Victoria.

C&D will use the products for various commercial-scale trials, and it represents the next step towards a potential commercial offtake agreement. Discussions on sales price for a suite of potential full-scale commercial orders with C&D continue to advance, and the Company looks forward to providing an update in due course.

Suvo also continues to position itself to take advantage of the global supply deficit for kaolin. This was front of mind with the plant upgrade and optimisation review which is now complete, validating a ~60,000 tonnes per annum processing capacity.

This upgrade will see Pittong capable of producing roughly 50,000 tonnes per annum of hydrous kaolin, representing an 83% utilisation rate on the forecast ~60,000 nameplate capacity, and based on the Company's proposed operating hours.

The Company expects to nearly double the 25,700 tonnes of kaolin produced over the 30 June 2022 financial year. In addition to lifting production, and importantly, Suvo have also identified opportunities to lower operating costs, resulting in an anticipated four-fold increase in production guidance FY24 EBITDA.

The Suvo team continue to work tirelessly to further unlock other kaolin related markets, including metakaolin applications for emerging opportunities in carbon reducing green cement.

Importantly, a number of strategic research and development partnerships are now in place and we remain focussed on how the emerging green cement industry can play a key role in meeting the global challenge of reducing greenhouse gas emissions and limiting the impacts of climate change.

The Company has also made significant progress at our Eneabba Silica Sands project in Western Australia, securing a land access agreement with the landowner occupying the granted tenure adjacent to the project's maiden Inferred JORC Resource of 216 million tonnes.

The privately owned cleared farmland will help negate native vegetation clearing permits and has the potential to significantly reduce project timelines. Further, there is sufficient power and water available to support development of a silica sand project at Eneabba including road and rail access direct to Geraldton Port only 2kms from the western boundary of the tenement.

This agreement provides certainty for the Company's upcoming drilling campaign, aimed at determining a JORC Compliant Indicated Resource.

Finally, I am pleased to have been recently appointed as Executive Chairman and would like to take this opportunity to thank not only my fellow Board members, but also the loyal Suvo Shareholders for the support they have shown me since my arrival as Non-Executive Chairman in March this year.

We are only at the start of this journey together, and I am committed to delivering on Suvo's potential as we look to build on the momentum gained in recent months to grow the Company in the months and years ahead.

Yours faithfully

Henk Ludik
Executive Chairman

Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Suvo Strategic Minerals Limited (referred to hereafter as the 'Suvo' or the 'Company') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

Directors
The following persons were Directors of Suvo during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Henk Ludik	Executive Chairman (appointed 22 August 2022) Non-Executive Chairman (appointed 14 March 2022)
Mr Aaron Banks	Executive Director
Mr Oliver Barnes	Non-Executive Director (appointed 14 March 2022)
Dr Ian Wilson	Non-Executive Director
Mr Robert Martin	Executive Chairman (resigned 14 March 2022)
Mr Leonard Troncone	Non-Executive Director (resigned 29 July 2021)

Principal activities
The principal activities of the Group during the year were refined Kaolin production in Victoria and mineral exploration in Western Australia.

Review of operations
In March 2022, the Company successfully completed a A$7.5 million placement backed by new and existing institutional and sophisticated investors to accelerate the Pittong plant expansion. The Company receipted a further A$0.57 million from the Company's Share Purchase Plan "SPP" which followed the placement.

Shortly after the completion of the capital raising and the Company completing its Executive and Board transition, the Pittong plant upgrade optimisation review commenced. This was a critical work stream for Suvo, and its outcomes would ensure that the Company has methodically analysed every facet of the Pittong plant expansion.

Subsequent to year end, the Pittong plant upgrade optimisation review was completed validating a ~60,000 tonnes per annum processing capacity.

For the year ended 30 June 2022 total production was ~25,700 dry tonnes (2021: ~25,000). The production rate for the 2021 and 2022 financial years display the consistency of the plant operations on an annual basis and following findings from the plant upgrade optimisation review, the Company has a high degree of certainty that the nameplate capacity of ~60,000 tonnes per annum could be achieved through a combination of equipment upgrades and process optimisation, subject to the plant being continuously operated 24/7.

The plant upgrade and optimisation comes at a capital cost of A$2.3m. Capital works are expected to be completed by end of Q3 FY 2023. At completion of the upgrade the Pittong operation is expected to produce ~50,000 tonnes per annum of hydrous kaolin which represents an 83% utilisation rate based on the ~60,000 tonnes per annum name plate capacity, which is based on the Company's proposed operating hours.

Post upgrade, the Company expects to achieve significant efficiencies in processing costs by lowering its power and gas usage per tonne produced and gaining economies of scale with its fixed costs. The Company expects to reduce its AISC from A$592/t to A$359/t from FY2024 representing a 39% decrease.

Furthermore, the Company has forecasted an EBITDA of A$8.3m in FY2024. This is a substantial increase with the Pittong operation generating A$2.2m EBITDA in the current financial year and A$1.5m in the previous financial year.

In May 2022, Suvo signed a non-binding cooperation agreement with C&D logistics Group Co Ltd "C&D", a subsidiary of Global Fortune 500 company Xiamen C&D. The agreement will see Suvo and C&D seek to negotiate a Sales and Purchase (Offtake) Agreement in good faith. The products delivered under any offtake agreement could be produced from the Company's existing Pittong operation and/or other kaolin projects.

Subsequent to the year end, Suvo signed a legally binding contract for the delivery of two hydrous kaolin products from its Pittong operations to be used in commercial-scale trials by C&D.

Pending the results of this commercial-scale trial contract in relation to product sourced from Pittong, Suvo and C&D will continue to negotiate a Sales and Purchase Agreement in good faith.

Directors' Report

Shortly after the Calix agreement was signed, Suvo produced a bulk sample of high reactivity metakaolin "HRM" from its 100 percent owned Gabbin kaolin deposit in Western Australia. The sample was prepared by global cement technology specialist FLSmitdh using its flash calciner, at its Bethlehem laboratory in the United States.

While the commonly defined indicator of acceptable performance of HRM is based on a 90 per cent total of silicon dioxide, aluminum oxide and iron oxide, the Gabbin HRM product was measured at 97.8 per cent, showing equivalent or better quality than other metakaolin products currently sold.

Cement production is estimated to contribute 8 per cent of global CO_2 emissions, about the same carbon footprint as the global car fleet. Metakaolin is a supplementary cementitious replacement for clinker, a key ingredient in cement production. Studies have shown that increasing the percentage of metakaolin used in cement has the potential to reduce the carbon intensity of cement by up to 40 per cent.

The Company's earnings growth strategy aims to increase the weighted average value of products sold from Pittong along with diversifying the product basket toward premium end markets such as the cosmeceutical and pharmaceutical sectors, whilst also creating new markets and products such as metakaolin.

HRM is currently imported to Australia at $US530/t to $US840/t and at present there is no onshore production. Suvo could potentially enjoy first mover advantage as the only commercial scale hydrous kaolin operation in Australia.

Subsequent to the year end, the Pittong mining license (MIN5408) renewal application was approved by Victoria's Earth Resource Regulation, Department of Jobs, Precincts and Regions (DJRP).

Approval by the regulator extends the Pittong mining license to December 2045. Together with Trawalla, the total JORC Indicated Resource is 13.64 million tonnes which validates a multi decade mine life, thus supporting the Company's expansion plans.

The Company also made significant progress with its 100 per cent owned Eneabba Silica Sands project in Western Australia, securing a land access agreement with the landowner occupying the granted tenure adjacent to the project's maiden Inferred JORC Resource of 216 million tonnes. This agreement was signed subsequent to the year end.

The privately owned cleared farmland will help negate native vegetation clearing permits and may sufficiently reduce timelines.

Further, there is sufficient power and water available to support development of a silica sand project, with road access and rail line direct to Geraldton Port only 2kms from the western boundary of the tenement.

This agreement provides certainty for the Company's upcoming drilling campaign, aimed at determining a JORC Compliant Indicated Resource.

The Company also announced the proposed acquisition of mining tenement E70/4981, a highly perspective silica sand project near Muchea, north of Perth, Western Australia, subject to the necessary approvals, including shareholder approval.

The Muchea Project is strategically located adjacent to Brand Highway with rail connections to the Kwinana port facility for bulk handling. The Project adjoins VRX Silica's (ASX:VRX) Muchea Silica Sand Projects western boundary and is a continuation of the aeolian dune systems located within the VRX project.

Suvo's Muchea Project provides Suvo the potential to explore for high quality silica sand, targeting different end user markets to the Company's existing portfolio of assets.

Suvo aims to progress this project and to test its potential to provide material suitable to meet the stringent requirements for high end materials including inputs for specialty glass for solar panels and mobile phones, as well as high-capacity lithium-ion (Li-ion or LIB) rechargeable batteries.

Directors' Report

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the Group during the financial year.

Matters subsequent to the end of the financial year
On 26 July 2022, the Company announced that it had successfully completed the renewal of its Pittong mining license which has been approved by Victoria's Earth Resources Regulation, Department of Jobs, Precincts and Regions.

On 15 August 2022, the Company signed a legally binding supply contract for the delivery of 20 tonnes of two high quality hydrous kaolin products from Pittong to be used in commercial-scale trials by C&D Logistics Group Co Ltd. This binding contract is an important next step for the Company and another step closer to a commercial offtake agreement with C&D.

On 22 August 2022, Henk Ludik was appointed as Executive Chairman of the Company having previously served as Non-Executive Chairman.

On 26 August 2022, the Company announced the completion of the Pittong plant upgrade optimisation review. The independent review has confirmed the plant capacity expansion will be capable of delivering a name plate processing capacity of ~60,000 tonnes per annum under certain operating conditions, with a forecast completion date of end Q3 FY 2023 (Q1 CY 2023), most of which the Company intends to satisfy by the forecast completion date.

Post upgrade, the Company expects to achieve significant efficiencies in processing costs by lowering its power and gas usage per tonne produced and gaining economies of scale with its fixed costs. The Company expects to reduce its AISC from A$592/t to A$359/t from FY2024 representing a 39% decrease. Forecast EBITDA is A$8.3m in FY 2024.

On 31 August 2022, the Company signed a land access agreement in relation to its Eneabba Silica Sands Project. The Company has negotiated access to drill an area that is not under crop which will allow a more streamlined and less onerous process in its pursuit towards the potential development of a Silica Sand operation at Eneabba. The cleared area of approximately 250 hectares negates the need for environmental clearing permits, and with key infrastructure already available (Road access, 3 phase power and water and rail line direct to Geraldton Port), project timelines may be significantly reduced. The agreement provides certainty for Suvo's upcoming drilling campaign, aimed at determining a JORC Compliant Indicated Resource and scheduled to commence in Q4 CY2022.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no significant impact on the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from matters discussed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Likely developments and expected results of operations
The Group intends to continue its exploration, development and production activities on its existing operations and projects and to acquire further suitable projects as opportunities arise.

Directors' Report

Environmental regulation
The Group is subject to and is compliant with all aspects of environmental regulation of its exploration and mining activities. The Directors are not aware of any environmental law that is not being complied with.

Climate change risk
Suvo acknowledges the scientific consensus of a changing global climate and supports the Intergovernmental Panel on Climate Change (IPCC) position that continued increases in greenhouse gas emissions could precipitate major social and economic consequences.

Suvo is currently updating its governance framework to include climate-related risks with the Board actively considering these risks in its decision-making. Suvo's management has begun implementing climate strategy and risk management considerations into its management and reporting systems.

A Climate-related Risk & Opportunities Policy will be implemented during the 2023 financial year after which Suvo will commence reporting climate-related financial disclosures aligned to the Task Force on Climate-related Financial Disclosures recommendations.

Information on directors

Name:	Henk Ludik
Title:	Executive Chairman (appointed 22 August 2022)
Experience and expertise:	Mr Ludik is a mining engineer with a career spanning over 20 years in mining with expertise in engineering, feasibility, mine optimisation, ESG and corporate finance. Mr Ludik has worked on a number of landmark transactions in the resource sector since 2006. Mr Ludik holds a BEng in Mining Engineering, MSc in Oil and Gas Engineering and an MBA.
Other current directorships:	Evolution Energy Minerals Limited (ASX:EV1)
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in performance rights:	None

Name:	Aaron Banks
Title:	Executive Director
Experience and expertise:	Aaron Banks is a specialist business consultant with over 20 years' experience in contract negotiations and business development including senior roles in sales, marketing and construction management. In 2015 as founder & Managing Director of Australian Silica Pty Ltd, Mr Banks discovered one of the largest high grade silica sand resources in the world. Whilst on the Board of Australian Silica he successfully negotiated the sale of Muchea Silica Sand Project to Ventnor Resources Limited that pivoted the former base metals explorer to the emerging silica sand producers known today as VRX Silica (ASX:VRX). In 2020 he vended his private companies into what is Suvo Strategic Minerals today. Aaron has an extensive background in industrial minerals and has focused on developing emerging assets globally.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	72,564,516
Interests in options:	None
Interests in performance rights:	14,166,667

Directors' Report

Name:	Oliver Barnes
Title:	Non-Executive Director (appointed 14 March 2022)
Experience and expertise:	Oliver Barnes has over 25 years' experience in natural resources and asset development with expertise in carbon, rural development, ESG and clean technology commercialisation. Mr Barnes was previously the Managing Director of an ASX listed land and water developer and held a senior role with an ASX listed phosphate technology company. He holds a Bachelor of Science in Agriculture Business Management.
Other current directorships:	None
Former directorships (last 3 years):	Alterra Ltd (ASX:1AG)
Special responsibilities:	None
Interests in shares:	None
Interests in options:	None
Interests in performance rights:	None

Name:	Ian Wilson
Title:	Non-Executive Director
Experience and expertise:	Dr. Wilson is an economic geologist with over forty five years' international experience in industrial minerals. He has held key technical and management positions in a major publicly listed mining and construction enterprise, was a Senior Scientific Officer in what is now the British Geological Survey, and has been an independent consultant since 2001. His experience spans the range from exploration and resource estimation to project development and production, and includes global and regional marketing for a wide variety of industrial minerals, including kaolin, halloysite, calcium carbonate, talc, bentonite, barytes, magnesite, and others. He has authored many articles in peer-reviewed journals and has been a regular contributor to Industrial Minerals magazine for over 17 years. He was formerly Secretary of the Mineralogical Society of London (Clay Minerals Group) and has been the convenor of several international conferences on clay minerals. In 2009 he was awarded the Hal William Hardinge Award by SME in recognition of his services to the industrial minerals industry.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	None
Interests in shares:	None
Interests in options:	500,000
Interests in performance rights:	766,666

Name:	Robert Martin
Title:	Executive Chairman (resigned 14 March 2022)
Experience and expertise:	Mr Martin has over 20 years' experience across the mining services, supply chain and capital market sectors. Mr Martin operated a highly successful mining services company which became a leading provider of products and services to the mining industry and operated globally with offices across Australia and internationally. After 7 years of growth on growth revenue, profitability and expansion into multiple countries, Mr Martin's company was acquired by a prominent Perth business. Mr Martin now runs a family office in Western Australia with a focus on investing and supporting emerging private and public businesses.
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	Not applicable as no longer a director
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Interests in performance rights:	Not applicable as no longer a director

Directors' Report

Name:	Leonard Troncone
Title:	Non-Executive Director (resigned 29 July 2021)
Experience and expertise:	Mr Troncone is a senior finance executive with over 35 years' hands-on experience in the Australian corporate environment, with experience gained in a range of industries including mining, mineral exploration, mine development and oil and gas, diversified engineering, manufacturing and construction, financial services and private investment. Mr Troncone holds a Bachelor of Business degree from Curtin University of Technology (formerly the Western Australian Institute of Technology).
Other current directorships:	Not applicable as no longer a director
Former directorships (last 3 years):	Not applicable as no longer a director
Special responsibilities:	Not applicable as no longer a director
Interests in shares:	Not applicable as no longer a director
Interests in options:	Not applicable as no longer a director
Interests in performance rights:	Not applicable as no longer a director

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Company secretary
Chris Achurch (B Com, CA) holds the role of Company Secretary (appointed 1 August 2021). Mr Achurch spent 10 years in public practice. Mr Achurch then spent over 2 years as CFO and Joint Company Secretary at Kalium Lakes Limited, before his resignation to join Perth based Investment Banking and Corporate Advisory firm, Westar Capital Limited. Mr Achurch provides company secretarial, corporate advisory and general consulting services to a number of ASX listed clients. Justyn Stedwell stepped down as Company Secretary on 1 August 2021.

Meetings of directors
The number of meetings of the Company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2022, and the number of meetings attended by each director were:

	Full board		Nomination and Remuneration Committee[1]		Audit and Risk Committee[1]	
	Attended	Held	Attended	Held	Attended	Held
Aaron Banks	7	7	-	-	-	-
Henk Ludik	2	2	-	-	-	-
Ian Wilson	7	7	-	-	-	-
Oliver Barnes	2	2	-	-	-	-
Robert Martin	5	5	-	-	-	-
Leonard Troncone	-	-	-	-	-	-

[1] Refer to Company's Corporate Governance statement.

Held: represents the number of meetings held during the time the Director held office or was a member of the relevant committee.

Remuneration report (audited)
The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors.

Directors' Report

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration
The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Group depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the 2016 Annual General Meeting where the shareholders approved a maximum annual aggregate remuneration of $350,000.

Executive remuneration
The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration has four components:
- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Group and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved.

Directors' Report

The long-term incentives ('LTI') include share-based payments. Shares are awarded to executives over a period greater than one year based on long-term incentive measures.

Use of remuneration consultants
During the financial year ended 30 June 2022, the Group did not engage a remuneration consultant.

Voting and comments made at the company's 2021 Annual General Meeting ('AGM')
At the 2021 AGM, 99.89% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of key management personnel of the Group are set out in the following tables.

The key management personnel of the Group consisted of the following persons:
- Henk Ludik - Executive Chairman (appointed 22 August 2022), Non-Executive Chairman (appointed 14 March 2022)
- Aaron Banks - Executive Director
- Oliver Barnes - Non-Executive Director (appointed 14 March 2022)
- Ian Wilson - Non-Executive Director
- Robert Martin - Executive Chairman (resigned 14 March 2022)
- Leonard Troncone - Non-Executive Director (resigned 29 July 2021)
- Bojan Bogunovic - Chief Financial Officer (appointed 1 October 2021)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
2022	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled other[4] $	Total $
Executive Directors:								
Aaron Banks	208,000	-	-	20,800	-	-	433,014	661,814
Robert Martin	287,833	50,000	-	-	-	-	-	337,833
Non-Executive Directors:								
Ian Wilson	46,348	-	-	-	-	-	34,641	80,989
Henk Ludik[1]	14,000	-	-	-	-	-	-	14,000
Oliver Barnes[1]	14,000	-	-	-	-	-	-	14,000
Leonard Troncone[2]	4,455	-	-	445	-	-	-	4,900
Other KMP:								
Bojan Bogunovic[3]	142,500	-	-	14,250	-	-	143,342	300,092
	717,136	50,000	-	35,495	-	-	610,997	1,413,628

1 Salary represents the period 14 March 2022 to 30 June 2022.
2 Salary represents the period 1 July 2021 to 29 July 2021.
3 Salary represents the period 1 October 2021 to 30 June 2022.
4 Equity settled performance rights.

Directors' Report

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments		
	Cash salary and fees $	Cash bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled shares $	Equity-settled options $	Total $
Executive Directors:								
Robert Martin[1]	188,467	-	-	-	-	61,103	107,000	356,570
Aaron Banks[1]	220,000	-	-	22,000		87,290	-	329,290
Leonard Troncone[2,3]	299,633	-	-	28,667	-	-	-	328,300
Kobi Ben-Shabat[4]	37,740	-	-	-	-	-	-	37,740
Non-Executive Directors:								
Ian Wilson[5]	37,194	-	-	-	-	-	66,280	103,474
Leonard Troncone[2]	3,500	-	-	350	-	-	13,375	17,225
Anthony Brown	-	-	-	-	-	-	-	-
John Paitaridis	-	-	-	-	-	-	-	-
	786,534	-	-	51,017	-	148,393	186,655	1,172,599

1 Salary represents the period 30 July 2020 to 30 June 2021.
2 Leonard Troncone was appointed as a Non-Executive Director on 30 July 2020. On 1 September 2020, Leonard was appointed as an Executive Director.
3 The employment of Leonard Troncone as an Executive Director ceased effective 22 June 2021. Leonard Troncone's remuneration includes a $133,967 termination payment. Leonard Troncone remained a Non-Executive Director until 29 July 2021.
4 Salary represents the period 1 July 2020 to 30 July 2020.
5 Salary represents the period 1 September 2020 to 30 June 2021.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2022	Fixed remuneration 2021	At risk - STI 2022	At risk - STI 2021	At risk - LTI 2022	At risk - LTI 2021
Executive Directors:						
Aaron Banks	35%	73%	-	-	65%	27%
Robert Martin	100%	53%	-	-	-	47%
Non-Executive Directors:						
Ian Wilson	57%	36%	-	-	43%	64%
Henk Ludik	100%	-	-	-	-	-
Oliver Barnes	100%	-	-	-	-	-
Leonard Troncone	100%	22%	-	-	-	78%
Other KMP:						
Bojan Bogunovic	52%	-	-	-	48%	-

A cash bonus of $50,000 was payable to Robert Martin at the end of the current financial year. No cash bonuses were paid in the previous financial year.

Directors' Report

Service agreements
Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Aaron Banks
Title:	Executive Director
Agreement commenced:	30 July 2020
Term of agreement:	Open
Details:	Base salary of $240,000 plus superannuation guarantee. The salary will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries. 3-month termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Name:	Bojan Bogunovic
Title:	Chief Financial Officer (appointed 1 October 2021)
Agreement commenced:	1 October 2021
Term of agreement:	Open
Details:	Base salary of $190,000 plus superannuation guarantee. The salary will be reviewed annually by the Company in accordance with the policy of the Company for the annual review of salaries. 3-month termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Name:	Robert Martin
Title:	Executive Chairman (resigned 14 March 2022)
Agreement commenced:	30 July 2020
Term of agreement:	Resigned 14 March 2022
Details:	Consultancy fee of $26,667 plus superannuation and GST per month. The fee will be reviewed annually in accordance with the Company's policies and procedures. 4 month termination notice by either party, the Company may at any time pay a cash bonus, non-solicitation and non-compete clauses.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Performance rights
During the year, 15,600,000 performance rights were issued to Directors. The performance rights convert into fully paid ordinary shares in the capital of the Company upon achievement of the following milestones:

a. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving refined Kaolin production of at least 25kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

b. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving refined Kaolin production of at least 27.5kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

c. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving refined Kaolin production of at least 30kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

Directors' Report

During the year, 1,800,000 performance rights were issued to other key management personnel. The performance rights convert into fully paid ordinary shares in the capital of the Company upon achievement of the following milestones:

a. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving refined Kaolin production of at least 25kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

b. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving 12 months continuous service from the date of issue.

c. One third of the performance rights will convert into ordinary shares on a one-for-one basis upon achieving 18 months continuous service from the date of issue.

For remuneration purposes the value is the number of performance rights granted, multiplied by the share price at date of grant. As of 30 June 2022, an expense of $610,997 has been recognised in relation to the performance rights issued to Directors and other key management personnel. These performance rights have not converted to ordinary shares as at the date of this report.

Additional information

The earnings of the Group for the three years to 30 June 2022 are summarised below:

	2022 $	2021 $	2020 $
Sales revenue	**13,957,078**	6,510,970	-
EBITDA	**(1,348,513)**	(1,671,660)	(1,546,584)
EBIT	**(1,888,438)**	(2,238,073)	(1,546,584)
Loss after income tax	**(1,951,007)**	(2,220,638)	(1,546,584)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2022	2021	2020
Share price at financial year end ($)	**0.04**	0.15	0.02
Total dividends declared (cents per share)	**-**	-	-
Basic loss per share (cents per share)	**(0.32)**	(0.43)	(0.19)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Ordinary shares	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Henk Ludik	-	-	-	-	-
Aaron Banks	72,564,516	-	-	-	72,564,516
Oliver Barnes	-	-	-	-	-
Ian Wilson	-	-	-	-	-
Robert Martin	15,555,161	-	-	-	15,555,161[1]
Leonard Troncone	250,000	-	-	-	250,000[1]
Bojan Bogunovic	-	-	-	-	-
	88,369,677	-	-	-	88,369,677

1 Balance at resignation as director.

Directors' Report

Option holding

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Options over ordinary shares	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Henk Ludik	-	-	-	-	-
Aaron Banks	-	-	-	-	-
Oliver Barnes	-	-	-	-	-
Ian Wilson	500,000	-	-	-	500,000
Robert Martin	10,000,000	-	-	-	10,000,000[1]
Leonard Troncone	1,250,000	-	-	-	1,250,000[1]
Bojan Bogunovic	-	-	-	-	-
	11,750,000	-	-	-	11,750,000

1 Balance at resignation as director.

Performance rights

The number of performance rights in the Company held during the financial year by each Director and other members of key management personnel of the Group, including their personally related parties, is set out below:

Performance rights	Balance at the start of the year	Granted as remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Henk Ludik	-	-	-	-	-
Aaron Banks	20,000,000	7,500,000	-	(6,666,667)	20,833,333[1]
Oliver Barnes	-	-	-	-	-
Ian Wilson	500,000	600,000	-	(166,667)	933,333[2]
Robert Martin	12,000,000	7,500,000	-	(4,000,000)	15,500,000[3]
Leonard Troncone	8,000,000	-	-	-	8,000,000[3]
Bojan Bogunovic	-	1,800,000	-	-	1,800,000
	40,500,000	17,400,000	-	(10,833,334)	47,066,666

1 Subsequent to the reporting period, 6,666,666 of these performance rights lapsed.
2 Subsequent to the reporting period 166,667 of these performance rights lapsed.
3 Balance at resignation as director.

Other transactions with key management personnel and their related parties

During the financial year, payments for consultancy services from Wilco Holdings Pty Ltd and ESG-F Pty Ltd (Director-related entities of Henk Ludik and Oliver Barnes) of $296,740 were made. Amounts owing to related parties as at 30 June 2022 were $70,230 for consultancy services and $185,333 for director fees. All transactions were made on normal commercial terms and conditions and at market rates.

The Company also announced the proposed acquisition of mining tenement E70/4981 (owned by Director Aaron Banks), a highly perspective silica sand project near Muchea, north of Perth, Western Australia. As at the date of this report, the proposed acquisition is still subject to the necessary approvals, including shareholder approval. Terms and conditions of the proposed transaction were announced on 20 January 2022.

This concludes the remuneration report, which has been audited.

Directors' Report

Shares under option
Unissued ordinary shares of Suvo Strategic Minerals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
30-Jul-2020	30-Jul-2023	$0.03	90,616,903
30-Jul-2020	30-Jul-2023	$0.03	11,250,000
24-Nov-2020	30-Jul-2023	$0.03	500,000
23-Dec-2020	31-Dec-2023	$0.15	12,000,000
24-Mar-2022	30-Jun-2023	$0.15	30,751,680

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

Shares issued on the exercise of options and performance rights
No shares were issued on the exercise of options or performance rights during the year ended 30 June 2022.

Indemnity and insurance of officers
The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a Director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor
The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to 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.

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 27 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:
- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Directors' Report

Officers of the company who are former partners of RSM Australia Partners
There are no officers of the Company who are former partners of RSM Australia Partners.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor
RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Henk Ludik
Executive Chairman

13 September 2022
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Suvo Strategic Minerals Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 13 September 2022

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

General information

The financial statements cover Suvo Strategic Minerals Limited as a consolidated entity consisting of Suvo Strategic Minerals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Suvo Strategic Mineral Limited's functional and presentation currency.

Suvo Strategic Minerals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 11
40 The Esplanade
Perth WA 6000

Principal place of business

3610 Glenelg Hwy
Pittong VIC 3360

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 13 September 2022. The Directors have the power to amend and reissue the financial statements.

Consolidated statement of profit or loss and other comprehensive income

	Note	Consolidated 2022 $	2021 $
Profit or loss from continuing operations			
Revenue	5	**13,957,078**	6,510,970
Cost of sales		**(10,856,820)**	(4,647,084)
Gross profit before depreciation and amortisation		**3,100,258**	1,863,886
Depreciation and amortisation relating to kaolin production		**(287,661)**	(494,054)
Gross profit from operations		**2,812,597**	1,369,832
Other income		**220,281**	39,246
Administration and other corporate expenses	6	**(4,025,143)**	(2,714,106)
Foreign exchange profit/(loss)		**28,949**	(26,703)
Other depreciation and amortisation expenses		**(252,264)**	(72,359)
Share based payments expense	7	**(735,427)**	(816,548)
Loss before income tax expense from continuing operations		**(1,951,007)**	(2,220,638)
Income tax expense	8	**-**	-
Loss after income tax expense from continuing operations		**(1,951,007)**	(2,220,638)
Loss after income tax expense for the year		**(1,951,007)**	(2,220,638)
Other comprehensive income			
Items that may be reclassified through profit or loss			
Total other comprehensive loss for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(1,951,007)**	(2,220,638)
Loss for the year is attributable to:			
Owners of Suvo Strategic Minerals Limited		**(1,951,007)**	(2,220,638)
Total comprehensive loss for the year is attributable to:			
Continuing operations		**(1,951,007)**	(2,220,638)
Owners of Suvo Strategic Minerals Limited		**(1,951,007)**	(2,220,638)
Loss per share for loss attributable to owners of Suvo Strategic Minerals Limited			
Basic and diluted loss per share (in cents)	9	**(0.32)**	(0.43)

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

	Note	Consolidated 2022 $	Restated 2021 $
Assets			
Current assets			
Cash and cash equivalents	*10*	**8,844,336**	5,876,550
Trade and other receivables	*11*	**2,039,517**	2,561,676
Inventories	*12*	**1,896,215**	1,305,634
Other		**488,562**	206,832
Income tax		**-**	153,769
Total current assets		**13,268,630**	10,104,461
Non-current assets			
Property, plant and equipment	*13*	**4,631,652**	1,429,803
Mine properties	*14*	**2,002,842**	2,003,726
Mineral interest acquisition and exploration expenditure	*15*	**5,591,674**	4,436,938
Right-of-use assets	*16*	**611,985**	264,134
Other		**129,226**	-
Total non-current assets		**12,967,379**	8,134,601
Total assets		**26,236,009**	18,239,062
Liabilities			
Current liabilities			
Trade and other payables	*17*	**3,407,957**	1,825,682
Provisions	*18*	**731,102**	1,048,201
Lease liabilities	*19*	**407,927**	141,546
Total current liabilities		**4,546,986**	3,015,429
Non-current liabilities			
Provisions	*20*	**2,504,467**	2,718,594
Lease liabilities	*21*	**499,955**	145,227
Total non-current liabilities		**3,004,422**	2,863,821
Total liabilities		**7,551,408**	5,879,250
Net assets		**18,684,601**	12,359,812
Equity			
Issued capital	*22*	**38,732,317**	31,191,948
Reserves	*23*	**6,376,923**	5,641,496
Accumulated losses	*24*	**(26,424,639)**	(24,473,632)
Total equity		**18,684,601**	12,359,812

Comparative information has been restated in Note 14 and Note 20 as required by Accounting Standards

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of changes in equity

Consolidated	Issued capital $	Reserves $	Accumulated losses $	Total equity $
Balance at 1 July 2020	18,978,136	3,589,660	(22,252,994)	314,802
Loss after income tax expense for the year	-	-	(2,220,638)	(2,220,638)
Other comprehensive loss for the year, net of tax	-	-	-	-
Total comprehensive loss for the year	-	-	(2,220,638)	(2,220,638)
Transactions with owners in their capacity as owners:				
Shares issued	14,323,494	-	-	14,323,494
Shares issue costs	(2,109,682)	-	-	(2,109,682)
Share-based payments	-	2,051,836	-	2,051,836
Balance at 30 June 2021	31,191,948	5,641,496	(24,473,632)	12,359,812

Consolidated	**Issued capital $**	**Reserves $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2021	**31,191,948**	**5,641,496**	**(24,473,632)**	**12,359,812**
Loss after income tax expense for the year	**-**	**-**	**(1,951,007)**	**(1,951,007)**
Other comprehensive loss for the year, net of tax	**-**	**-**	**-**	**-**
Total comprehensive loss for the year	**-**	**-**	**(1,951,007)**	**(1,951,007)**
Transactions with owners in their capacity as owners:				
Shares issued	**8,066,350**	**-**	**-**	**8,066,350**
Share issue costs	**(525,981)**	**-**	**-**	**(525,981)**
Share based payments	**-**	**735,427**	**-**	**735,427**
Balance at 30 June 2022	**38,732,317**	**6,376,923**	**(26,424,639)**	**18,684,601**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Consolidated statement of cash flows

	Note	Consolidated 2022 $	2021 $
Cash flows from operating activities			
Receipts in the course of operations		**14,553,843**	5,769,156
Payments to suppliers and employees		**(14,947,751)**	(6,812,751)
Income taxes received/(paid)		**153,769**	(153,769)
Interest received		**11,611**	1,200
Interest paid		**(45,694)**	-
Grants received		**32,471**	-
Net cash used in operating activities	*25*	**(241,751)**	(1,196,164)
Cash flows from investing activities			
Payments for property, plant and equipment		**(2,690,160)**	(400,614)
Payments for exploration and evaluation		**(954,305)**	(1,226,499)
Payments for mine properties		**(348,934)**	-
Payments to acquire entities	*3*	**-**	(3,083,602)
Cash received from acquisitions of entities	*3*	**-**	1,194,647
Cash received from acquisition of assets		**-**	64,670
Net cash used in investing activities		**(3,993,399)**	(3,451,398)
Cash flows from financing activities			
Proceeds from issue of shares		**8,066,347**	11,000,000
Share issue transaction costs		**(525,978)**	(726,000)
Repayment of lease liabilities		**(337,433)**	(98,921)
Net cash received from financing activities		**7,202,936**	10,175,079
Net increase in cash and cash equivalents		**2,967,786**	5,527,517
Cash and cash equivalents at the beginning of the financial year		**5,876,550**	349,033
Effects of exchange rate changes on cash and cash equivalents		**-**	-
Cash and cash equivalents at the end of the financial year	*10*	**8,844,336**	5,876,550

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Notes to the financial statements

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss and certain classes of property, plant and equipment.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 30.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Suvo Strategic Minerals Limited ('Company' or 'Parent') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Suvo Strategic Minerals Limited and its subsidiaries together are referred to in these annual financial statements as the 'Group'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Notes to the financial statements

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
As stated in the “Basis of preparation’, the financial statements are presented in Australian dollars, which is Suvo Strategic Mineral Limited's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
The Group recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

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

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

Notes to the financial statements

Sale of kaolin and other minerals
Sale of kaolin and other minerals is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Government grants
Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

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

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Suvo Strategic Minerals Limited (the 'Parent') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The Parent and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the Parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

Discontinued operations
A discontinued operation is a component of the Group that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the statement of profit or loss and other comprehensive income.

Notes to the financial statements

Current and non-current classification

Assets and liabilities are presented in the consolidated statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 60 to 90 days.

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

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

Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

Notes to the financial statements

Right of return assets
Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

Inventories
Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Cost is determined on the following basis:

a. Work in progress and finished goods on hand is valued on an average total production cost method
b. Ore stockpiles are valued at the average cost of mining and stockpiling the ore, including haulage
c. Raw materials are valued at average cost

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Property, plant and equipment
Land is measured at fair value, based on periodic valuations by external independent valuers. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Buildings are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	3-40 years
Plant and equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Notes to the financial statements

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Exploration and evaluation assets
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.

Mining assets
Capitalised mining development costs include expenditures incurred to develop new ore bodies to define further mineralisation in existing ore bodies, to expand the capacity of a mine and to maintain production. Mining development also includes costs transferred from exploration and evaluation phase once production commences in the area of interest.

Amortisation of mining development is computed by the units of production basis over the estimated proved and probable reserves. Proved and probable mineral reserves reflect estimated quantities of economically recoverable reserves which can be recovered in the future from known mineral deposits. These reserves are amortised from the date on which production commences. The amortisation is calculated from recoverable proven and probable reserves and a predetermined percentage of the recoverable measured, indicated and inferred resource. This percentage is reviewed annually.

Restoration costs expected to be incurred are provided for as part of development phase that give rise to the need for restoration.

Impairment of non-financial assets
Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Contract liabilities
Contract liabilities represent the Group’s obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Notes to the financial statements

Refund liabilities
Refund liabilities are recognised where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Provisions
Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of a past event, it is probable the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Notes to the financial statements

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the financial statements

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

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

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group’s operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Notes to the financial statements

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Suvo Strategic Minerals Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial 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 financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2022. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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

Share-based payment transactions
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 7 for further information.

Notes to the financial statements

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. Net realisable value tests are performed at least annually and represent the estimated future sales price of the product based on prevailing prices, less estimated costs to complete production and bring the product to sale.

Stockpiles are measured by estimating the number of tonnes added and removed from the stockpile, the contained tonnes based on assay data, and the estimated recovery percentage based on the expected processing method. Stockpile tonnages are verified by periodic surveys. The Group reviews the carrying value of stockpile inventories regularly to ensure that their cost does not exceed net realisable value.

Rehabilitation provision

A provision has been made for the present value of anticipated costs for future rehabilitation of land explored or mined. The Group's mining and exploration activities are subject to various laws and regulations governing the protection of the environment. The Group recognises management's best estimate for assets retirement obligations and site rehabilitations in the period in which they are incurred. Actual costs incurred in the future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Amortisation

The Group uses the concept of life of mine to determine the amortisation of mine properties. In determining life of mine, the Group prepares ore reserve estimation in accordance with JORC 2012, guidelines prepared by the Joint Ore Reserves Committee of The Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia. The estimate of these proved and probable ore reserves, by their very nature, require judgements, estimates and assumptions. Where the proved and probable reserve estimates need to be modified, the amortisation expense is accounted for prospectively from the date of assessment until the end of the revised mine life (for both current and future years).

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Notes to the financial statements

Note 3. Business combination

On 1 January 2021, Suvo Strategic Minerals Limited acquired the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant). The mining operations are located west of the township of Ballarat, Victoria, and consist of Australia's only operating wet kaolin processing plant, two active kaolin mine deposits and one unused mine deposit.

As part of the conditions to acquire the business, Suvo Strategic Minerals Limited changed the names of the two group entities. Imerys Minerals Australia Pty Ltd was renamed Suvo Minerals Australia Pty Ltd and Mircal Australia Pty Ltd was renamed Suvo Australia Pty Ltd. The third group entity, Kaolin Australia Pty Ltd retained its name.

Management has determined that this acquisition meets the definition of a business within AASB 3 Business Combinations. This transaction has therefore been accounted for as a business combination.

Acquisition agreement
Per the Share Purchase Agreement, the consideration payable was A$2.00 million subject to completion adjustments. A$2.00 million was paid on 31 December 2020. The final payment occurred on 21 June 2021 upon completion of all balance sheet adjustments bringing the total consideration paid to A$3.08 million.

Details of the purchase consideration and the net assets acquired

	1 January 2021 $
Purchase consideration paid by Suvo Strategic Minerals Limited to acquire Mircal Australia Pty Ltd and its wholly owned subsidiaries:	
Cash consideration paid on acquisition date	2,000,000
Deferred cash consideration paid during the period subject to all Balance Sheet adjustments	1,083,602
	3,083,602

	1 January 2021 $
The fair value of assets and liabilities recognised as a result of the acquisition are outlined below:	
Cash and cash equivalents	1,194,647
Trade and other receivables	2,308,947
Inventories	1,054,611
Other assets	116,998
Property, plant and equipment	1,499,407
Mine properties	2,153,567
Total assets	8,328,177
Trade and other payables	1,901,310
Other current liabilities	652,359
Other non-current liabilities	2,690,906
Total liabilities	5,244,575
Net assets	3,083,602

The acquisition was accounted for on a provisional basis at 30 June 2021. During the current year, new information was obtained about fact and circumstances that existed at the date of acquisition. As such, the accounting for the acquisition was revised.

Notes to the financial statements

Measurement period adjustment and comparative information restatement
During the year ended 30 June 2022, the Company finalised its assessment of the assets and liabilities acquired. This resulted in a decrease to the provision for rehabilitation and a decrease in the corresponding rehabilitation asset in the Consolidated Statement of Financial Position. From the total adjustment of $1,197,328, $424,112 was adjusted at 30 June 2021 based on the facts and circumstances that existed, before an additional adjustment of $773,215 during the year ended 30 June 2022. The 30 June 2021 figures are restated as disclosed in note 14 and note 20.

Extract of line items impacted are disclosed below.

Amortisation of mine properties has been adjusted in the current year as outlined in note 14.

	Reported 1-Jan-2021 $	Adjustments $	Restated 1-Jan-2021 $
Mine properties	3,297,797	(1,144,230)	2,153,567
Total assets	9,472,407	(1,144,230)	8,328,177
Other current liabilities	599,261	53,098	652,359
Other non-current liabilities	3,888,234	(1,197,328)	2,690,906
Total liabilities	6,388,805	(1,144,230)	5,244,575
Net assets	3,083,602	-	3,083,602

Note 4. Operating segments

Identification of reportable operating segments
The Group is organised into one operating segment, being mining and exploration operations. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Types of products and services
The principal products and services of the kaolin production operating segment are the manufacture and sale of refined kaolin in Australia and overseas.

Major customers
During the year ended 30 June 2022 approximately $4,697,338 (2021: $2,764,542) of the Group’s external revenue was derived from sales to two major Australian paper producers.

Notes to the financial statements

Operating segment information

	Corporate $	Exploration & Evaluation $	Kaolin Production $	30 June 2022 Total $
Revenue				
Sales to external customers	**-**	**-**	**13,957,078**	**13,957,078**
Total segment revenue	**-**	**-**	**13,957,078**	**13,957,078**
EBITDA	**(3,553,986)**	**(8,492)**	**2,219,817**	**(1,342,661)**
Depreciation and amortisation				**(539,925)**
Interest revenue				**5,759**
Finance costs				**(74,180)**
Loss before income tax expense				**(1,951,007)**
Income tax expense				**-**
Loss after income tax expense				**(1,951,007)**
Assets				
Segment assets	**6,007,325**	**5,619,554**	**14,609,130**	**26,236,009**
Liabilities				
Segment liabilities	**1,051,410**	**282,811**	**6,217,187**	**7,551,408**

	Corporate $	Exploration & Evaluation $	Kaolin Production $	30 June 2021 Total $
Revenue				
Sales to external customers	-	-	6,510,970	6,510,970
Total segment revenue	-	-	6,510,970	6,510,970
EBITDA	(3,051,631)	(64,138)	1,464,182	(1,651,587)
Depreciation and amortisation				(566,413)
Interest revenue				8,250
Finance costs				(10,888)
Loss before income tax expense				(2,220,638)
Income tax expense				-
Loss after income tax expense				(2,220,638)
Assets				
Segment assets	3,535,462	4,420,490	10,283,110	18,239,062
Liabilities				
Segment liabilities	417,814	82,380	5,379,056	5,879,250

Notes to the financial statements

Note 5. Revenue

	Consolidated 2022 $	2021 $
Revenue from contracts with customers		
Sale of goods	**13,957,078**	6,510,970
Revenue from continuing operations	**13,957,078**	6,510,970

Disaggregation of revenue
The disaggregation of revenue from contracts with customers is as follows:

	Consolidated 2022 $	2021 $
Geographical regions		
Australia	**8,009,032**	4,281,226
China	**2,348,098**	747,591
Japan	**642,664**	306,212
Rest of the World	**2,957,284**	1,175,941
	13,957,078	6,510,970

Note 6. Administration and other corporate expenses

	Consolidated 2022 $	2021 $
Employee expenses	**1,523,277**	1,067,484
Legal fees	**164,427**	242,864
Accounting fees	**240,511**	257,049
Compliance fees	**237,672**	112,853
Other administration costs	**1,859,256**	1,033,856
	4,025,143	2,714,106

Notes to the financial statements

Note 7. Share based payments expense

	Consolidated 2022 $	Consolidated 2021 $
Shares issued to key management personnel[1]	**-**	148,393
Options issued to key management personnel[1]	**-**	186,655
Options issued to advisors[1]	**-**	481,500
Performance rights issued to key management personnel[1]	**610,997**	-
Performance rights issued to others[1]	**124,430**	-
	735,427	816,548
Options issued to lead and co-lead managers[2]	**-**	1,383,681
	735,427	2,200,229

[1] Share based payments expensed to the consolidated statement of profit or loss and other comprehensive income
[2] Share based payments capitalised to the consolidated statement of financial position as cost of raising capital

Options

During the year, 30,751,680 free-attaching options were issued.

Set out below is a summary of the movement in options during the financial year:

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10-May-2019	4-Sep-2022	$0.08	5,166,670	-	-	-	**5,166,670**
30-Jul-2020	30-Jul-2023	$0.03	10,000,000	-	-	-	**10,000,000**
30-Jul-2020	30-Jul-2023	$0.03	1,250,000	-	-	-	**1,250,000**
30-Jul-2020	30-Jul-2023	$0.03	45,000,000	-	-	-	**45,000,000**
30-Jul-2020	30-Jul-2023	$0.03	45,616,903	-	-	-	**45,616,903**
24-Nov-2020	30-Jul-2023	$0.03	500,000	-	-	-	**500,000**
23-Dec-2020	31-Dec-2023	$0.15	12,000,000	-	-	-	**12,000,000**
24-Mar-2022	30-Jun-2023	$0.15	-	30,751,680	-	-	**30,751,680**
			119,533,573	30,751,680	-	-	**150,285,253**
Weighted average exercise price			$0.04	$0.15	$0.00	$0.00	$0.07

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	2022 Number	2021 Number
10-May-2019	4-Sep-2022	**5,166,670**	5,166,670
30-Jul-2020	30-Jul-2023	**90,616,903**	90,616,903
30-Jul-2020	30-Jul-2023	**11,250,000**	11,250,000
24-Nov-2020	30-Jul-2023	**500,000**	500,000
23-Dec-2020	31-Dec-2023	**12,000,000**	12,000,000
24-Mar-2022	30-Jun-2023	**30,751,680**	-
		150,285,253	119,533,573

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.07 years (2021: 2.13 years).

Notes to the financial statements

Performance rights

Set out below is a summary of the movement in performance rights during the financial year:

	Balance at the start of the year	Granted	Exercised	Expired/ lapsed/ other	Balance at the end of the year
Key management personnel	40,500,000	17,400,000	-	(13,500,000)	**44,400,000**
Others	-	3,000,000	-	-	**3,000,000**
	40,500,000	20,400,000	-	(13,500,000)	**47,400,000**

On 7 August 2021, 13,500,000 performance rights lapsed with no corresponding dollar impact. Movements in equity reserves during the year relate to performance rights granted during the year.

For the performance rights granted during the current year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Tranche	Total	Fair value at grant date	Issue date	Vesting period	Expiry period
5-Oct-21	24-Nov-26	A	1,100,000	$0.15	24-Nov-21	12 months	60 months
17-Nov-21	24-Nov-26	A-1	5,200,000	$0.15	24-Nov-21	12 months	60 months
5-Oct-21	24-Nov-26	B	500,000	$0.15	24-Nov-21	24 months	60 months
17-Nov-21	24-Nov-26	B-1	5,200,000	$0.15	24-Nov-21	24 months	60 months
5-Oct-21	24-Nov-26	C	500,000	$0.15	24-Nov-21	24 months	60 months
17-Nov-21	24-Nov-26	C-1	5,200,000	$0.15	24-Nov-21	24 months	60 months
5-Oct-21	24-Nov-26	D	600,000	$0.15	24-Nov-21	12 months	12 months
16-Nov-21	24-Nov-26	D-1	750,000	$0.14	24-Nov-21	12 months	12 months
5-Oct-21	24-Nov-26	E	600,000	$0.15	24-Nov-21	18 months	18 months
16-Nov-21	24-Nov-26	E-1	750,000	$0.14	24-Nov-21	18 months	18 months

Performance milestones
Performance rights Tranche A and Tranche A-1 will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones:

a. achieving refined Kaolin production of at least 25kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

Performance rights Tranche B and Tranche B-1 will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones:

a. achieving refined Kaolin production of at least 27.5kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

Performance rights Tranche C and Tranche C-1 will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones:

a. achieving refined Kaolin production of at least 30kt across any 12-month period commencing on or after the date of issue and ending within 5 years after the date of issue.

Performance rights Tranche D and Tranche D-1 will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones:

a. 12 months continuous service from date of issue.

Performance rights Tranche E and Tranche E-1 will convert into ordinary shares on a one-for-one basis upon the satisfaction of the following milestones:

a. 18 months continuous service from date of issue.

From 20,400,000 performance rights issued during the year, 17,400,000 performance rights were issued to key management personnel.

Notes to the financial statements

Note 8. Income tax expense

	Consolidated 2022 $	Consolidated 2021 $
Income statement		
Current income tax		
Current income tax charge	**-**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**-**	-
Income tax expense/benefit reported in the income statement	**-**	-
Tax reconciliation		
Accounting profit/(loss) before tax from continuing operations	**(1,951,007)**	(2,220,638)
At statutory tax rate of 25% (2021: 26%)	**(487,752)**	(577,366)
Non-deductible expenses	**211,502**	233,302
Tax losses and temporary differences not recognised	**276,250**	344,064
Income tax expense/benefit	**-**	-
Deferred tax assets		
Inventories	**841**	-
Property, plant and equipment	**-**	130,412
Trade and other payables	**30,067**	15,080
Provisions	**808,892**	271,240
Lease liabilities	**226,971**	55,842
Blackhole expenditure	**426,516**	445,564
Foreign exchange loss	**124**	-
Tax losses	**1,509,527**	631,214
Net off deferred tax liabilities	**(517,986)**	(26,534)
Net deferred tax asset not recognised	**(2,484,952)**	(1,522,818)
Deferred tax assets	**-**	-
Deferred tax liabilities		
Other assets	**(56,000)**	-
Mineral interest acqusition and exploration expenditure	**(308,989)**	-
Right-of-use assets	**(152,996)**	(26,534)
Net off deferred tax liabilities	**517,985**	26,534
Deferred tax liabilities	**-**	-

A potential deferred tax asset, attributable to tax loss incurred in the current period, amounts to approximately $2,484,952 and has not been brought to account at reporting date because the Directors believe it is inappropriate to regard realisation of the deferred tax asset as probable at this point in time. This benefit will only be obtained if:

- the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the loss incurred;
- the Group continues to comply with the conditions for deductibility imposed by law; and
- no changes in tax legislation adversely effects the Group in realising the benefit from the deductions for the loss incurred.

Notes to the financial statements

Note 9. Loss per share

	Consolidated 2022 $	2021 $
Loss used in calculating loss per share		
Loss after income tax attributable to owners of Suvo strategic Minerals Limited	**(1,951,007)**	(2,220,638)
	(1,951,007)	(2,220,638)
	Cents	Cents
Basic and diluted loss per share	**(0.32)**	(0.43)
	Number	Number
Weighted average number of ordinary shares		
Weighted average number of ordinary shares used in calculating basic and diluted loss per share	**614,367,846**	520,994,915
	614,367,846	520,994,915

Note 10. Current assets - cash and cash equivalents

	Consolidated 2022 $	2021 $
Cash on hand	**400**	400
Cash at bank	**6,686,936**	4,985,150
Cash in term deposit - restricted[1]	**2,157,000**	891,000
	8,844,336	5,876,550

[1] Restricted cash includes a $2,086,000 rehabilitation bond, a $40,000 bank card guarantee and a $31,000 rental guarantee.

Note 11. Current assets - trade and other receivables

	Consolidated 2022 $	2021 $
Trade receivables	**2,039,517**	2,561,676
	2,039,517	2,561,676
Other receivables	**-**	-
	2,039,517	2,561,676

Allowance for expected credit losses
The Group has recognised a loss of $Nil in the profit or loss in respect of the expected credit losses for the year ended 30 June 2022.

In relation to the ageing of receivables, 92% (2021: 91%) of trade receivables are current, with 6% (2021: 9%) being 0 to 30 days overdue and 2% (2021: nil) being 31 to 60 days overdue.

Notes to the financial statements

Note 12. Current assets - inventories

	Consolidated 2022 $	2021 $
Raw materials	**1,037,907**	765,457
Packaging	**324,217**	208,972
Work in progress	**74,101**	72,587
Finished goods	**459,990**	258,618
	1,896,215	1,305,634

The Group has assessed the impact of COVID-19 on the net realisable value of inventories. The majority of the Group's inventories have no specific risk of obsolescence and as a result no specific write down was recognised.

Note 13. Non-current assets - property, plant and equipment

	Consolidated 2022 $	2021 $
Land and buildings - at fair value (land) and at cost (buildings)	**798,934**	798,934
Less: Accumulated depreciation on buildings	**(289,100)**	(93,405)
	509,834	705,529
Leasehold improvements - at cost	**222,926**	222,926
Less: Accumulated depreciation	**(32,891)**	(10,963)
	190,035	211,963
Plant and equipment - at cost	**4,087,577**	653,139
Less: Accumulated depreciation	**(155,794)**	(140,828)
	3,931,783	512,311
	4,631,652	1,429,803

Reconciliations

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings $	Leasehold Improvements $	Plant and equipment $	Total $
Balance at 1 July 2020	**-**	**-**	**-**	**-**
Assets acquired	**569,774**	**222,926**	**715,445**	**1,508,145**
Additions	**229,160**	**-**	**171,454**	**400,614**
Depreciation expense[1]	**(93,405)**	**(10,963)**	**(374,588)**	**(478,956)**
Balance at 30 June 2021	**705,529**	**211,963**	**512,311**	**1,429,803**
Additions	**-**	**-**	**3,436,380**	**3,436,380**
Disposals	**-**	**-**	**(1,275)**	**(1,275)**
Depreciation expense[1]	**(195,695)**	**(21,928)**	**(15,633)**	**(233,256)**
Balance at 30 June 2022	**509,834**	**190,035**	**3,931,783**	**4,631,652**

[1] Depreciation expense will not match the depreciation and amortisation relating to kaolin production expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as the above depreciation expense relates to all classes of property, plant and equipment, whilst the depreciation and amortisation related to kaolin production expense includes amortisation of mining reserves but excludes certain equipment, such as office equipment.

Notes to the financial statements

Note 14. Non-current assets - mine properties

	Consolidated 2022 $	2021 $
Mining properties - at cost	**2,002,842**	2,003,726

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Mining Reserves $	Rehabilitation Asset $	Total $
Balance at 1 July 2020	**-**	**-**	**-**
Assets acquired	**624,110**	**2,711,943**	**3,336,053**
Change in present value of rehabilitation provision	**-**	**(424,112)**	**(424,112)**
Amortisation expense	**(27,000)**	**(108,000)**	**(135,000)**
Balance at 30 June 2021	**597,110**	**2,179,831**	**2,776,941**
Adjustment under provisional accounting (note 3)	**-**	**(773,215)**	**(773,215)**
Balance at 30 June 2021	**597,110**	**1,406,616**	**2,003,726**
Transfer from mineral interest acquisition and exploration expenditure	**92,555**	**-**	**92,555**
Additions	**256,379**	**-**	**164,492**
Adjustment under provisional accounting (note 3)	**-**	**108,000**	**108,000**
Change in present value of rehabilitation provision	**-**	**(263,130)**	**(263,130)**
Amortisation expense	**(126,231)**	**(68,457)**	**(102,801)**
Balance at 30 June 2022	**819,813**	**1,183,029**	**2,002,842**

Note 15. Non-current assets - mineral interest acquisition and exploration expenditure

	Consolidated 2022 $	2021 $
Mineral interest acquisition and exploration expenditure - at cost	**5,591,674**	4,436,938

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration and evaluation $	Total $
Balance at 1 July 2020	**-**	**-**
Assets acquired	**2,896,179**	**2,896,179**
Additions	**1,540,759**	**1,540,759**
Balance at 30 June 2021	**4,436,938**	**4,436,938**
Transfer to mine properties	**(92,555)**	**(92,555)**
Additions	**1,247,291**	**1,247,291**
Balance at 30 June 2022	**5,591,674**	**5,591,674**

Notes to the financial statements

The Company holds 5 exploration licences through Mt Marshall Kaolin Pty Ltd (Gabbin Kaolin project) and 4 exploration licences through Watershed Enterprise Solutions Pty Ltd (Eneabba Silica Sands project).

No impairment has been recognised for the year ended 30 June 2022.

Note 16. Non-current assets - right-of-use assets

	Consolidated	
	2022	2021
	$	$
Office space - right-of-use	**608,898**	194,560
Less: Accumulated depreciation	**(135,311)**	(37,828)
	473,587	156,732
Equipment - right-of-use	**-**	39,308
Less: Accumulated depreciation	**-**	(24,183)
	-	15,125
Motor vehicles - right-of-use	**228,769**	119,594
Less: Accumulated depreciation	**(90,371)**	(27,317)
	138,398	92,277
	611,985	264,134

Additions to the right-of-use assets during the year were $718,073.

The Group leases its office space and has motor vehicles under lease agreements of three years. On renewal, the terms of the leases are renegotiated. The Group also leases equipment which are either short-term or low-value leases, so have been expensed as incurred and not capitalised as right-of-use assets.

Note 17. Current liabilities - trade and other payables

	Consolidated	
	2022	2021
	$	$
Trade payables	**2,251,141**	1,431,779
Accruals	**912,450**	117,420
Other payables	**244,366**	276,483
	3,407,957	1,825,682

Note 18. Current liabilities - provisions

	Consolidated	
	2022	2021
	$	$
Annual leave	**372,381**	319,390
Long service leave	**342,971**	310,000
Other provisions	**15,750**	230,395
Sales rebate	**-**	188,416
	731,102	1,048,201

Notes to the financial statements

Note 19. Current liabilities - lease liabilities

	Consolidated 2022 $	2021 $
Lease liability	**407,927**	141,546
	407,927	141,546

The Group leases its office space and has motor vehicles under lease agreements of three years. On renewal, the terms of the leases are renegotiated. Refer to note 31 for further information on financial instruments.

Note 20. Non-current liabilities - provisions

	Consolidated 2022 $	2021 $
Long service leave	**53,809**	33,294
Rehabilitation	**2,450,658**	2,685,300
	2,504,467	2,718,594

Rehabilitation
The provision represents the present value of estimated costs for future rehabilitation of land explored or mined by the Group at the end of the exploration or mining activity.

Movements in rehabilitation provision
Movements in the rehabilitation provision during the current and previous financial year, are set out below:

Consolidated	Rehabilitation $	Total $
Balance at 1 July 2020	**-**	**-**
Provision acquired	**3,848,323**	**3,848,323**
Additional provisions recognised	**(424,112)**	**(424,112)**
Unwinding of discount	**34,304**	**34,304**
Balance at 30 June 2021	**3,458,515**	**3,458,515**
Adjustment under provisional accounting (note 3)	**(773,215)**	**(773,215)**
Balance at 30 June 2021	**2,685,300**	**2,685,300**
Additional provisions recognised	**(263,128)**	**(263,128)**
Unwinding of discount	**28,486**	**28,486**
Balance at 30 June 2022	**2,450,658**	**2,450,658**

On 1 January 2021, the Company acquired the holding Company of the Australian Kaolin operations of Imerys S.A., Mircal Australia Pty Ltd, and its two wholly owned subsidiaries, Kaolin Australia Pty Ltd (the owner of the Pittong and Lal Lal mines and Trawalla deposit) and Imerys Minerals Australia Pty Ltd (the owner of the Pittong processing plant). From this transaction, the Company acquired a provision of $3,848,323 for the site rehabilitation at the Pittong and Lal Lal mines and Trawalla deposit. In accordance with accounting standards, the provision has been present valued at 30 June 2022, to $2,450,658.

Notes to the financial statements

Note 21. Non-current liabilities - lease liabilities

	Consolidated	
	2022	2021
	$	$
Lease liability	**499,955**	145,227
	499,955	145,227

Refer to note 31 for further information on financial instruments.

Note 22. Equity - issued capital

	Consolidated			
	2022	2021	**2022**	2021
	Shares	Shares	**$**	$
Ordinary shares - fully paid	**680,407,120**	585,508,922	**38,732,317**	31,191,948

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	30 Jun 2020	112,338,245	-	18,978,136
Shares issued - Directors	30 Jul 2020	7,419,677	0.020	148,393
Share cancellation	30 Jul 2020	(3,000,000)	-	-
Shares issued - Acquisition	30 Jul 2020	158,750,000	0.020	3,175,000
Shares issued - Public offer	30 Jul 2020	250,000,000	0.020	5,000,000
Shares issued - Placement	31 Dec 2020	60,001,000	0.100	6,000,100
Share issue costs		-	-	(2,109,681)
Balance	30 Jun 2021	**585,508,922**		**31,191,948**
Shares issued - Placement	7 Mar 2022	**88,235,294**	**0.085**	**7,500,000**
Shares issued - Share purchase plan	3 May 2022	**6,662,904**	**0.085**	**566,347**
Share issue costs		**-**		**(525,978)**
Balance	30 Jun 2022	**680,407,120**		**38,732,317**

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Notes to the financial statements

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 30 June 2021 Annual Report.

Note 23. Equity - reserves

	Consolidated	
	2022	2021
	$	$
Share based payments reserve	**6,376,923**	5,641,496
	6,376,923	5,641,496

Share based payments reserve
The reserve is used to recognise increments and decrements in the fair value of share based payments.

Movements in reserves
Movements in equity reserves during the current and previous financial year are set out below:

Consolidated	Performance Rights $	Options $	Total $
Balance at 1 July 2020	-	3,589,660	3,589,660
Share based payments	-	2,051,836	2,051,836
Balance at 30 June 2021	-	5,641,496	5,641,496
Share based payments (*note 7*)	**735,427**	**-**	**735,427**
Balance at 30 June 2022	**735,427**	**5,641,496**	**6,376,923**

Note 24. Equity - accumulated losses

	Consolidated	
	2022	2021
	$	$
Accumulated losses at the beginning of the financial year	**(24,473,632)**	(22,252,994)
Loss after income tax expense for the year	**(1,951,007)**	(2,220,638)
Dividends paid	**-**	-
Accumulated losses at the end of the financial year	**(26,424,639)**	(24,473,632)

Notes to the financial statements

Note 25. Reconciliation of loss after income tax to net cash from operating activities

	Consolidated 2022 $	Consolidated 2021 $
Loss after income tax expense for the year	**(1,951,007)**	(2,220,638)
Adjustments for:		
Depreciation and amortisation	**539,925**	566,413
Share based payments	**735,427**	816,548
Foreign exchange differences	**-**	-
Unwinding of the discount on provisions	**28,486**	34,304
Change in operating assets and liabilities:		
Change in trade and other receivables	**522,159**	(161,035)
Change in inventories	**(590,581)**	(251,023)
Change in other assets	**(158,935)**	(75,836)
Change in trade and other payables	**1,010,232**	377,149
Change in provision for income tax	**153,769**	(153,769)
Change in other provisions	**(531,226)**	(128,277)
Net cash outflows from operating activities	**(241,751)**	(1,196,164)

Non-cash investing and financing activities

	Consolidated 2022 $	Consolidated 2021 $
Additions to the right-of-use assets	**567,833**	-
Change in present value of rehabilitation provision	**(263,130)**	-
Settlement of asset acquisition through the issue of shares	**-**	3,175,000
Share based payments	**-**	1,383,681
	304,703	4,558,681

Note 26. Key management personnel disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Group is set out below:

	Consolidated 2022 $	Consolidated 2021 $
Short-term employee benefits	**767,136**	786,534
Post-employment benefits	**35,495**	51,017
Share based payments	**610,997**	335,048
	1,413,628	1,172,599

Notes to the financial statements

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company, its network firms and unrelated firms:

	Consolidated	
	2022	2021
	$	$
RSM Australia Partners		
Audit or review of the financial statements	**70,000**	-
Independent expert report	**20,000**	-
Review of employee share scheme and notice of meeting	**1,800**	-
	91,800	-
BDO Audit (WA) Pty Ltd, BDO Israel		
Audit or review of the financial statements	**-**	102,800
Eligible project expenditure report	**-**	5,000
	-	107,800
BDO Corporate Finance (WA) Pty Ltd		
Review of options valuations for notice of meeting	**-**	2,000
	91,800	109,800

Note 28. Related party transactions

Parent entity
Suvo Strategic Minerals Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 29.

Key management personnel
Disclosures relating to key management personnel are set out in note 26 and the remuneration report included in the directors' report.

Transactions with related parties
During the financial year, payments for consultancy services from Wilco Holdings Pty Ltd and ESG-F Pty Ltd (Director-related entities of Henk Ludik and Oliver Barnes) of $296,740 were made.

The Company announced the proposed acquisition of mining tenement E70/4981 (owned by Director Aaron Banks), a highly perspective silica sand project near Muchea, north of Perth, Western Australia. As at the reporting date, the proposed acquisition is still subject to the necessary approvals, including shareholder approval. Terms and conditions of the proposed transaction were announced on 20 January 2022.

Receivable from and payable to related parties
There were no receivables from related parties at the current and previous reporting date. As at 30 June 2022, $70,230 for consultancy services and $185,333 for director fees were outstanding to related parties (2021: $10,070).

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Notes to the financial statements

Note 29. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1.

Name	Principal place of business / Country of incorporation	Ownership interest 2022 %	Ownership interest 2021 %
Watershed Enterprise Solutions Pty Ltd	Australia	**100%**	100%
Mt Marshall Kaolin Pty Ltd	Australia	**100%**	100%
Suvo Australia Pty Ltd	Australia	**100%**	100%
Suvo Minerals Australia Pty Ltd	Australia	**100%**	100%
Kaolin Australia Pty Ltd	Australia	**100%**	100%
Far North Minerals Pty Ltd[1]	Australia	**100%**	100%

[1] The subsidiary is dormant

Note 30. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2022 $	Parent 2021 $
Loss after income tax	**(3,779,950)**	(3,111,107)
Total comprehensive loss	**(3,779,950)**	(3,111,107)

Statement of financial position

	Parent 2022 $	Parent 2021 $
Total current assets	**5,291,593**	3,236,290
Total assets	**17,016,599**	11,887,157
Total current liabilities	**733,377**	258,375
Total liabilities	**1,051,410**	417,814
Equity		
Issued capital	**38,732,317**	31,191,948
Reserves	**6,376,923**	5,641,496
Accumulated losses	**(29,144,051)**	(25,364,101)
Total equity	**15,965,189**	11,469,343

Notes to the financial statements

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 (30 June 2021: $Nil).

Capital commitments - Property, plant and equipment
The parent entity had committed $Nil for property, plant and equipment as at 30 June 2022 (30 June 2021: $213,800).

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Note 31. Financial instruments

Financial risk management objectives
The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and other price risks and ageing analysis for credit risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the Group's operating units. Finance reports to the Board on a monthly basis.

Market risk
Foreign currency risk
The Group undertakes certain transactions (export sales) denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

The Group has elected not to enter into hedging contracts as receipts in foreign currency (USD) were not material during the financial year. The Group will continue to monitor foreign currency risk and take the appropriate course of action as required.

The Group held cash of US$268,515 as at 30 June 2022 (2021: US$262,805).

Price risk
The Group is not exposed to any significant price risk.

Interest rate risk
The group is not exposed to interest rate risk as it does not have any borrowings.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the financial statements. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Notes to the financial statements

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk
Vigilant liquidity risk management requires the Group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

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

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	**-**	**2,251,141**	**-**	**-**	**-**	**2,251,141**
Other payables	**-**	**1,156,816**	**-**	**-**	**-**	**1,156,816**
Interest-bearing - fixed rate						
Lease liability	**5.94%**	**407,927**	**384,939**	**115,016**	**-**	**907,882**
Total non-derivatives		**3,815,884**	**384,939**	**115,016**	**-**	**4,315,839**

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	1,431,779	-	-	-	1,431,779
Other payables	-	393,903	-	-	-	393,903
Interest-bearing - fixed rate						
Lease liability	4.55%	141,546	119,851	25,376	-	286,773
Total non-derivatives		1,967,228	119,851	25,376	-	2,112,455

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 32. Contingent assets and liabilities

The Group had no contingent assets or liabilities at the current and previous reporting date.

Notes to the financial statements

Note 33. Commitments

	Consolidated	
	2022	2021
	$	$
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
Property, plant and equipment	**-**	213,800
Rent, rates and minimum tenement expenditure for next 12 months	**475,546**	316,173
	475,546	529,973

Note 34. Changes in liabilities arising from financing activities

Consolidated	Lease liability $	Total $
Balance at 1 July 2020	**-**	**-**
Net cash used in financing activities	**(98,921)**	**(98,921)**
Acquisition of leases	**385,694**	**385,694**
Balance at 30 June 2021	**286,773**	**286,773**
Net cash used in financing activities	**(337,433)**	**(337,433)**
Acquisition of leases	**958,542**	**958,542**
Balance at 30 June 2022	**907,882**	**2,450,658**

Note 35. Matters subsequent to the end of the financial year

On 26 July 2022, the Company announced that it had successfully completed the renewal of its Pittong mining license which has been approved by Victoria's Earth Resources Regulation, Department of Jobs, Precincts and Regions.

On 15 August 2022, the Company signed a legally binding supply contract for the delivery of 20 tonnes of two high quality hydrous kaolin products from Pittong to be used in commercial-scale trials by C&D Logistics Group Co Ltd. This binding contract is an important next step for the Company and another step closer to a commercial offtake agreement with C&D.

On 22 August 2022, Henk Ludik was appointed as Executive Chairman of the Company having previously served as Non-Executive Chairman.

On 26 August 2022, the Company announced the completion of the Pittong plant upgrade optimisation review. The independent review has confirmed the plant capacity expansion will be capable of delivering a name plate processing capacity of ~60,000 tonnes per annum under certain operating conditions, with a forecast completion date of end Q3 FY 2023 (Q1 CY 2023), most of which the Company intends to satisfy by the forecast completion date.

Post upgrade, the Company expects to achieve significant efficiencies in processing costs by lowering its power and gas usage per tonne produced and gaining economies of scale with its fixed costs. The Company expects to reduce its AISC from A$592/t to A$359/t from FY2024 representing a 39% decrease. Forecast EBITDA is A$8.3m in FY 2024.

On 31 August 2022, the Company signed a land access agreement in relation to its Eneabba Silica Sands Project. The Company has negotiated access to drill an area that is not under crop which will allow a more streamlined and less onerous process in its pursuit towards the potential development of a Silica Sand operation at Eneabba. The cleared area of approximately 250 hectares negates the need for environmental clearing permits, and with key infrastructure already available (Road access, 3 phase power and water and rail line direct to Geraldton Port), project timelines may be significantly reduced.

The agreement provides certainty for Suvo's upcoming drilling campaign, aimed at determining a JORC Compliant Indicated Resource and scheduled to commence in Q4 CY2022.

Notes to the financial statements

The impact of the Coronavirus (COVID-19) pandemic is ongoing and whilst it has had no significant impact on the Group up to 30 June 2022, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Apart from matters discussed above, no other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Director's Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors

Henk Ludik
Executive Chairman

13 September 2022
Perth

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
SUVO STRATEGIC MINERALS LIMITED

Opinion

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

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

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

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

Key Audit Matters

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

Key Audit Matter	How our audit addressed this matter
Business combination - Refer to Note 3 in the financial statements	
The Group acquired Suvo Australia Pty Ltd (formerly known as Mircal Australia Pty Ltd) on 1 January 2021. The measurement period for the business combination ended during the year ended 30 June 2022. The accounting for this acquisition is a key audit matter due to the material nature of the acquisition, the related estimates and judgement associated with the identification and determination of the fair value of net assets and liabilities acquired and the final purchase consideration.	Our audit procedures included: • Obtaining the purchase agreement and other associated documents to obtain an understanding of the transaction and the related accounting consideration; • Reviewing new information obtained during the measurement period since acquisition; • Assessing the fair values of the identified assets and liabilities acquired at the end of the measurement period; and • Assessing the adequacy of the disclosures in the financial statements.
Impairment consideration for mine properties and property, plant and equipment - Refer to Note 13 and 14 in the financial statements	
As at 30 June 2022, the Group has capitalised mine properties and property, plant and equipment amounting to $6,634,494 relating to its Kaolin production cash generating unit (CGU). The consideration of whether these assets in this CGU were impaired was determined to be a key audit matter due to the significant judgment involved in determining whether there are any indicators of impairment and, if so, judgments applied to determine and quantify any impairment loss.	Our audit procedures included: • Understanding the nature of mine properties and property, plant and equipment that relate to the CGU; and • Critically assessing and evaluating management's assessment that no indicators of impairment existed in relation to the CGU as at 30 June 2022.
Mineral interest acquisition and exploration expenditure - Refer to Note 15 in the financial statements	
As at 30 June 2022, the Group has capitalised mineral interest acquisition and exploration expenditure with a carrying value of $5,591,674. We determined this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including: • Determination of whether expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; • Determination of whether exploration activities have progressed to the stage at which the existence of an economically recoverable mineral reserve may be assessed; and • Assessing whether any indicators of impairment are present and, if so, judgments applied to determine and quantify any impairment loss.	Our audit procedures included: • Obtaining evidence that the Group has valid rights to explore in the specific area of interest; • Agreeing a sample of additions to supporting documentation and assessing whether the amounts capitalised during the year comply with Australian Accounting Standards and relate to the area of interest; • Assessing and evaluating management's assessment that no indicators of impairment existed for those tenements where the Group has current rights of tenure; • Assessing and evaluating management's determination that exploration and evaluation activities have not yet reached a stage where the existence or otherwise of economically recoverable reserves may be reasonably determined; and • Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 at: https://www.auasb.gov.au/auditors_responsibilities/ar2.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 within the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Suvo Strategic Minerals Limited, for the year ended 30 June 2022, 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 13 September 2022

TUTU PHONG
Partner

Annual Mineral Resource Statement

1. Mineral Resource Estimate

A summary of the Mineral Resources at Suvo Strategic Minerals Limited's projects and operations as at 30 June 2022 is shown in Table 1 and Table 2 below. The Mineral Resource estimation was carried out by CSA Global Pty Ltd, resulting in the estimation of Indicated and Inferred Mineral Resources.

Table 1 Kaolin Mineral Resources Statement (as at 30 June 2022)

Category	White Kaolinised Granite (Mt)	ISO Brightness % (457nm)	Yield <45um %	Kaolin (Mt)
Gabbin Project (White Cloud Kaolin Project)[1]				
Indicated	26.9	80.4	41.3	11.1
Inferred	45.6	80.6	41.1	18.8
Total	**72.5**	**80.5**	**41.2**	**29.9**
Trawalla Deposit[2]				
Indicated	9.9	81.0	27.7	2.8
Inferred	2.8	79.8	28.3	0.8
Total	**12.7**	**80.8**	**27.8**	**3.6**
Pittong Operations[3]				
Indicated	3.7	81.3	35.5	1.3
Inferred	2.0	79.1	33.0	0.7
Total	**5.7**	**80.5**	**34.6**	**2.0**

[1] The Gabbin (White Cloud Kaolin Project) Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 25 March 2021. As no mining activity occurred during the period 25 March 2021 to 30 June 2022 there has been no movement in the Mineral Resource estimate.

[2] The Trawalla Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 22 September 2021. As no mining activity occurred during the period 22 September 2021 to 30 June 2022 there has been no movement in the Mineral Resource estimate.

[3] The Pittong Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 1 March 2022. Whilst mining activity has been undertaken during the period between 1 March 2022 and 30 June 2022, the depletion to the Mineral Resource since the estimate date is immaterial and the Company confirms that there has been no material change to the Mineral Resource estimate announced on 1 March 2022.

Table 2 Silica Sands Mineral Resources Statement (as at 30 June 2022)

Category	Product Tonnes Mt	SiO_2 %	Al_2O_3 %	Fe_2O_3 %	TiO_2 %
Eneabba Project (Nova Silica Sands Project)[4]					
Silica Sand - Glass (-0.6 + 0.15mm)	132	99.2	0.4	0.1	0.0
Silica Flour (-0.15 + 0.075mm)	60	97.0	1.1	0.4	0.7
Silica Sand - Coarse (-1mm + 0.6mm)	24	99.0	0.5	0.1	0.1

[4] The Eneabba (Nova Silica Sands Project) Mineral Resource estimate was completed by CSA Global Pty Ltd (CSA) on behalf of Suvo. The Mineral Resource estimate was announced on 12 October 2021. As no mining activity occurred during the period 12 October 2021 to 30 June 2022 there has been no movement in the Mineral Resource estimate.

Annual Mineral Resource Statement

2. Material changes and resource statement comparison

A comparison table between the 2021 and 2022 Mineral Resource estimates in shown in table 3 below.

Table 3 Kaolin Mineral Resource comparison between 2021 and 2022

Category	White Kaolinised Granite (Mt)	ISO Brightness % (457nm)	Yield <45um %	Kaolin (Mt)
Gabbin Project (White Cloud Kaolin Project)[1]				
Indicated	26.9	80.4	41.3	11.1
Inferred	45.6	80.6	41.1	18.8
Estimate as at 30 June 2022	**72.5**	**80.5**	**41.2**	**29.9**
Indicated	26.9	80.4	41.3	11.1
Inferred	45.6	80.6	41.1	18.8
Estimate as at 30 June 2021	**72.5**	**80.5**	**41.2**	**29.9**

The updated estimation represented no change.

The Trawalla and Pittong JORC compliant Mineral Resource estimates were announced on 22 September 2021 and 1 March 2022 respectively. Accordingly, no such comparison is applicable for the year ended 30 June 2021.

The Eneabba (Nova Silica Sands Project) JORC compliant Mineral Resource estimate was announced on 12 October 2021. As such no comparison is applicable for the year ended 30 June 2021.

3. Competent Persons Statement

This Annual Mineral Resources Statement (Kaolin) is based on, and fairly reflects, information compiled by Dr Ian Wilson who is the joint Overall Competent Person for the Company and who is a member of IOM3, a Recognised Professional Organisation. Dr Ian Wilson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code). Dr Ian Wilson is a full-time employee of Ian Wilson Consultancy Ltd and also a Non-Executive Director of Suvo Strategic Minerals Limited. Dr Ian Wilson receives board fees in relation to his directorship. Dr Ian Wilson consents to the inclusion of the information in the release in the form and context in which it appears.

This Annual Mineral Resources Statement (Silica Sands) is based on, and fairly reflects, information compiled by Mr Murray Lines who is the joint Overall Competent Person for the Company and who is a member of the Australian Institute of Mining and Metallurgy. Mr Lines has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as Competent Person as defined in the 2012 Edition of the “Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves” (JORC Code). Mr Lines is a full-time employee of Stratum Resources and is a consultant to Suvo Strategic Minerals Limited and receives consultant fees in relation to his work on commercial terms. Mr Lines consents to the inclusion of the information in the release in the form and context in which it appears.

4. Mineral Resource Governance

The Company currently does not have a formal governance arrangement and internal control process for the reporting and review of its Mineral Resource Estimates, other than those prescribed for the initial estimation of Mineral Resource estimates in the JORC Code. The Company is of the view that a formal governance arrangement and internal control process is not required at this stage on the basis that each of the Mineral Resource Estimates are less than 18 months old as at 30 June 2022 and that there has been no material depletion to the Pittong Operations between 1 March 2022 and 30 June 2022. The Company will consider whether a formal governance arrangement and internal control process is required prior to 30 June 2023.

Shareholder information

The shareholder information set out below was applicable as at 12 September 2022.

Distribution of equitable securities

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

	Ordinary shares Number of holders	Ordinary shares % of total shares issued
1 to 1,000	142	0.01%
1,001 to 5,000	585	0.27%
5,001 to 10,000	369	0.43%
10,001 to 100,000	1,089	6.54%
100,001 and over	652	92.75%
	2,837	100.00%
Holding less than a marketable parcel	-	-

Equity security holders

Twenty largest quoted equity security holders

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

	Ordinary shares Number held	Ordinary shares % of total shares issued
AARON PETER BANKS	72,564,516	10.66%
MR ROBERT KINGSLEY FITZGERALD	17,500,000	2.57%
RATDOG PTY LTD	16,127,348	2.37%
CITICORP NOMINEES PTY LIMITED	13,557,308	1.99%
MR ROBERT MARTIN	13,030,258	1.92%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	12,725,000	1.87%
MR KOBI BEN SHABATH	11,378,159	1.67%
SUNSET CAPITAL MANAGEMENT PTY LTD <SUNSET SUPERFUND A/C>	11,233,528	1.65%
BEARAY PTY LIMITED <BRIAN CLAYTON S/F A/C>	10,733,997	1.58%
SSELKROW PTY LTD	9,350,000	1.37%
PRIMERO GROUP LIMITED <PRIMERO GROUP>	7,852,941	1.15%
SANDTON CAPITAL PTY LTD <SANDTON FAMILY A/C>	7,500,000	1.10%
ALWAYS HOLDINGS PTY LTD <THE BUHAGIAR S/F A/C>	7,336,992	1.08%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	6,820,000	1.00%
CROFT LIFESTYLE FUND PTY LTD <THE CROFT SUPER FUND A/C>	6,511,689	0.96%
PETER FRANCIS BOYLE NOMINEES PTY LTD <PETER F BOYLE S/FUND A/C>	5,791,944	0.85%
MR YEHUDA COHEN	5,570,856	0.82%
PROPEL HOLDINGS PTY LTD	5,100,000	0.75%
MR REBLAZE SINGAPORE PTE LTD	5,000,000	0.73%
MR ORI ACKERMAN	4,970,000	0.73%
	250,654,536	36.82%

Shareholder information

Unquoted equity securities

	Number on issue	Number of holders
Options expiring 31 December 2023 at $0.15	12,000,000	6
Options expiring 30 July 2023 at $0.03	500,000	1
Options expiring 30 July 2023 at $0.03 (restricted)	101,866,903	11
Options expiring 30 June 2023 at $0.15	30,751,680	200
Performance rights (restricted)	13,333,333	3
Performance rights	166,666	1
Performance rights - Tranche A	3,800,000	4
Performance rights - Tranche B	3,200,000	3
Performance rights - Tranche C	3,200,000	3
Performance rights - Tranche D	850,000	2
Performance rights - Tranche E	850,000	2

Substantial holders

As at 12 September 2022, the Company had received substantial shareholder notices from the following shareholders:

	Ordinary shares	
	Number held	% of total shares issued
AARON PETER BANKS <BANKS FAMILY A/C>	72,564,516	10.66%

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.

Tenements

Description	Tenement number	Interest owned %
White Cloud Kaolin Project	E70/5039	100%
White Cloud Kaolin Project	E70/5332	100%
White Cloud Kaolin Project	E70/5333	100%
White Cloud Kaolin Project	E70/5334	100%
White Cloud Kaolin Project	E70/5517	100%
Nova Silica Sands Project	E70/5324	100%
Nova Silica Sands Project	E70/5001	100%
Nova Silica Sands Project	E70/5322	100%
Nova Silica Sands Project	E70/5323	100%
Pittong Project	M5408	100%
Pittong Project	M5409	100%
Pittong Project	M5365	100%

E = Exploration License
M = Mining Lease