

# CuFe<sub>ltd</sub>

ASX: CUF

## 2023 ANNUAL REPORT





## CORPORATE DIRECTORY

**Australian Business Number** 31 112 731 638

**Country of Incorporation** Australia

**Board of Directors**

Antony Sage	Executive Chairman
Mark Hancock	Executive Director
Nicholas Sage	Non-Executive Director
Scott Meacock	Non-Executive Director

**Company Secretary** Catherine Grant-Edwards  
Melissa Chapman

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**Auditors** Stantons  
Level 2, 40 Kings Park Road  
West Perth, WA 6005

**ASX** CuFe Ltd's fully paid ordinary shares are quoted on the Official List of ASX (ASX Code: CUF)  
The Company currently has listed options expiring 24 November 2023 with an exercise price of \$0.06 (ASX Code: CUFO).

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## DIRECTORS' REPORT

The directors of CuFe Ltd (**CUF** or the **Company**) present their report and the financial statements comprising CUF and its controlled entities (together the **Group**) for the year ended 30 June 2023.

### DIRECTORS

The names and details of the Company's directors in office during the year and until the date of this report are as follows. All directors were in office for the entire period unless stated otherwise.

**Antony Sage**, (B.Com, FCPA, CA, FTIA) Executive Chairman

Mr Antony Sage has more than 30 years' experience in the fields of corporate advisory services, funds management and capital raising. Mr Antony Sage is based in Western Australia and has been involved in the management and financing of listed mining and exploration companies for over 20 years. Mr Antony Sage has operated in Argentina, Brazil, Peru, Romania, Russia, Sierra Leone, Guinea, Cote d'Ivoire, Congo, South Africa, Indonesia, China and Australia. Mr Antony Sage is currently a director of ASX-listed Cyclone Metals Ltd (previously Cape Lambert Resources Limited) (which was AIM Company of the year in 2008), and is the chairman of ASX-listed company, European Lithium Limited. Mr Antony Sage currently is, or has been a director of the following listed entities in the three years immediately before the end of the current financial year:

- Cyclone Metals Limited (December 2000 to Present); and
- European Lithium Limited (September 2016 to Present).

Interest in shares & options at 30,173,010 fully paid ordinary shares  
date of this report: 10,000,000 unlisted options at \$0.027 expiring 7 September 2024

**Mark Hancock**, (B.Bus, CA, FFin) Executive Director

Mr Mark Hancock has over 30 years' experience in key financial, commercial and marketing roles across a variety of industries with a strong focus on natural resources. During his 13 years at Atlas Iron Ltd, Mr Hancock served in numerous roles including CCO, CFO, Executive Director and Company Secretary. Mr Mark Hancock is currently a director or has been a director of the following listed companies in the three years immediately before the end of the current financial year:

- Centaurus Metals Ltd (September 2011 to Present);
- Strandline Resources Ltd (August 2020 to Present); and
- Cyclone Metals Limited (February 2020 to August 2020).

Interest in shares & options at 5,000,000 fully paid ordinary shares  
date of this report: 10,000,000 unlisted options at \$0.027 expiring 7 September 2024

**Nicholas Sage**, Non-Executive Director

Mr Nicholas Sage is a marketing and communications professional with more than 25 years' experience in various management and consulting roles. Mr Nicholas Sage is based in Western Australia and currently consults to various companies and has held various management roles with Tourism Western Australia. He also runs his management consulting business. Mr Nicholas Sage has not held any other listed company directorship roles in the three years immediately before the end of the current financial year.

Interest in shares & options at None  
date of this report:

**Scott Meacock**, Non-Executive Director (Appointed 5 December 2022)

Mr Meacock holds a Bachelor of Laws (LLB) degree and a Bachelor of Commerce (BComm) degree from the University of Western Australia and has a wealth of experience as external counsel acting in, and advising on, complex corporate and commercial law transactions and disputes for clients in a wide range of industry sectors including natural resources and financial services. Mr Meacock currently serves as the Chief Executive Officer and General Counsel of the Gold Valley Group, the Company's major shareholder and therefore is not considered by

the Board to be an independent director. Mr Meacock has not held any other listed company directorship roles in the three years immediately before the end of the current financial year.

Interest in shares & options at 4,000,000 fully paid ordinary shares  
date of this report:

## JOINT COMPANY SECRETARY

### **Catherine Grant-Edwards and Melissa Chapman**

Ms Catherine Grant-Edwards (Chartered Accountant (CA)) and Ms Melissa Chapman (Certified Practising Accountant (CPA), AGIA/ACIS, GAICD) are appointed as Joint Company Secretary. Ms Chapman and Ms Grant-Edwards are directors of Bellatrix Corporate Pty Ltd (**Bellatrix**), a company that provides company secretarial and accounting services to several ASX listed companies. Between them, Ms Grant-Edwards and Ms Chapman and have over 30 years' experience in the provision of accounting, finance and company secretarial services to public listed resource and private companies in Australia and the UK, and in the field of public practice external audit.

## PRINCIPAL ACTIVITIES AND SIGNIFICANT CHANGES IN STATE OF AFFAIRS

CuFe Ltd (ASX: CUF) (**CUF** or the **Company**) is an Australian based mineral producer and explorer with holdings, or rights or interests in, various tenements prospective for copper, lithium, gold, rare earths and iron ore located in Western Australia and the Northern Territory. The Company's main focus is its mature iron ore assets in Western Australia (JWD Iron Ore Project) and the Northern Territory (Yarram Iron Ore Project) and copper asset (Tennant Creek Copper Project). During the year and after year end the Company has acquired further early stage exploration projects to broaden its portfolio.

There have been no changes in the state of affairs of the Group other than those disclosed in the review of corporate activities and review of operations.

## DIVIDENDS AND DISTRIBUTIONS

No dividends or distributions were paid to members during the year and none were recommended or declared for payment (30 June 2022: nil).

## REVIEW OF OPERATIONS

### CORPORATE

#### **Operating Results**

The consolidated loss after income tax for the year ended 30 June 2023 amounted to \$11,154,755 (30 June 2022: \$164,915 loss after income tax). This gross loss from operations of \$5,199,639 is offset by the realised hedging gain for the year of \$6,184,540. For accounting purposes \$3,237,062 of the hedging gain had been booked in the prior financial year as a mark to market of open hedge positions at 30 June 2022. The remainder of the net loss relates to non cash amortisation and depreciation of \$4,231,981, exploration and evaluation costs expensed, including the Yarram JV of \$1,603,324 and other corporate expenses.

#### **Board Change**

Mr Scott Meacock was appointed as a Non-Executive Director effective 5 December 2022.

#### **Annual General Meeting**

The Company's annual general meeting (**AGM**) was held on 30 November 2022. All resolutions put to the meeting were passed and decided by way of a poll.

### Binding agreement to increase to 100% ownership of JWD Iron Ore Rights

During the year the Company announced that it has entered a binding agreement (**Agreement**) with entities associated with its major shareholder, Gold Valley Group (**GVG**) to acquire the remaining 40% joint venture interest in the JWD Iron Ore Project and to restructure various other obligations that exist between the parties with respect to the Tennant Creek Joint Venture and the Yarram Joint Venture (**Restructure Transaction**).

Key terms of the Agreement includes the following:

- CUF to increase its interest in the iron rights over the JWD iron ore mine from 60% to 100% via the issue of 150 million CUF shares and refunding the historical GVG cash contributions (being \$1.71m at 30 June 2023) (**Cash Consideration**);
- The effective date for the transaction and determining the Cash Consideration is deemed to be 1 January 2023. The amount payable to Gold Valley Iron Ore Pty Ltd (an entity associated with GVG) (**GVIO**) will be adjusted by cash paid by GVIO offset by amounts paid to GVIO under the JWD Joint Venture, subsequent to the effective date and prior to completion of the transaction (**Net Called Sums Amount**);
- The Cash Consideration will be payable via monthly instalments following completion. For each month following the settlement date where the amount of net profits (of the JWD Iron Ore Project) is a positive number, the Company must pay GVIO a cash payment in immediately available funds equal to 100% of the net profits for that month (unless a payment calculated for any given month would exceed \$500,000, in which case the maximum payable for any given month will be \$500,000) (**Monthly Cash Payment**) until such time as the aggregate amount of the Monthly Cash Payments paid to GVIO is equal to the Net Called Sums Amount;
- CUF exercises its right to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of \$2.25m to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project; and
- Yarram milestone payments of \$1.5m re-structured to defer majority of remaining milestone payment until decision to mine rather than on announcement of indicated resource.

Refer to ASX Announcements dated 22 February 2023 and 11 May 2023 for further details.

Shareholder approval required in respect of the Restructure Transaction was received at the Company's General Meeting held 24 July 2023. Completion of the Restructure Transaction settled on 1 September 2023.

### Acquisition of Tenure in Established Lithium Province ('North Dam Project') – Tenement E15/1495

On 9 May 2023 the Company announced it had entered into an agreement to acquire tenement E15/1495, covering approximately 14km<sup>2</sup> of ground 20kms south of Mineral Resources Mt Marion Mine and within 6kms of the Spargos Reward Gold Mine. Tenement E15/1495 is located approximately 50km SSE of the township of Coolgardie, within the Southern Yilgarn Lithium Belt that includes the known spodumene deposits such as the Bald Hill Mine, the Mt Marion Mine, the Pioneer Dome Project, Manna Lithium Project and the Buldania Project.

Under the terms of the sale and purchase agreement, consideration includes \$300,000 cash, a \$300,000 milestone payment payable in the event production occurs in the future from the tenure (**E15/1495 Milestone Payment**), and a 1% gross sales royalty. The vendor retains rights to gemstones on the tenement.

The tenement acquisition was completed on 6 June 2023.

### Agreement to acquire rights to lithium and rare earth related minerals – Tenement Rights M15/1893

On 23 June 2023 the Company announced it had entered into an agreement to acquire rights to lithium and rare earth related minerals over M15/1893, covering approximately 7.4km<sup>2</sup> of ground, located 30km south of Mineral Resources Mt Marion Mine. Tenement M15/1893 is approximately 48km SSE of the township of Coolgardie, within the Southern Yilgarn Lithium Belt that includes the known spodumene deposits and projects such as the Bald Hill Mine, the Mt Marion Mine, the Pioneer Dome Project, Manna Lithium Project and the West Spargoville Project - Marquee Resources. The area over which the M15/1893 is located is 2km south and along strike of the recently acquired E15/1495 (see above). The addition of this tenure gives CuFe over 12km of strike length exposure to a 30km corridor that is proven to host Lithium-Caesium-Tantalum (LCT) bearing pegmatites.

Under the terms of the agreement, CuFe acquires rights to lithium and rare earth related minerals over M15/1893 (a mining lease which is presently under application pending finalisation of native title negotiations) and in return CuFe assigns rights to gold on its recently acquired E15/1495. The parties each assume the obligations to pay the E15/1495 Milestone Payment to the previous owner in the event production occurs in the future from the tenure and a 1% gross sales royalty.

The tenement rights acquisition and assignment has not yet been completed.

### **Shares issued**

During the year the Company issued the following shares:

- 7,500,000 shares issued upon exercise of unlisted options exercisable at \$0.03 expiring 31 August 2022, raising \$225,000

### **Option issued**

During the year the Company issued the following options:

- 14,250,000 unlisted options exercisable at \$0.027 expiring 7 September 2024 with vesting conditions issued pursuant to the Company's Employee Securities Incentive Plan (**ESIP**) (ESIP approved by shareholders at the July 2021 EGM)
- 20,000,000 unlisted options exercisable at \$0.027 expiring 7 September 2024 with vesting conditions issued to directors (or their nominees) following receipt of shareholder approval at the AGM

### **Options exercised**

The following options were exercised during the year:

- 7,500,000 unlisted options exercisable at \$0.03 expiring 31 August 2022

### **Options lapsed or expired**

The following options lapsed or expired during the year:

- 5,000,000 unlisted options exercisable at \$0.04 expiring 31 August 2023 lapsed
- 25,500,000 unlisted options exercisable at \$0.06 expiring 30 June 2023 lapsed or expired
- 6,500,000 unlisted options exercisable at \$0.027 expiring 7 September 2024 lapsed
- 16,500,000 unlisted options exercisable at \$0.03 expired on 31 August 2022
- 1,000,000 unlisted options exercisable at \$0.074 expired on 31 December 2022

### **Key Risks**

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. The Board aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of these risks are, however, highly unpredictable and the extent to which the Board can effectively manage them is limited.

A summary of the key risk areas of the Company are listed below:

- Future capital requirements and associated funding and dilution risk – the Company is likely to need to raise additional capital to progress its exploration and evaluation activities and the ability to do that is influenced by the state of global financial markets and risk appetite for investment in junior resources companies
- Commodity price volatility - a significant portion of the Company's revenues and cash flows are derived from the sale of iron ore which is subject to a high degree of volatility. Due to the location of its JWD mine being ~800km from the port it has an above average cost base and so is vulnerable to price reductions which may lead to suspension of activities
- Exchange rate risk – the Company's sales are denominated in USD and its expenses are predominately in AUD so adverse movements in the two currencies could impact profitability
- Fuel Price risk – given the haulage distance of the JWD mine the Company has exposure to diesel fuel prices which are volatile. Fuel prices are also a major influence on sea freight rates for the export of the product
- Hedging Risk – the Company looks to mitigate the risks to items like commodity price and exchange rates via hedge contracts. If the company cannot deliver hedge volumes this could create additional liability for the Company

- Operational Risk – there are a number of factors such as geological, mining, approval, environmental, weather, safety, infrastructure access risk which may adversely impact the Company's operations
- Exploration and development risk including lack of exploration success, no defined reserves, inaccurate resource estimates, results of studies, metallurgy consideration could all impact adversely on the Company's activities
- Joint Venture and rights agreement risk – the Company operates a number of assets in joint venture or holds its interest via contractual rights which could be the subject of dispute or challenge
- Personnel risks including loss of key personnel and reliance on agents and contractors could impact on the Company's ability to execute planned work
- Environmental risks and changes to regulatory compliance requirements could impact the Company's ability to execute its plans
- Aboriginal heritage matters could delay or prevent access to ground to perform intended activities

## PROJECTS

### Western Australia

The Company holds, or has rights or interests in, various tenements prospective for copper, iron ore, gold, lithium and rare earths located in Western Australia and the Northern Territory. The Company's main focus is its iron ore assets in Western Australia (JWD Iron Ore Project) and the Yarram Iron Ore Project and Tennant Creek Copper Project in the Northern Territory. Exploration has also commenced on the Company's recently acquired lithium tenements in Coolgardie Western Australia. The Bryah Basin projects are all subject to various joint venture agreements for which the Company does not have operational control.

### JWD Iron Ore Project - Wiluna Iron JV (60%) (Western Australia)<sup>1</sup>

During the year volatile iron ore prices resulted in suspension of mining operations from October to December 2022 to conserve cash and minimising working capital outflow. Further hedging of the iron ore price, careful management of working capital and a continued focus on cost reduction allowed the mine to restart operations in January 2023 and JWD operated for the remainder of the financial period.

JWD produces a high grade, predominately lump material which is well regarded by customers for its low fines in lump ratio and low impurity levels. This enables the product to regularly achieve a premium to index pricing. The key challenge for the project is its location 800km from the port results in a high transport cost. The Company is actively working to reduce cost via larger payload road trains, port sharing arrangements and optimised mining schedules.

### Key Points:

Iron Ore prices have been extremely volatile during the year, with 62% index prices reaching a lower peak to recent years, with a high of USD127/dmt and then dipping as low as USD92/dmt during the year and closing at USD112/dmt at the end of June. Lump premiums have also been volatile. The third quarter of the financial year experienced the strongest pricing and this was the period where JWD was ramping back up its operations so CuFe so did not have the opportunity to benefit from the highest part of the cycle.

The Company was able to benefit from hedges taken out over the year with realised hedge gains for the year of A\$6.18m.

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<sup>1</sup> Amounts referred to in this section of the Directors' Report are stated at 100% of the amounts recorded in by the JWD JV. In accordance with its accounting policy in respect of the joint operation, CUF takes up its 60% share of assets, liabilities and results of the JWD JV in the Group's consolidated financial statements presented in this annual report. CuFe acquired 100% of the JWD project, effective 1 January 2023, with completion of the transaction occurring 1 September 2023.

## Operations Summary

Production metrics (100%)	Measure	Q1	Q2	Q3	Q4	FY23
Total material moved	BCM	339,703	-	197,567	152,849	<b>690,119</b>
Ore mined	wmt	213,382	-	153,290	142,386	<b>509,058</b>
Ore processed	wmt	184,145	44,092	97,564	163,415	<b>489,215</b>
Ore hauled to port	wmt	120,532	54,614	88,883	135,764	<b>399,794</b>
Ore shipped	wmt	141,778	72,446	71,341	133,141	<b>418,706</b>
Lump	wmt	141,778	58,858	37,233	119,229	<b>357,099</b>
Fines	wmt	-	13,588	34,108	13,912	<b>61,607</b>
<b>Inventory</b>						
ROM	wmt	125,960	59,987	115,714	94,685	<b>94,685</b>
Site Finished Product	wmt	22,525	1,995	12,435	7,381	<b>7,381</b>
Port	wmt	16,525	-	24,536	26,635	<b>26,635</b>
Revenue (FOB)	US\$/wmt	\$84.97	\$87.00	\$105.31	\$99.84	<b>\$93.52</b>
Revenue (FOB) Lump	US\$/wmt	\$84.97	\$89.54	\$121.61	\$103.86	<b>\$95.85</b>
Revenue (FOB) Fines	US\$/wmt	-	\$76.01	\$87.50	\$65.60	<b>\$80.01</b>
Revenue (FOB)	A\$/wmt	\$125.61	\$128.97	\$152.89	\$142.21	<b>\$136.12</b>
Realised Hedging Gains/ (losses)	A\$/wmt	\$53.50	\$17.75	(\$2.61)	\$12.18	<b>\$24.62</b>
Total Revenue	A\$/wmt	\$179.11	\$146.72	\$150.29	\$154.39	<b>\$160.73</b>
C1 Costs (\$/wmt by Activity)	A\$/wmt	\$136.59	\$115.16	\$142.13	\$126.29	<b>\$133.81</b>
C1 Costs (\$/wmt Shipped)	A\$/wmt	\$147.04	\$153.64	\$142.90	\$139.90	<b>\$142.70</b>

## Yarram Project – Yarram Iron JV (50%) (Northern Territory)

The Company holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram project, located some 110km from Darwin Port.

During the financial year a 24-hole Aircore drill program was undertaken at Yarram on ML1163 to test and close out open drilling and extension of the mineralisation envelope. This program led to the creation of a maiden inferred resource at Yarram of 12.7Mt at 55.4%Fe, including a high-grade component of 5.6Mt at 60.4%. Refer to ASX announcement dated 28 February 2023 for full details. As part of defining this resource a detailed airborne LIDAR survey was also undertaken to allow an accurate representation of the surface topography.

A series of surface bulk samples were excavated from the Captain Morgan and Kraken deposits. Size by assay analysis was undertaken on the samples indicating that the low-grade material could be upgraded by removal of the lower (<2mm) size fractions). Late in the reporting period a diamond drill program was planned (executed in August 2023) to supply PQ core for metallurgical and geotechnical testwork. This information is an important input into ongoing feasibility studies and supporting mine planning work.

Over the reporting period SLR consulting undertook a flora and fauna survey over ML1163 including the monsoonal vine thicket (MVT). The objective of the flora survey was to quantify baseline conditions of the MVT and surrounding vegetation and provide a structured approach for future monitoring and impact assessment. The fauna survey including camera trapping was to provide additional data to previous studies to enable impact assessment and quantify the presence and species that occupy the tenements. Both surveys and their outcomes are important components of environmental studies and approvals.

Ongoing engagement with the Traditional Owners was undertaken which included group meetings held on country. Remediation and clean-up of the 24 Aircore holes was undertaken within the reporting period which included employment of Traditional Owners to assist with the on groundwork.

With the development of the maiden resource a series on mine planning work fronts were executed as part of ongoing concept and development studies. This included high level pit optimisations and mine schedules which provide inputs to further studies and environmental and regulatory approvals.

### **Tennant Creek Mining Rights (Northern Territory)**

The Company owns a 60% interest<sup>2</sup> in copper / gold assets which have been the subject of historical mining at Tennant Creek in the Northern Territory.

During the reporting period a resource update was undertaken for the Orlando Deposit by Snowdens-Optiro consulting based on the results of the 2023 drill program (refer to ASX announcement 3<sup>rd</sup> April – Tennant Creek Project – Orlando Mineral Resource Upgrade). The update saw an increase in Cu metal tonnes by 16% relative to the previous June 2022 estimate.

Options to develop the open cut at Orlando were studied over the reporting period. A staged cut back design was developed by mining planning consultant Strategic Mines based on the updated resource to test the accessibility for a cut back into the Orlando Pit. The outputs of this work enable costing of mine plans and form as inputs to the ongoing feasibility studies.



**Figure:** Existing Orlando Copper / Gold pit

### **North Dam Project – (Western Australia)**

Following the acquisition of E15/1459 on 6 June 2023 CuFe commenced exploration across the tenement comprising field reconnaissance, mapping and rock chip sampling. On 22 August 2023 CuFe announced significant initial Rare Earth Elements, Niobium and Lithium results from the North Dam Project (refer to ASX announcement 22 August 2023). The work to date has defined numerous LCT style outcropping pegmatites, anomalous Rare Earth Elements (>up to 1770 ppm), columbite and tantalite chips containing niobium and tantalum up to 43.93% and 14.53% respectively and lithium oxide (up to 3,206 ppm).

The work also identified a Li<sub>2</sub>O target zone supported by CuFe rock chips and also historical auger and soils sampling by Ramelius Resources who were exploring for Au but also analysed for lithium. This target zone is an area that will be focussed on in upcoming work programs that could potentially include first pass drill programs.

<sup>2</sup> Reducing to 55% interest as part of the Restructure Transaction which completed on 1 September 2023.

### **Bryah Basin Joint Venture Projects - CUF 20% rights**

CUF, via its wholly owned subsidiary Jackson Minerals Pty Limited (**Jackson Minerals**), has a 20% interest in tenements covering an area of 804 km<sup>2</sup> in the highly prospective Bryah Basin proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine.

The Bryah Basin Project tenements are subject to joint ventures and farm-ins with Billabong Gold Pty Ltd (**Billabong**), Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**), Auris Minerals Ltd (ASX: **AUR**).

The Bryah Basin is a highly prospective and largely under-explored mineral field with potential for further discovery of gold and base metals.

### **Morck Well Project - AUR/SFR/CUF- E51/1033, E52/1613, E52/1672**

The Morck Well project is located in the eastern part of the Bryah Basin and contains approximately 40km strike length of the highly prospective Narracoota Volcanic Formation. The northern boundary of Morck Well is adjacent to SFR's DeGrussa-Doolgunna exploration tenements. CUF holds a 20% interest in all minerals in three exploration licences (E51/1033, E52/1613 and E52/1672) within AUR's Morck Well JV project. SFR issued a notice of withdrawal during the year.

### **Peak Hill Project Base Metals Rights - ALY/IGO/CUF - E52/1668, E52/1678, E52/1722 and E52/1730**

The Peak Hill project covers approximately 45km strike of the prospective Narracoota Volcanic Formation sequence in the Bryah Basin and is proximal to SFR's Doolgunna Project and the Monty mine.

ALY has entered into a formal joint venture with SFR (refer to ASX: ALY 23 September 2019 for relevant information and diagrams). SFR has earned a 70% interest in base metals rights, excluding iron ore rights, in relation to whole area of E52/1722 and parts of E52/1668, E52/1678 and E52/1730. Sandfire withdrew from the tenure during the year. CUF holds its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

### **Peak Hill Project All Mineral Rights - ALY/Billabong/CUF - E52/1668, E52/1678, E52/1730, P52/1538, P52/1539**

Billabong, through an assignment of interests from NST, entered into a Farm-In and Joint Venture agreement with ALY (refer to ASX:ALY 24 February 2015), in regard to parts of E52/1668, E52/1678, E52/1730 (excluding those parts previously being farmed into by SFR) and also to earn an 80% interest in the whole of E52/1852. CUF retains its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

### **Mt Ida Iron Ore Project - Mt Ida Gold**

Mt Ida Iron Ore Project is approximately 80km northwest of the operational railway at Menzies, which offers access to existing port facilities at Esperance. The Project area covers part of the Mt Ida - Mt Bevan banded iron formation, which is currently being explored and evaluated by Jupiter Mines Limited and Legacy Iron Ore Limited.

The Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides CUF the rights to explore and mine for iron ore on exploration license E29/640 and mining leases M29/2, M29/165 and M29/422 held by Mt Ida Gold Pty Ltd, covering approximately 120km<sup>2</sup> in the emerging Yilgarn Iron Province. The rights give provision for CUF to retain revenue from any iron ore product it mines from the tenure. CUF has no registered interest in these tenements.

## Annual Resource Statements

### JWD Iron Ore Mineral Resources

JWD Iron Ore Mineral Resources at 30 June 2023								
Model	Cut-Off Grade	Classification	Tonnes (Mt)	Fe (%)	SiO2 (%)	Al2O3 (%)	P %	LOI %
Mineral Resources June 30 2020 (prior to mining)	> 55% Fe	Measured	6.4	64.06	2.64	1.52	0.034	3.07
		Indicated	0.9	63.6	2.77	1.33	0.030	3.57
		Inferred	3.4	63.13	3.23	1.58	0.029	3.38
		<b>Total</b>	<b>10.7</b>	<b>63.73</b>	<b>2.83</b>	<b>1.52</b>	<b>0.032</b>	3.21
Total Mining Depletion to June 30 2023	> 55% Fe	Measured	1.11	63.60	3.67	1.97	0.030	2.81
		Indicated	0.01	61.23	6.96	2.04	0.022	2.61
		Inferred	0.02	60.67	5.50	2.71	0.037	2.86
		<b>Total</b>	<b>1.14</b>	<b>63.52</b>	<b>3.73</b>	<b>1.98</b>	<b>0.030</b>	<b>2.81</b>
Mineral Resources as of June 30 2023	> 55% Fe	Measured	5.29	64.16	2.42	1.43	0.035	3.12
		Indicated	0.89	63.63	2.72	1.32	0.030	3.58
		Inferred	3.38	63.14	3.22	1.57	0.029	3.38
		<b>Total</b>	<b>9.56</b>	<b>63.75</b>	<b>2.72</b>	<b>1.46</b>	<b>0.032</b>	<b>3.26</b>

Notes:

<sup>1</sup> Rounding may result in some inconsistencies in the values.

<sup>2</sup> The cut-off grade for reporting is 55% Fe.

<sup>3</sup> GWR Group previously reported a resource of 10.7Mt @ 63.7% Fe using a 55% Fe cut off for the JWD deposit. This estimate of mineral resources is not reported in accordance with JORC 2012. A Competent Person has not done sufficient work to classify the estimates of Mineral Resources in accordance with the JORC Code 2012. It is possible that following further evaluation, the currently reported estimate may materially change and hence will need to be reported afresh under and in accordance with the JORC Code 2012. Nothing has come to the attention of CUF that causes it to question the accuracy or reliability of the former owner's estimates. CUF has not independently validated the former owner's estimates and therefore is not to be regarded as reporting, adopting or endorsing those estimates. This estimate was commissioned and formerly reported by GWR Group in compliance with JORC 2004. An updated estimate was conducted by Optiro, a well-established consultancy firm, in 2013 using data obtained during 2012 however the result was not considered materially different to the earlier reported resource. Optiro / GWR Group elected to report the updated resource to JORC 2004 standards citing the lack of material difference as the basis. The report can be found in the ASX announcement made by GWR Group dated 11 April 2013 however this report may not conform to the requirements of the JORC Code 2012.

*Yarram Iron Ore Mineral Resources*

<b>Yarram Iron Ore Mineral Resources at 30 June 2023</b>								
<b>Deposit</b>	<b>Cut-Off Grade</b>	<b>Classification</b>	<b>Tonnes (Mt)</b>	<b>Fe (%)</b>	<b>SiO2 (%)</b>	<b>Al2O3 (%)</b>	<b>P %</b>	<b>LOI %</b>
<b>Captain Morgan</b>	<b>&gt; 48% Fe</b>	Measured	-	-	-	-	-	-
		Indicated	-	-	-	-	-	-
		Inferred	3.1	51.18	8.04	4.94	0.230	8.84
		<b>Total</b>	<b>3.1</b>	<b>51.18</b>	<b>8.04</b>	<b>4.94</b>	<b>0.230</b>	<b>8.84</b>
<b>Kraken</b>	<b>&gt; 48% Fe</b>	Measured	-	-	-	-	-	-
		Indicated	-	-	-	-	-	-
		Inferred	9.7	56.75	7.02	5.23	0.190	4.09
		<b>Total</b>	<b>9.7</b>	<b>56.75</b>	<b>7.02</b>	<b>5.23</b>	<b>0.190</b>	<b>4.09</b>
<b>Total Mineral Resources</b>	<b>&gt; 48% Fe</b>	Measured	-	-	-	-	-	-
		Indicated	-	-	-	-	-	-
		Inferred	12.7	55.41	7.27	5.16	0.200	5.24
		<b>Total</b>	<b>12.7</b>	<b>55.41</b>	<b>7.27</b>	<b>5.16</b>	<b>0.200</b>	<b>5.24</b>

Notes:

<sup>1</sup> Rounding may result in some inconsistencies in the values.

<sup>2</sup> The cut-off grade for reporting is 48% Fe.

Tennant Creek Copper Mineral Resources at 30 June 2023

Tennant Creek Copper Mineral Resources at 30 June 2023									
Deposit	Cut-Off Grade	Classification	Tonnes (Mt)	Cu (%)	Cu Metal (t)	Au (g/t)	Au Oz	Au_eq (g/t)	Au_eq Oz
Gecko	>1% Cu	Measured	-	-	-	-	-	-	-
		Indicated	1.4	2.54	35,416	-	-	-	-
		Inferred	0.08	1.54	1,228	-	-	-	-
		<b>Total</b>	<b>1.48</b>	<b>2.48</b>	<b>36,644</b>	-	-	-	-
Goanna	>1% Cu	Measured	-	-	-	-	-	-	-
		Indicated	-	-	-	-	-	-	-
		Inferred	2.92	1.84	53,766	0.16	14,700	-	-
		<b>Total</b>	<b>2.92</b>	<b>1.84</b>	<b>53,766</b>	<b>0.16</b>	<b>14,700</b>	-	-
Orlando	>1% Au eq	Measured	-	-	-	-	-	-	-
		Indicated	2.13	1.36	29,077	1.44	98,462	3.25	222,799
		Inferred	0.75	0.98	7,302	1.31	31,396	2.61	62,620
		<b>Total</b>	<b>2.88</b>	<b>1.26</b>	<b>36,380</b>	<b>1.4</b>	<b>129,858</b>	<b>3.08</b>	<b>285,419</b>
<b>Total Group Copper Mineral Resources at 30 June 2023</b>	>1% Au eq	Measured	-	-	-	-	-	-	-
		Indicated	3.53	1.83	64,494	1.44	98,462	3.25	222,799
		Inferred	3.74	1.66	62,296	0.38	46,096	2.61	62,620
		<b>Total</b>	<b>7.27</b>	<b>1.74</b>	<b>126,790</b>	<b>0.62</b>	<b>144,558</b>	<b>3.08</b>	<b>285,419</b>

Notes:

<sup>1</sup> Gecko and Goanna deposits have been reported above a 1.0% Cu cut-off grade. The Orlando deposit has been reported above a 1.0 g/t gold equivalent cut-off grade.

<sup>2</sup> The gold equivalent calculation for reporting at Orlando assumes a gold price of US\$1,806/oz for gold and US\$3.74/lb for total copper, a FOREX of \$0.66 AUD and assumes a 92% recover for gold and an 86% recovery for copper through mining and processing. AU\_EQ = AU\_PPM + ((CU\_PPM/10000) x 1.33).

<sup>3</sup> Rounding may result in some inconsistencies in the values.

### Competent Person Statements

#### Tennant Creek

The information in this report (being information contained in the Company's ASX Announcement dated 3 April 2023) that relates to Exploration Results and data that was used to compile the Mineral Resource estimate at Tennant Creek is based on, and fairly represents, information which has been compiled by Mr Ian Glacken. Mr Glacken is a Fellow and Chartered Professional of The Australasian Institute of Mining and Metallurgy. Mr Glacken is a consultant for Snowden Optiro engaged by CuFe. Mr Glacken has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Glacken consents to the inclusion in this report of the matters based on his information in the form and context in which they appear (being information reported in the Company's ASX Announcement dated 3 April 2023).

### *JWD Iron Ore Project*

The information in this report that relates to the JWD Iron Ore Project Resource Estimation is based on information compiled by Matthew Ramsden, who is a Member of the Australasian Institute of Geoscientists and a full-time employee of CuFe Ltd. Matthew Ramsden has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr Ramsden believes that the information in this report pertaining to former resource reporting is an accurate representation of the available data and studies for the material mining project. Mr Ramsden consents to the inclusion in the report of the Resource Estimation in the form and context in which they appear.

### *Yarram Project*

The information in this report that relates to the Yarram Project geology is based on, and fairly represents, information which has been compiled by Siobhan Sweeney is a Member of the Australasian Institute of Geoscientists and a full-time employee of CuFe. Siobhan Sweeney has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Siobhan Sweeney consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

### *North Dam Project*

The information in this report that relates to the North Dam Project geology is based on, and fairly represents, information which has been compiled by Matthew Ramsden, a Member of the Australasian Institute of Geoscientists and a full-time employee of CuFe Ltd. Matthew Ramsden has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Matthew Ramsden consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

## **SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE**

### *Completion of Restructure Transaction*

As detailed in the 'Corporate' section above, the Restructure Transaction was completed on 1 September 2023. Upon completion, the Company now holds:

- 100% interest in the JWD iron ore mine project;
- 55% interest in the Tennant Creek project; and
- 50% interest in the Yarram Iron Ore Project.

### *Acquisition of West Arunta (Niobium) and Tambourah (Lithium) Exploration Tenure*

On 11 July 2023 the Company announced it had entered an agreement to acquire two exploration tenements:

- E80/5925 located in the West Arunta region, approximately 620km south of Kununurra is considered prospective for carbonatite hosted REE including niobium; and
- P45/3061 located in the Tambourah region of the Pilbara, approximately 90km south of Pilgangoora and Wodgina Lithium Operations and is considered prospective for lithium.

Consideration payable for the acquisition was 30,000,000 shares. The tenement acquisition was completed on 7 August 2023.

### *Issue of Shares*

The following shares were issued subsequent to year end:

- 30,000,000 shares were issued as consideration for the acquisition of West Arunta (Niobium) and Tambourah (Lithium) Exploration Tenure; and
- 150,000,000 shares were issued in respect of the Restructure Transaction.

### *Movements in Options*

The following movements in options occurred subsequent to year end:

- 13,000,000 unlisted options at \$0.02 expiring 7 August 2023 were issued under the Company's ESIP;
- 3,000,000 unlisted options at \$0.04 expired on 31 August 2023.

There have been no other events subsequent to 30 June 2023 up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

### **ENVIRONMENTAL REGULATION AND PERFORMANCE**

The Group continues to meet all environmental obligations across its tenements. No reportable incidents occurred during the year. Environmental regulations applicable to the Group include the *Environmental Protection Act 1994*.

### **INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

The Company has entered a Deed of Access, Insurance and Indemnity with each of the directors. Under the terms of these Deeds, the Company has undertaken, subject to restrictions in the *Corporations Act 2001*, to:

- indemnify each director in certain circumstances;
- advance money to a director for the payment of any legal costs incurred by a director in defending legal proceedings before the outcome of those proceedings is known (subject to an obligation by the director to repay any money advanced if a court determines that the director was not entitled to it);
- maintain directors' and officers' insurance cover in favour of each director whilst they remain a director of CuFe Ltd and for a run out year after ceasing to be such a director; and
- provide each director with access to Board papers and other documents provided or available to the director as an officer of CuFe Ltd.

During the year, the Company had in place and paid premiums for insurance policies indemnifying directors and officers of the Company against certain liabilities incurred in the conduct of business or in the discharge of their duties as directors or officers. The contracts of insurance contain confidentiality provisions that preclude disclosure of the premium paid, the nature of the liability covered by the policies, the limit of liability and the name of the insurer.

### **INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Stantons, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Stantons during or since the financial year.

### **LIKELY DEVELOPMENTS AND FUTURE RESULTS**

The Company remains focused on its activities within the mineral production and mineral exploration industry on its retained tenements and interests and is also investigating projects for future acquisition.

### **DIRECTORS' MEETINGS**

The following table sets out the number of directors' meetings held during the year and the number of meetings attended by each director.

<b>Director</b>	<b>Eligible</b>	<b>Attended</b>
T Sage	2	2
M Hancock	2	2
N Sage	2	2
Scott Meacock	-	-

## REMUNERATION REPORT (AUDITED)

This Report outlines the remuneration arrangements in place for key management personnel (**KMP**) who are defined as those persons having authority and responsibility for planning and directing the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company.

### Details of Key Management Personnel

*Directors*

A Sage  
M Hancock  
N Sage  
S Meacock

Executive Chairman  
Executive Director  
Non-Executive Director  
Non-Executive Director (*appointed 5 December 2022*)

*Other Key Management Personnel*

J Sinclair

Project Director (*ceased 2 December 2022*)

### Remuneration Philosophy

The performance of the Group depends on the quality of its directors, executives and employees. Consequently, the Group must attract, motivate and retain appropriately qualified industry personnel.

The following principles are embodied in the remuneration framework:

- provide competitive rewards to attract and retain high calibre executives, directors and employees; and
- link executive rewards to shareholder value.

### Remuneration Policy

During the year, the Company did not have a separately established remuneration committee. The Board is responsible for determining and reviewing remuneration arrangements for the executive and non-executive directors and the Chairman. The Board assesses the appropriateness of the nature and amount of remuneration of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from retention of a high-quality board. The directors receive their base emolument in the form of cash.

Remuneration in the form of share-based payments to Directors are issued to align directors' interests with that of shareholders, including options issued to Executive Directors that vest on satisfaction of specific performance conditions.

The Group has a policy which restricts executives and directors entering into contracts to hedge their exposure to options granted as part of their remuneration package.

The appointment of Directors is subject to provisions of the Company's Constitution dealing with retirement of directors by rotation and vacation of office in certain circumstances. Nothing in the agreements with each of the Directors excludes or varies the terms of the Constitution or the Corporations Act, including the right to terminate the appointment. Termination benefits are not paid to Directors.

### Remuneration report at 2022 AGM

The 2022 remuneration report received positive shareholder support at the 2022 AGM whereby of the proxies received 99.65% voted in favour of the adoption of the remuneration report.

## Performance and Shareholder Wealth

Below is a table summarising key performance statistics for the **Group** as well as share price over the last five financial years. Comparative statistics have not been adjusted for the impact of the new accounting standards.

Financial year	Loss after tax '000s	Loss per share (Cents)	Share Price (Cents)
30 June 2019	(1,668)	(0.44)	1.70
30 June 2020	5,908	1.22	1.30
30 June 2021	(2,511)	(0.44)	5.10
30 June 2022	(165)	(0.02)	1.80
30 June 2023	(11,155)	(1.15)	1.40

### Executive Chairman's Remuneration – Mr Antony Sage

The Company aims to reward the Chairman with a level and mix of remuneration commensurate with his position and responsibilities within the Company to:

- align the interests of the Chairman with those of shareholders; and
- ensure that total remuneration is competitive by market standards.

The consulting arrangement for Mr Antony Sage's services are provided through Okewood Pty Ltd (**Okewood**), pursuant to which Okewood is entitled to receive \$180,000 per annum.

### Executive Director Remuneration – Mr Mark Hancock

The Company has entered into a consulting agreement with Haven Resources Pty Ltd (**Haven Resources**), a company controlled by Mr Mark Hancock, for the provision of executive director services. Mr Hancock was entitled to receive remuneration of \$210,000 per annum (based on 3.5 days per week service at a full-time equivalent fee of \$300,000 per annum).

### Non-Executive Director Remuneration – Mr Nicholas Sage

The Company has entered into a consulting agreement with Pembury Nominees Pty Ltd (**Pembury**), a company controlled by Mr Nicholas Sage, for the provision of non-executive director services. During the year, Mr Nicholas Sage was entitled to receive remuneration of:

- \$60,000 per annum for the period 1 July 2022 to 30 November 2022; and
- \$36,000 per annum for the period 1 December 2022 to 30 November 2023.

### Non-Executive Director Remuneration – Mr Scott Meacock (Appointed 5 December 2022)

Effective from his date of appointment on 5 December 2022, in accordance with terms of his letter of appointment, Mr Scott Meacock is entitled to receive fees of \$36,000 (inclusive of statutory superannuation) per annum for the provision of non-executive director services.

The Board seeks to set remuneration of non-executive directors at a level which provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

As approved previously by shareholders, the maximum aggregate amount of remuneration payable to non-executive directors is \$1,000,000.

### Other Key Management Personnel Remuneration – Mr Jeremy Sinclair (Ceased 2 December 2022)

The Company entered into a consulting agreement with Verbain Nominees Pty Ltd trading as ValMax (**ValMax**) in respect of services provided by Mr Jeremy Sinclair in the role of Projects Director. Consulting fees payable under the agreement were \$320,000 per annum. In addition, the Company made a short-term incentive payment of \$50,000, awarded on performance measures linked to FY22 JWD production volume, progress on projects, and safety. Mr Jeremy Sinclair ceased to be engaged 2 December 2022.

**Compensation of Key Management Personnel**

<b>Consolidated</b>	<b>Short-Term</b>	<b>Short-Term</b>	<b>Post-Employment</b>	<b>Share-based</b>	<b>Total</b>	<b>Performance</b>	<b>Comprising</b>
<b>Year ended 30 June 2023</b>	<b>Salary &amp; Fees</b>	<b>Performance Incentive</b>	<b>Superannuation</b>	<b>Payment Share Options <sup>(i)</sup></b>		<b>Based</b>	<b>Options</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>	<b>%</b>
<b>Directors</b>							
A Sage	180,000	-	-	32,576	212,576	-	15%
M Hancock	210,000	-	-	32,576	242,576	-	13%
N Sage	46,000	-	-	-	46,000	-	-
S Meacock <sup>(ii)</sup>	18,758	-	1,970	-	20,728	-	-
<b>Other KMP</b>							
J Sinclair <sup>(iii)</sup>	134,564	50,000	-	-	184,564	27%	-
<b>Total</b>	<b>589,322</b>	<b>50,000</b>	<b>1,970</b>	<b>65,152</b>	<b>706,444</b>	<b>7%</b>	<b>9%</b>

<sup>(i)</sup> This amount refers to the share-based payment expense recorded in the statement of comprehensive income in the period in respect of options issued. The recorded values of options will only be realised by the KMPs in the event the Company's share price exceeds the option exercise price.

<sup>(ii)</sup> Appointed 5 December 2022.

<sup>(iii)</sup> Ceased to be engaged 2 December 2022.

<b>Consolidated</b>	<b>Short-Term</b>	<b>Short-Term</b>	<b>Post-Employment</b>	<b>Share-based</b>	<b>Total</b>	<b>Performance</b>	<b>Comprising</b>
<b>Year ended 30 June 2022</b>	<b>Salary &amp; Fees</b>	<b>Performance Incentive</b>	<b>Superannuation</b>	<b>Payment Share Options <sup>(i)</sup></b>		<b>Based</b>	<b>Options</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>%</b>	<b>%</b>
<b>Directors</b>							
A Sage	180,000	-	-	106,449	286,449	-	37%
M Hancock	210,000	-	-	106,449	316,449	-	34%
N Sage	60,000	-	-	-	60,000	-	-
<b>Other KMP</b>							
J Sinclair	314,667	33,333	-	114,195	462,195	7%	25%
<b>Total</b>	<b>764,667</b>	<b>33,333</b>	<b>-</b>	<b>327,093</b>	<b>1,125,093</b>	<b>3%</b>	<b>29%</b>

<sup>(i)</sup> This amount refers to the share-based payment expense recorded in the statement of comprehensive income in the period in respect of options issued. The recorded values of options will only be realised by the KMPs in the event the Company's share price exceeds the option exercise price.

**Shareholdings of Key Management Personnel**

<b>30 June 2023</b>	<b>Balance at 1 July 2022</b>	<b>Granted as remuneration</b>	<b>Exercise of options</b>	<b>Shares sold</b>	<b>Net change other</b>	<b>Balance at 30 June 2023</b>
<b>Directors</b>						
A Sage <sup>(i)</sup>	21,673,010	-	7,500,000	-	1,000,000	30,173,010
M Hancock	2,500,000	-	-	-	2,500,000	5,000,000
N Sage	-	-	-	-	-	-
S Meacock <sup>(ii)</sup>	-	-	-	-	4,000,000	4,000,000
<b>Other KMP</b>						
J Sinclair	1,100,000	-	-	(100,000)	(1,000,000)	-
	25,273,010	-	7,500,000	(100,000)	6,500,000	39,173,010

(i) Indirectly held.

(ii) Upon date of his appointment, Mr Meacock held 300,000 shares and an interest via agreement to acquire 1,700,000 shares (settled via off market transfer on 20 December 2022). At 30 June 2023, Mr Meacock held an interest via agreement to acquire 2,000,000 shares (settled via off market transfer on 6 July 2023).

(iii) At the date he ceased as a consultant to the Company on 2 December 2022, Mr Sinclair held 1,000,000 shares.

<b>30 June 2022</b>	<b>Balance at 1 July 2021</b>	<b>Granted as remuneration</b>	<b>Exercise of options</b>	<b>Shares sold</b>	<b>Net change other</b>	<b>Balance at 30 June 2022</b>
<b>Directors</b>						
A Sage <sup>(i)</sup>	21,673,010	-	-	-	-	21,673,010
M Hancock	2,500,000	-	-	-	-	2,500,000
N Sage	-	-	-	-	-	-
<b>Other KMP</b>						
J Sinclair	230,000	-	1,750,000	(880,000)	-	1,100,000
	24,403,010	-	1,750,000	(880,000)	-	25,273,010

(i) Indirectly held.

**Option and right holdings of Key Management Personnel**

<b>30 June 2023</b>	<b>Balance at 1 July 2022</b>	<b>Acquired /granted during year</b>	<b>Exercised</b>	<b>Expired/lapsed during year</b>	<b>Net change other</b>	<b>Balance at 30 June 2023</b>	<b>Exercisable</b>	<b>Not Exercisable</b>
<b>Directors</b>								
A Sage	15,000,000	10,000,000 <sup>(i)</sup>	(7,500,000)	(7,500,000)	-	10,000,000	-	10,000,000
M Hancock	15,000,000	10,000,000 <sup>(i)</sup>	-	(15,000,000)	-	10,000,000	-	10,000,000
N Sage	-	-	-	-	-	-	-	-
S Meacock	-	-	-	-	-	-	-	-
<b>Other KMP</b>								
J Sinclair	13,250,000	5,000,000 <sup>(ii)</sup>	-	(15,250,000)	(3,000,000) <sup>(iii)</sup>	-	-	-
	<b>43,250,000</b>	<b>25,000,000</b>	<b>(7,500,000)</b>	<b>(37,750,000)</b>	<b>(3,000,000)</b>	<b>20,000,000</b>	<b>-</b>	<b>20,000,000</b>

(i) Includes 10,000,000 unlisted options with vesting conditions granted to each of Mr Tony Sage (or nominee) and Mr Mark Hancock (or nominee) (total of 20,000,000 options) at an exercise price of \$0.027 each and an expiry date of 7 September 2024, which were formally issued following receipt of shareholder approval at the Company's AGM held 30 November 2022. These options were granted as remuneration for services performed to motivate and reward the performance of the holder in his role as a Director in a manner that aligns the holders' interests with the Company and minimises cash spend. These options shall vest subject to remaining as an appointed Director of the Company on 7 September 2023.

(ii) Unlisted options at an exercise price of \$0.027 each and expiry date of 7 September 2024 subject to vesting condition of remaining engaged on 7 September 2023.

(iii) At the date he ceased as a consultant to the Company on 2 December 2022, Mr Sinclair retained 3,000,000 unlisted options at an exercise price of \$0.06 and expiry date of 30 June 2023.

<b>30 June 2022</b>	<b>Balance at 1 July 2021</b>	<b>Acquired /granted during year</b>	<b>Exercised</b>	<b>Expired/lapsed during year</b>	<b>Net change other</b>	<b>Balance at 30 June 2022</b>	<b>Exercisable</b>	<b>Not Exercisable</b>
<b>Directors</b>								
A Sage	15,000,000	-	-	-	-	15,000,000	10,500,000	4,500,000
M Hancock	15,000,000	-	-	-	-	15,000,000	10,500,000	4,500,000
N Sage	2,500,000	-	-	-	(2,500,000) <sup>(i)</sup>	-	-	-
<b>Other KMP</b>								
J Sinclair	10,000,000	5,000,000	(1,750,000)	-	-	13,250,000	6,250,000	7,000,000
	<b>42,500,000</b>	<b>5,000,000</b>	<b>(1,750,000)</b>	<b>-</b>	<b>(2,500,000)</b>	<b>43,250,000</b>	<b>27,250,000</b>	<b>16,000,000</b>

(i) On 2 August 2021, Mr Nicholas Sage sold 2,500,000 unlisted options at an exercise price of \$0.03 expiring 31 August 2022 via an off market transfer for \$125,000.

### Options awarded, vested and lapsed during the year

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

#### Options awarded to Directors

During the year ended 30 June 2023, shareholder approval was received for the issue of 20,000,000 unlisted at an exercise price of \$0.027 each and an expiry date of 7 September 2024 to Directors Mr Tony Sage (10,000,000 options), Mr Mark Hancock (10,000,000 options) (or their nominees) (**Director Options**).

The vesting condition in respect of the Director Options is as follows:

- Vest and become exercisable subject to remaining as an appointed director of the Company on 7 September 2023.

Details of the Director Options awarded are summarised as follows:

	<b>Number of Options</b>	<b>Exercise price per option</b>	<b>Expiry date</b>	<b>Estimated fair value of options at grant date</b>
A Sage	10,000,000	\$0.027	7 September 2024	\$0.0043
M Hancock	10,000,000	\$0.027	7 September 2024	\$0.0043

#### Options awarded to Other KMP

During the year ended 30 June 2023, Mr Jeremy Sinclair was awarded 5,000,000 unlisted options at an exercise price of \$0.027 and an expiry date of 7 September 2024 under the Company's shareholder approval Employee Securities Incentive Plan (**ESIP**) (**ESIP Options**).

The vesting condition in respect of the ESIP Options is as follows:

- Vest and become exercisable subject to remaining engaged as a consultant to the Company on 7 September 2023.

Details of the ESIP Options awarded are summarised as follows:

	<b>Number of Options</b>	<b>Exercise price per option</b>	<b>Expiry date</b>	<b>Fair value of options at grant date</b>
J Sinclair	5,000,000	\$0.027	7 September 2024	\$0.0078

Unlisted options awarded to Director or other KMPs which lapsed or expired during the year ended 30 June 2023 are summarised as follows:

	<b>Number of Options</b>	<b>Exercise price per option</b>	<b>Expiry date</b>	<b>Lapsed / Expired during the year</b>
A Sage	7,500,000	\$0.060	30 June 2023	Expired
M Hancock	7,500,000	\$0.030	31 August 2022	Expired
M Hancock	7,500,000	\$0.060	30 June 2023	Expired
J Sinclair	3,250,000	\$0.030	31 August 2023	Expired
J Sinclair	2,000,000	\$0.060	30 June 2023	Lapsed
J Sinclair	5,000,000	\$0.040	31 August 2023	Lapsed
J Sinclair	5,000,000	\$0.027	7 September 2024	Lapsed

### Transactions with directors, director related entities and other related parties

During the year ended 30 June 2023, an aggregate amount of \$80,989 (30 June 2022: \$686) was paid or payable to Cyclone Metals Ltd (**Cyclone**) for warehouse rental, IT and other corporate costs. At 30 June 2023, \$36,731 (plus GST) was payable to Cyclone (30 June 2022: nil). During the year ended 30 June 2023, nil was received or receivable from Cyclone for reimbursement of other corporate costs (30 June 2022: \$250). At 30 June 2023, nil was receivable from Cyclone (30 June 2022: \$250). Mr Antony Sage is a director of Cyclone.

During the year ended 30 June 2023, an aggregate amount of \$1,000 (30 June 2022: \$13,007) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs.

At 30 June 2023, nil was payable to European Lithium (30 June 2022: nil). During the year ended 30 June 2023, nil was received or receivable from European Lithium for reimbursement of other corporate costs (30 June 2022: \$1,410). At 30 June 2023, nil was receivable from European Lithium (30 June 2022: nil). Mr Antony Sage is a director of European Lithium.

During the year ended 30 June 2023, an aggregate amount of \$107,275 (30 June 2022: \$130,475) was paid or payable to Okewood Pty Ltd (**Okewood**) for office rent and corporate box sponsorship. At 30 June 2023, nil was payable to Okewood (30 June 2022: nil). Mr Antony Sage is a director of Okewood.

During the year ended 30 June 2023, an amount of \$654,578 (30 June 2022: nil) was paid or payable to Gold Valley Iron Ore Pty Ltd (a substantial shareholder of the Company) (**GVIO**) for royalty payments following their purchase of the rights of GWR Group Limited (**GWR**) over the JWD deposit (reflecting the Group's 60% share of the total \$1,090,963 royalty expenses). At 30 June 2023, nil was payable to GVIO (30 June 2022: nil).

**End of Remuneration Report**

## **AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the *Corporations Act 2001 (Cth)* requires the Company's auditor, Stantons, to provide the directors of the Company with an Independence Declaration in relation to the audit of the financial report. This Independence Declaration for the year is set out on page 23 and forms part of this Directors' Report. The Directors are satisfied with the independence of the auditor.

### **NON-AUDIT SERVICES**

No non-audit services were provided to the Group by the auditor, Stantons, during the year.

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



Mr Antony Sage  
Executive Chairman

28 September 2023



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Australia

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Australia

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28 September 2023

Board of Directors  
CuFe Limited  
32 Harrogate Street,  
West Leederville, WA 6017

Dear Directors

**RE: CUFE LIMITED**

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of CuFe Limited.

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

- (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.

Yours sincerely

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(An Authorised Audit Company)**

**Samir Tirodkar**  
**Director**



**CORPORATE GOVERNANCE STATEMENT**

The Company's Corporate Governance Statement for the year ended 30 June 2023 (which reports against the ASX Corporate Governance Council's Principles and Recommendations) may be accessed from the Company's website at [www.cufe.com.au](http://www.cufe.com.au).

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

	Notes	Consolidated	
		Year ended 30 June 2023	Year ended 30 June 2022
		\$	\$
<b>Revenue from continuing operations</b>			
Revenue	3(a)	35,021,811	32,997,036
Cost of sales	3(d)	(40,221,450)	(34,381,296)
Gross profit/(loss)		<u>(5,199,639)</u>	<u>(1,384,260)</u>
Interest income	3(b)	47,585	37,450
Other income	3(c)	3,211,614	9,132,230
Employee benefits expense and director remuneration	3(e)	(834,818)	(1,102,528)
Exploration and evaluation expenditure		(1,013,699)	(1,153,373)
Finance costs		(406,377)	(407,123)
Legal costs		(77,544)	(99,332)
Share-based payment expense	24(a)	(114,428)	(562,797)
Amortisation and depreciation expense		(4,231,981)	(2,768,060)
Accounting and audit fees		(371,410)	(296,833)
Consultancy fees		(94,062)	(240,557)
Compliance costs		(178,606)	(184,594)
Share of net losses of joint venture accounted for using the equity method	16	(589,625)	(266,879)
Other expenses	3(f)	(1,301,765)	(868,259)
<b>(Loss) before income tax</b>		<u>(11,154,755)</u>	<u>(164,915)</u>
Income tax expense	4	-	-
<b>(Loss) after income tax</b>		<u>(11,154,755)</u>	<u>(164,915)</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
-		-	-
<b>Other comprehensive income/(loss) for the year</b>		-	-
<b>Total comprehensive (loss) for the year</b>		<u>(11,154,755)</u>	<u>(164,915)</u>
 (Loss) per share attributable to ordinary equity holders of the parent			
- basic (loss) for the year (cents per share)	5	(1.15)	(0.02)
- diluted (loss) for the year (cents per share)	5	(1.15)	(0.02)

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2023**

	Notes	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6	3,896,360	7,193,910
Restricted cash	7	360,000	469,242
Inventory	8	3,711,719	4,568,168
Trade and other receivables	9	3,040,933	4,621,391
Other assets	10	147,141	177,485
Financial asset	11	318,818	3,405,067
<b>Total Current Assets</b>		<u>11,474,971</u>	<u>20,435,263</u>
<b>Non-Current Assets</b>			
Exploration and evaluation expenditure	12	9,184,992	8,866,852
Mine properties and development costs	13	1,793,658	5,331,936
Plant and equipment	14	22,628	22,900
Right of use assets	15	-	328,955
Investments accounted for using the equity method	16	2,409,727	2,999,352
<b>Total Non-Current Assets</b>		<u>13,411,005</u>	<u>17,549,995</u>
<b>TOTAL ASSETS</b>		<u>24,885,976</u>	<u>37,985,258</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	17	8,586,775	11,147,544
Interest-bearing borrowings	18	1,797,624	1,304,510
Lease liability	19	-	276,852
Provisions	20	131,208	131,208
<b>Total Current Liabilities</b>		<u>10,515,607</u>	<u>12,860,114</u>
<b>Non-Current Liabilities</b>			
Provisions	20	566,189	505,637
<b>Total Non-Current Liabilities</b>		<u>566,189</u>	<u>505,637</u>
<b>TOTAL LIABILITIES</b>		<u>11,081,796</u>	<u>13,365,751</u>
<b>NET ASSETS</b>		<u>13,804,180</u>	<u>24,619,507</u>
<b>EQUITY</b>			
Contributed equity	21	58,847,052	58,622,052
Accumulated losses	22	(49,403,566)	(38,248,811)
Reserves	23	4,360,694	4,246,266
<b>TOTAL EQUITY</b>		<u>13,804,180</u>	<u>24,619,507</u>

The accompanying notes form part of these financial statements.

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

<b>Consolidated</b>	<b>Contributed equity</b>	<b>Accumulated losses</b>	<b>Share-based payments reserve</b>	<b>Other Reserve</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2022</b>	58,622,052	(38,248,811)	4,362,697	(116,431)	24,619,507
Loss for the year ended 30 June 2023	-	(11,154,755)	-	-	(11,154,755)
Other comprehensive income/(loss)	-	-	-	-	-
	-	(11,154,755)	-	-	(11,154,755)
Transactions with owners in their capacity as owners:					
Shares issued (Exercise of Options)	225,000	-	-	-	225,000
Share-based payments	-	-	114,428	-	114,428
<b>Balance at 30 June 2023</b>	<b>58,847,052</b>	<b>(49,403,566)</b>	<b>4,477,125</b>	<b>(116,431)</b>	<b>13,804,180</b>

<b>Consolidated</b>	<b>Contributed equity</b>	<b>Accumulated losses</b>	<b>Share-based payments reserve</b>	<b>Other Reserve</b>	<b>Total</b>
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2021</b>	48,172,188	(38,083,896)	2,861,702	-	12,949,994
Loss for the year ended 30 June 2022	-	(164,915)	-	-	(164,915)
Other comprehensive income/(loss)	-	-	-	-	-
	-	(164,915)	-	-	(164,915)
Transactions with owners in their capacity as owners:					
Shares issued, net of costs (Placement)	4,592,562	-	-	-	4,592,562
Shares issued (Exercise of options)	355,000	-	-	-	355,000
Shares issued (JWD Project – DTM)	250,000	-	-	-	250,000
Shares issued (JWD Project – Additional 9% interest)	2,500,000	-	-	-	2,500,000
Shares issued (Tennant Creek acquisition)	2,550,000	-	-	-	2,550,000
Shares issued (Tennant Creek acquisition)	425,000	-	-	-	425,000
Options issued (Tennant Creek acquisition)	-	-	715,500	-	715,500
Options issued (Lead Manager to Placement)	(222,698)	-	222,698	-	-
Share-based payments	-	-	562,797	-	562,797
Change in interest in Joint Operation (JWD Project)	-	-	-	(116,431)	(116,431)
<b>Balance at 30 June 2022</b>	<b>58,622,052</b>	<b>(38,248,811)</b>	<b>4,362,697</b>	<b>(116,431)</b>	<b>24,619,507</b>

The accompanying notes form part of these financial statements.

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

	Notes	Consolidated	
		Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		34,706,698	33,199,992
Payments to suppliers and employees		(40,865,823)	(36,095,366)
Interest received		47,585	27,450
Payments for exploration and evaluation costs		(1,422,556)	(777,672)
Payment of interest and other finance costs		(378,487)	(313,868)
Income taxes paid		-	(78,896)
Reimbursement of funds from JV partner		-	500,000
<b>Net cash flows from/(used in) operating activities</b>	6(a)	<b>(7,912,583)</b>	<b>(3,538,360)</b>
<b>Cash flows from investing activities</b>			
Receipts from commodity collar/swaps transactions closed		5,993,663	5,559,470
Purchase of exploration assets		(308,165)	(5,091,352)
Purchase of plant and equipment		(8,993)	(6,518)
Payment for right to mine (allocated to capitalised mine development)		-	(1,080,000)
Payments for capitalised mine development		(51,570)	(900,958)
Refund of advance payment upon DTM of JWD Project		-	250,000
Refund of consideration paid to acquire additional 9% interest in JWD Project		-	1,000,000
Investment in joint venture		(1,107,470)	(532,063)
Proceeds from sale of exploration assets		-	575,000
Transfer of funds from/(to) to security deposit		109,242	(360,000)
Transfer of funds from/(to) restricted cash		-	(209,657)
<b>Net cash flows from/(used in) investing activities</b>		<b>4,626,707</b>	<b>(796,078)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shares issued (net of costs)		-	4,592,562
Proceeds from exercise of options		225,000	355,000
Proceeds from borrowings		17,244,660	9,551,504
Repayment of borrowings		(17,188,975)	(8,456,845)
Principal payments on lease liabilities		(292,359)	(344,721)
<b>Net cash flows from/(used in) financing activities</b>		<b>(11,674)</b>	<b>5,697,500</b>
Net (decrease)/increase in cash and cash equivalents		(3,297,550)	1,363,062
Cash and cash equivalents at beginning of year		7,193,910	5,830,848
<b>Cash and cash equivalents at end of year</b>	6	<b>3,896,360</b>	<b>7,193,910</b>

The accompanying notes form part of these financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****1 CORPORATE INFORMATION**

The financial report of CuFe Ltd (**CUF** or the **Company**) and the financial statements comprising CUF and its controlled entities (together the **Group**) for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 28 September 2023.

CUF is a for profit company limited by shares incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Company are mineral production, mineral exploration and project development which is further described in the Directors' Report.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES****(a) Basis of preparation**

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001 (Cth)*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for available-for-sale financial assets which are carried at fair value. The financial report is presented in Australian dollars unless otherwise stated.

**(b) Statement of compliance**

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board.

**(c) Going concern**

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

The Group had recorded a loss before income tax of \$11,154,755 for year ended 30 June 2023. At balance date, the Group had cash and cash equivalents of \$3,896,360 (30 June 2022: \$7,193,910) and a net working capital surplus of \$599,364 (excluding restricted cash) (30 June 2022: \$7,105,907 surplus). During the year, the Group recorded net cash outflows from operations of \$7,912,583, net cash inflows from investing activities of \$4,626,707 and net cash outflows from financing activities of \$11,674, resulting in net decrease in cash and cash equivalents of \$3,297,550.

Additional funding may be necessary for the Group to continue its planned mineral production and exploration activities associated with its projects in the next 12 months, including expenditure and commitments associated with the Company's existing projects (JWD Project, Yarram Project, Tennant Creek Project, North Dam and Tambourah).

The ability of the Group to continue as a going concern is dependent on it being able to either generate sufficient cashflow from operations or successfully raise additional funding in the next 12 months, to pursue its current strategy. At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due because the Directors are confident that the Group will be able to obtain the additional funding required either through a further capital raising, continued support from its existing shareholders, and through continuing realisation of value upon sale of product from the JWD Project.

Should the Group not achieve the matters set out above, there is significant uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

**(d) New standards, interpretations and amendments adopted by the Group**

*Standards and Interpretations applicable to 30 June 2023*

During the year ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the year end reporting period beginning on or after 1 July 2022. No changes were required.

As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2022 with no material impact on the amounts or disclosures included in the financial report.

**(e) New accounting standards and interpretations not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 30 June 2023. The Company's assessment of the impact of these new standards and interpretations has not identified any impact.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

**(f) Basis of consolidation**

The consolidated financial statements comprise the financial statements of CuFe Ltd and its subsidiaries as at and for the year ended 30 June 2023.

Subsidiaries are all those entities over which CuFe Ltd has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The financial statements of the Company's subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their fair values at the date of acquisition. Any difference between the fair value of the consideration and the fair values of the identifiable net assets acquired is recognised as goodwill or a gain on bargain purchase.

A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction.

**(g) Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

**(h) Trade and other receivables**

Trade receivables are measured initially at the transaction price determined under AASB 15. Other receivables are initially recognised at fair value. Receivables that are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principle and interest are classified and subsequently measured at amortised cost. Receivables that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Following initial recognition, the amortised cost is calculated using the effective interest method.

The Group assesses on a forward-looking basis the expected credit loss associated with its trade and short-term receivables carried at amortised cost. The expected credit loss is calculated based on the lifetime expected credit loss. In determining the expected credit loss the Group assesses the profile of the debtors and compares with historical recoverability trends, adjusted for factors that are specific to the debtors' general economic conditions and an assessment of both the current and forecast conditions as a reporting date.

The Group considers an event of default has occurred when a financial asset is more than 90 days past due or external sources indicate that the debtor is unlikely to pay its creditors, including the Group. A financial asset is credit impaired when there is evidence that the counterparty is in significant financial difficulty or a breach of contract, such as a default event has occurred. The Group writes off a financial asset when there is information indicating the counterparty is in severe financial difficulty and there is no realistic prospect of recovery and not subject to enforcement activity.

#### **(i) Inventory**

Diesel fuel stock, work in progress and finished goods are stated at the lower of cost and net realisable value. For partly processed and saleable iron ore, cost is based on the weighted average cost method and includes:

- Material and production costs directly attributable to the extraction, processing and transportation of iron ore;
- Production and transportation overheads; and
- Depreciation of property, plant and equipment used in the extraction, processing and transportation of iron ore.

Iron ore stockpiles represent iron ore that has been extracted and is available for further processing or sale. Quantities are assessed primarily through internal and third party surveys. Where there is an indication that inventory is impaired, inventory is written down to net realisable value. 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.

#### **(j) Exploration and evaluation**

Exploration and evaluation expenditure in relation to the Group's mineral tenements, other than acquisition costs, is expensed as incurred. Acquisition costs in relation to mineral tenements are capitalised and carried forward provided the rights to tenure of the area of the interest are current and such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not, at balance date, reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves. When the Directors decide to progress the development of an area of interest all further expenditure incurred relating to the area will be capitalised. Projects are advanced to development status and classified as mine development when it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest. Such expenditure is carried forward up to commencement of production at which time it is amortised over the life of the economically recoverable reserves. All projects are subject to detailed review on an annual basis and accumulated costs written off to the extent that they will not be recoverable in the future.

#### **(k) Mine property and development costs**

##### *Recognition and measurement*

Expenditure on the acquisition and development of mine properties within an area of interest are carried forward at cost separately for each area of interest. Accumulated expenditure is amortised on a straight-line basis over the expected life of the operation. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

##### *Amortisation*

The Group applies the life of mine method of amortisation to its mine properties and development costs.

##### *Impairment*

The Group assess each asset or cash generating unit (**CGU**) at the end of each reporting period to determine whether an indication of impairment exists. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made, which is considered to be the higher of value in

use (**VIU**) (being net present value of expected future cash flows of the relevant cash generating unit) and fair value less costs of disposal (**FVLCD**). The future recoverability of capitalised mine development expenditure is dependent on a number of factors, including the level of proved, probable and inferred mineral resources, future technological changes, which could impact the cost, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

The Group regularly reviews the carrying values of its mine development assets in the context of independent expert valuations, internal and external consensus forecasts for commodity prices and foreign exchange rates, with the application of appropriate discount rates for the assets concerned.

To the extent that capitalised mine development expenditure is determined not to be recoverable in the future, this will reduce profit in the period in which this determination is made. Capitalised mine development expenditure is assessed for recoverability in a manner consistent with property, plant and equipment as described below.

#### **(l) Property, plant and equipment**

Plant and equipment is stated at cost less accumulated depreciation and any impairment in value. Land is measured at cost.

Depreciation is calculated on a reducing balance basis over the estimated useful life of the asset as follows:

Plant and equipment – 3 to 5 years

#### **(m) Impairment of non-financial assets**

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

An asset's recoverable amount is the greater of the assets fair value less costs to sell and its value in use. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

#### **(n) Financial Instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

#### **Classification and measurement**

##### *Financial assets*

Except for those trade receivable that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured a fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effectiveness as hedging instruments are classified into the following categories upon initial recognition:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

Classifications are determined by both:

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

#### *Financial assets at amortised cost*

Financial assets are measured at amortised costs if the assets meet with the following conditions (and are not designated as FVPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

#### *Financial assets at fair value through other comprehensive income*

The Group does not hold any financial assets at fair value through other comprehensive income.

#### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term.

The Group has designated its commodity collar contracts and commodity swap contracts as financial assets at FVPL at inception (when it becomes a party to the contract).

Shares held for trading have been classified as financial assets at FVPL.

After initial recognition, financial assets designated at FVPL, are subsequently remeasured at fair value with gains or losses recognised in profit or loss (presented in 'Other income').

#### *Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, or payables, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVPL.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

#### *Fair value hierarchy*

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

*Level 1* – Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

*Level 2* – Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

*Level 3* – Measurements based on unobservable inputs for the asset or liability.

**(o) Trade and other payables**

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

**(p) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest rate method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity purposes and amortised over the period of the facility to which it relates.

Borrowings are removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(q) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(r) Contributed equity**

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

**(s) Revenue from contracts with customers**

AASB 15 *Revenue from Contracts with Customers* requires an entity to recognise revenue in a manner that represents performance obligations related to the transfer of promised goods or services in an amount that reflects the consideration to which the entity expects to be entitled. This means that revenue will be recognised when control of goods and/or are transferred, rather than on transfer of risks and rewards.

The Group produces and sells product free on board. Revenue from the sale of goods is recognised at a point in time when control of the product is transferred to the customer, which occurs when the product is physically transferred onto a vessel.

Revenue is measured at the fair value of the consideration received or receivable. That amount of revenue arising on a transaction is determined by an agreement between the Company and the customer.

Revenue is initially recognised based on the most recently determined estimate of product using the expected value approach based on initial assay and weight results (provisional pricing). The Group

has determined that it is highly unlikely that a significant reversal of the amount of revenue recognised will occur due to variations in assay and weight results. Subsequent changes in the fair value based on the customer's final sampling and analysis results are recognised in revenue (adjustment).

**(t) Interest revenue and other income**

*Interest*

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

**(u) Income tax and other taxes**

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

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

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

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

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

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of comprehensive income.

*Other taxes*

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

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

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

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

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

#### **(v) Earnings per share**

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

Diluted earnings per share is calculated as net profit/(loss) attributable to members of the Company, adjusted for:

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

Where a loss has been reported the dilutive effects of options are not adjusted for, in accordance with AASB 133 *Earnings per share*.

#### **(w) Foreign currency**

The functional currency of the Company and its controlled entities is Australian dollars (A\$).

Transactions in foreign currencies are initially recorded in the function currency at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange rate prevailing at the balance sheet date. All such exchange differences are recorded through profit or loss.

#### **(x) Operating segments**

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess their performance and for which discrete financial information is available.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the board of directors.

#### **(y) Investment in joint arrangements**

Joint arrangements are arrangements of which two or more parties have joint control. Joint Control is the contractual agreed sharing of control of the arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Joint arrangements are classified as either a joint operation or a joint venture, based on the rights and obligations arising from the contractual obligations between the parties to the arrangement.

The Group undertakes a number of activities through joint arrangements. A joint arrangement is an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control over an arrangement which exists only when the decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

The Group's joint arrangements are in the form of a joint operation (with respect to the Wiluna Iron JV) and a joint venture (with respect to the Yarram Iron JV).

##### *(i) Joint operation*

A joint operation is a type of joint arrangement in which the parties with joint control of the arrangement have rights to the assets and obligations for the liabilities in relation to the arrangement.

The Group recognises in relation to its joint operations:

- Assets, including its share of any assets held jointly
- Liabilities, including its share of any liabilities held jointly
- Revenue from the sale of its share of the output arising from the joint operation
- Share of the revenue from the sale of the output by the joint operation
- Expenses, including its share of any expenses incurred jointly

These amounts have been incorporated in the financial statements under the appropriate classifications.

The Wiluna Iron JV is accounted for as a joint operation.

*(ii) Joint venture*

A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

The joint venture is accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognized in profit or loss and the share of the movements in equity is recognized in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture.

Any goodwill or fair value adjustment attributable to the Group's share in the joint venture is not recognized separately and is included in the amount recognized as investment.

The carrying amount of the investment in joint venture is increased or decreased to recognize the Group's share of the profit or loss and other comprehensive income of the joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

The Yarram Iron JV is accounted for as a joint venture.

**(z) Share-based payments**

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

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Consolidated Entities best estimate of the number of equity instruments that will ultimately vest.

The statement of profit or loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Until an award has vested, any amounts recorded are contingent and will be adjusted if more or fewer awards vest than were originally anticipated to do so. Any award subject to a market condition is considered to vest irrespective of whether or not the market condition is fulfilled, provided that all other conditions are satisfied.

If a non-vesting condition is within the control of the Group, Company or the employee, the failure to satisfy the condition is treated as a cancellation. If a non-vesting condition within the control of neither the Group, Company nor employee is not satisfied during the vesting period, any expense for the award not previously recognised is recognised over the remaining vesting period, unless the award is forfeited.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. An additional expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

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

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of dilutive earnings per share.

#### **(aa) Intangible assets**

Intangible assets acquired separately are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period, with any changes in these accounting estimates being accounted for on a prospective basis.

#### **(bb) Leases**

The Group enters into contractual arrangements for mining contractor services, mining plant and equipment, haulage, vehicles, port access, port storage facilities, camp rental, and other assets.

The nature of these arrangements can be lease contracts or service contracts with embedded assets. Typically, the duration of these contracts is for period of between one to three years, some of which include extension options.

Leases are recognised on the balance sheet as a right of use asset, representing the lessee's entitlement to the benefits of the identified asset over the lease term, and a lease liability representing the lessee's obligation to make the lease payments. Each lease payment is allocated between its liability and finance cost component. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is amortised on a straight-line basis over the shorter of the useful life of the asset and lease term.

Liabilities arising from contractual arrangements which contain leases are initially measured at the present value of the future lease payments. These payments include the present value of fixed payments prescribed in the contract; variable lease payments based on an index or prescribed rate; amounts expected to be payable by the lessor under residual value guarantees; and exercise price of a purchase option if it is reasonably certain that the option will be exercised.

Right of use assets are initially measured at the amount of the initial lease liability plus any lease payments at or before commencement date less incentives received, plus any initial direct costs, and any costs required for dismantling and rehabilitation. Right of use assets are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses; and any adjustment for remeasurement of the lease liability. Lease liabilities are subsequently measured at present value, adjusted for any variations to the underlying contract terms.

Lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be determined, the Group's incremental borrowing rate is used, which is the rate which the Group would have to pay to borrow the funds necessary to obtain an asset of a similar value in a similar economic environment over a similar term and security.

Payments for short term leases and low value assets are recognised on a straight-line basis as an expense in the income statement. Short term leases are for a period of 12 months or less and contracts involving low value assets typically comprise small items of IT hardware and minor sundry assets.

#### **(cc) Significant accounting estimates and assumptions**

In the process of applying the Group's accounting policies management has the following significant accounting judgements apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements.

*Determination of mineral resources and ore reserves*

The Group reports its mineral resources and ore reserves in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 Edition ('the JORC code') as a minimum standard. The mineral resources for the JWD Iron Ore Project have been prepared in accordance with JORC 2004. The mineral resources for the Yarram Iron Ore Project and Tennant Creek Copper Project, and have been prepared in accordance with JORC 2012. The information on mineral resources and ore reserves were prepared by or under the supervision of Competent Persons as defined in the JORC code.

There are numerous uncertainties inherent in estimating mineral resources and ore reserves and assumptions that are valid at the time of estimation may change significantly when new information becomes available. Changes in the forecast prices of commodities, exchange rates, production costs or recovery rates may change the economic status of reserves and may, ultimately, result in reserves or resources being restated.

*Impairment of capitalised acquisition costs on exploration and evaluation projects*

Acquisition costs incurred in acquiring exploration assets are carried forward where right of tenure of the area of interest is current. These costs are carried forward in respect of an area that has not at balance sheet date reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. The future recoverability of these costs is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent these capitalised costs are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

*Share-based payment transactions*

The Group measures the cost of equity-settled and cash-settled transactions by reference to the fair value of the goods or services received in exchange if it can be reliably measured. If the fair value of the goods or services cannot be reliably measured, the costs is measured 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 the Black-Scholes model and the assumptions and carrying amount at the reporting date, if any, is disclosed in note 24.

*Deferred taxation*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, base level of future taxable profits together with future tax planning strategies.

*Joint Arrangements – Control assessment*

The Directors have determined that CUF's wholly owned subsidiary Wiluna Fe Pty Ltd (60% interest) and Gold Valley Iron Ore Pty Ltd (40% interest) jointly control the Wiluna Iron JV. Decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

The Directors have determined that CUF's wholly owned subsidiary Yarram Fe Pty Ltd (50% shareholder) and Gold Valley Brown Stone Pty Ltd (50% shareholder) jointly control the Yarram Iron JV. Each of the shareholder groups have one board member representing their interest, with decisions around the Yarram Iron JV being made jointly.

*Iron ore sales*

Where the 'Group's sales invoices are provisionally priced at the date of shipment, a subsequent final invoice, which is typically once the vessel has arrived at its destination, is issued and adjustments arise as a consequence of changes in moisture or ore quality, and price adjustments to reflect the final FOB price. Where a shipment remains subject to a final invoice being issued at balance date, the provisional price assumptions form the basis for revenue recognised in relation to such a shipment.

*Mine properties*

Ore reserves are estimates of the quantum of ore that can be economically and legally extracted from the Group's mining properties. The Group estimates its Ore Reserves and Mineral Resources based on information compiled by appropriately qualified persons relating to the geological data on the size, depth, and shape of the ore body and this requires complex geological judgements to interpret data.

The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements, and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, goodwill, provision for rehabilitation, recognition of deferred assets, and depreciation and amortisation charges.

#### *Inventories*

Accounting for inventories involves the use of estimates, particularly the measurement and valuation of inventory on hand. Critical estimates including pit volumes and density are calculated by consultants using available industry, engineering and scientific data.

#### *Estimation of useful lives of property, plant and equipment*

Useful lives and residual value of property, plant and equipment are reviewed annually. Judgement is applied in determining the useful lives of property, plant and equipment. Any reassessment of useful lives and residual value in a particular year will affect depreciation and amortisation expense (either increasing or decreasing) from the date of reassessment through to the end of the reassessed useful life for both the current and future years.

#### *Trade and other receivables*

The collectability of trade and other receivables, including the receivable from the sale of mining rights, is assessed continuously. At the reporting date, no allowances were made for any expected credit losses based on a review of all outstanding amounts at reporting period-end.

#### *Environmental rehabilitation provisions*

A provision has been made for the present value of anticipated costs for future restoration of mineral leases. The provision includes future cost estimates associated with rehabilitating areas of disturbance caused through the exploration and mining activities of the Group. The calculation of this provision requires assumptions such as the timing and cost estimates. In determining its calculation for the JWD Iron Ore Project, the Group refers to the Rehabilitation Estimate Calculation pursuant to the Mining Rehabilitation Fund Regulations 2013 based on an estimate of area of disturbance.

### 3 REVENUE, INCOME AND EXPENSES

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>(a) Revenue from continuing operations</b>		
Iron ore sales	35,021,811	32,997,036
	<u>35,021,811</u>	<u>32,997,036</u>
<b>(b) Interest income</b>		
Bank Interest	47,585	7,478
Other interest earned	-	29,972
	<u>47,585</u>	<u>37,450</u>
<b>(c) Other income</b>		
Realised gain on commodity collar/swap contracts	6,184,540	5,344,496
Unrealised (loss)/gain on financial asset – commodity collar/swap contracts (FVPL) <sup>1</sup>	(3,237,062)	3,325,609
Unrealised gain on financial asset – foreign currency contracts (FVPL)	82,201	-
Management fee income (JV)	48,000	48,900
Tenement management fee	-	7,525
Rental recharges income	22,648	2,717
Recoverable of receivable	42,674	-
Gain on sale of tenements	-	325,000
Gain on acquisition (Tennant Creek)	-	75,000
Fair value gain/(loss) on financial asset through profit and loss (refer note 11)	68,613	2,983
	<u>3,211,614</u>	<u>9,132,230</u>

<sup>1</sup> The loss amount shown for the year ended 2023 in this line item includes a reversal of \$3,325,609 financial asset recorded at 30 June 2022 (unrealised gain reported in the year ended 2022).

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>(d) Cost of sales</b>		
Royalty expense	(3,604,386)	(3,203,865)
Mining and processing	(11,020,493)	(11,555,212)
Haulage	(18,399,076)	(17,493,271)
Sales commission	(827,169)	(730,840)
Port and demurrage	(3,343,896)	(3,986,473)
Salaries, wages and other employee benefits	(499,705)	(449,615)
Inventory movement	(1,441,390)	4,823,038
Inventory impairment (write down to NRV)	-	(520,067)
Other operating costs	(1,085,335)	(1,264,991)
	<u>(40,221,450)</u>	<u>(34,381,296)</u>
<b>(e) Employment benefits and director remuneration</b>		
Directors' fees	(456,727)	(450,000)
Salaries, wages and other employee benefits	(341,351)	(611,796)
Payroll Tax	(36,740)	(40,732)
	<u>(834,818)</u>	<u>(1,102,528)</u>
<b>(f) Other expenses</b>		
Promotional and investor relations	(63,250)	(78,668)
Occupancy costs	(73,325)	(62,374)
Insurance costs	(113,655)	(219,493)
Stamp Duty	-	(126,038)
Doubtful debts expense	(43,534)	-
Other	(1,008,001)	(381,686)
	<u>(1,301,765)</u>	<u>(868,259)</u>

#### 4 INCOME TAX

	<b>2023</b>	<b>2022</b>
	\$	\$
(a) Income tax expense		
The major components of income tax expense are:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the statement of comprehensive income	<u>-</u>	<u>-</u>

	<b>2023</b>	<b>2022</b>
	\$	\$
(b) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated per the statutory tax rate		
Accounting loss before tax	(11,154,755)	(164,915)
Tax at the statutory income tax rate of 25% (2022: 25%)	(2,788,688)	(41,228)
Tax effect on impairment losses	10,883	-
Tax effect on non-temporary differences	34,837	148,923
Unrecognised tax losses and temporary differences	2,742,968	21,672
Utilised tax losses	-	(129,367)
Income tax expense reported in statement of comprehensive income	<u>-</u>	<u>-</u>
(c) Deferred tax liabilities		
Employee leave provision	(39)	-
Accrued interest	(525)	-
Gain/loss on financial assets	(15,402)	-
	<u>(15,966)</u>	<u>-</u>
Less: offset by deferred tax asset	15,966	-
Deferred tax liabilities	<u>-</u>	<u>-</u>

	<b>2023</b>	<b>2022</b>
	\$	\$
(d) Deferred tax assets		
Accrued expenditure	4,375	5,500
Accrued interest	-	1,443
Provision for rehabilitation	103,899	87,921
Provision for demobilisation	70,450	71,290
Employee leave provision	-	24,379
Gain/loss on financial assets	-	1,751
Tax losses	5,723,375	2,984,219
	<u>5,902,099</u>	<u>3,176,503</u>
Less: offset against deferred tax liabilities	(15,966)	-
Deferred tax assets not recognised	<u>5,886,133</u>	<u>3,176,503</u>

The Group has formed a tax consolidated group.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority. The Group has tax losses which arose in Australia of \$5,723,375 (tax effected) (2022: \$2,984,219 (tax effected)) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. In addition, the Group has capital losses of \$7,361,617 (tax effected) (2022: \$7,361,617 (tax effected)) which are not shown in the above table.

Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, they have arisen in companies that have been loss-making for some time, and there is no other evidence of recoverability in the near future.

## 5 LOSS PER SHARE

	<b>2023</b>	<b>2022</b>
	Cents	Cents
<i>Basic loss per share</i>		
Continuing operations	<u>(1.15)</u>	<u>(0.02)</u>
	<u>(1.15)</u>	<u>(0.02)</u>
<i>Diluted loss per share</i>		
Continuing operations	<u>(1.15)</u>	<u>(0.02)</u>
	<u>(1.15)</u>	<u>(0.02)</u>

Basic earnings/(loss) per share amounts are calculated by dividing net profit/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of shares on issue during the year.

Diluted earnings per share amounts are calculated by dividing the net profit/(loss) attributable to shareholders by the weighted average number of shares on issue during the period (adjusted for the effects of dilutive options). Where a loss has been reported the dilutive effects of options are not adjusted for, in accordance with AASB 133 *Earnings per share*.

In the year ended 30 June 2023 and 30 June 2022 the diluted loss per share was equal to the basic loss per share as the options on issue as at the respective periods were anti-dilutive.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Loss used in calculation of basic and diluted loss per share</i>		
Continuing operations	<u>(11,154,755)</u>	<u>(164,915)</u>
	<u>(11,154,755)</u>	<u>(164,915)</u>
	<b>2023</b>	<b>2022</b>
	<b>No.</b>	<b>No.</b>
Weighted average number of ordinary shares for basic earnings/(loss) per share	965,968,134	880,735,413
Effect of dilution:		
Unlisted options	-	-
Adjusted weighted average number of ordinary shares for diluted earnings/(loss) per share	<u>965,968,134</u>	<u>880,735,413</u>

The unlisted options outstanding at 30 June 2023 and 30 June 2022 were found to have an anti-dilutive effect on the calculation. At 30 June 2023 and 30 June 2022, the basic earnings/(loss) per share is equal to the diluted earnings/(loss) per share.

## 5 CASH AND CASH EQUIVALENTS

	2023 \$	2022 \$
<i>Cash and cash equivalents</i>		
Cash at bank and on hand	3,896,360	7,193,910

Cash at bank and on hand earns interest at the floating rates based on daily bank deposit rates.

### (a) Reconciliation of net loss after tax to net cash flows from operations

	2023 \$	2022 \$
Net loss for the year	(11,154,755)	(164,915)
<i>Adjustments for:</i>		
Depreciation	9,265	9,860
Amortisation	4,222,716	2,758,200
Share-based payment expense	114,428	562,797
Share of net losses of joint venture accounted for using equity method	589,625	266,878
Realised gain on financial asset – commodity collar/swap contracts (FVPL)	(5,993,663)	(5,559,470)
Unrealised gain/loss on financial asset – commodity collar/swap contracts (FVPL)	3,237,062	(3,325,609)
Unrealised gain on financial asset – foreign currency contracts (FVPL)	(82,201)	-
Recovery of receivable	(42,674)	-
Doubtful debts expense	43,534	-
Gain on extinguishment of liabilities with shares (Tennant Creek acquisition)	-	(75,000)
Gain on Tennant Creek acquisition (interest)	-	(10,000)
Fair value gain/loss on financial asset through profit and loss	(68,613)	(2,983)
	2,029,479	(5,375,327)
<i>Changes in assets and liabilities</i>		
(Increase) / decrease in trade and other receivables	2,168,991	(2,746,581)
(Increase) / decrease in prepayments	30,344	234,992
(Increase) / decrease in inventory	856,449	(4,568,167)
Increase / (decrease) in trade and other payables	(1,599,579)	9,101,645
Increase / (decrease) in employee provisions	(243,514)	58,889
Increase / (decrease) in tax payable	-	(78,896)
	1,212,693	2,001,882
Net cash flow from / (used in) operating activities	(7,912,583)	(3,538,360)

### (b) Non-cash investing and financing activities

#### *Year ended 30 June 2023*

There were no non-cash investing and financing activities during the year ended 30 June 2023.

#### *Year ended 30 June 2022*

CUF issued 4,807,692 shares as milestone payment upon decision to mine in relation to the Wiluna Transaction, representing a non-cash payment of \$250,000. Refer note 13(b) for further details.

CUF issued 43,859,649 shares as consideration to acquire an additional 9% interest in the Wiluna Iron Joint Venture (increasing from 51% to 60% interest), representing a non-cash payment of \$2,500,000. Refer note 13(c) for further details.

In respect of the Tennant Creek Acquisition, CUF issued 85,000,000 shares (non-cash payment \$2,550,000) and 75,000,000 unlisted options (non-cash payment \$715,500) upon completion of the transaction on 9 December 2021. Pursuant to a variation to the agreement, CUF issued a further

12,500,000 shares (non-cash payment \$425,000) on 11 April 2022. Refer note 12(b) for further details.

## 6 RESTRICTED CASH

	2023 \$	2022 \$
Restricted cash	360,000	469,242

## 7 INVENTORY

	2023 \$	2022 \$
Diesel fuel	70,844	114,614
Work in Progress Run of Mine	1,596,696	1,399,933
Finished Goods Site	176,696	365,360
Finished Goods Port	1,867,484	2,688,261
	<u>3,711,719</u>	<u>4,568,168</u>

## 8 TRADE AND OTHER RECEIVABLES

	2023 \$	2022 \$
<i>Current</i>		
Trade receivables	373,129	46,735
Net GST receivable	956,879	1,632,318
Deposits	29,657	209,657
Other receivable (a)	1,097,513	2,632,181
Other advance (b)	431,591	-
Tax receivable	152,164	100,500
	<u>3,040,933</u>	<u>4,621,391</u>

(a) Relates to an amount receivable in respect of the Wiluna Iron Joint Operation, being an advance of \$1,097,513. The Wiluna Iron JV is accounted for as a joint operation. In accordance with the Group's accounting policy, the Group recognises its share of the joint operation's assets and liabilities. The advance amount of \$1,097,513 shown in the consolidated financial statements reflects \$2,743,783 (being 100% of the advance receivable by CuFe Ltd from Wiluna Iron Joint Venture) less \$1,646,270 (being elimination of the 60% share of the advance payable from Wiluna Iron Joint Venture to CuFe Ltd). The advance arises in respect of JWD-related expenses which have been recharged from CuFe Ltd to Wiluna Iron Joint Venture during the period.

Other receivables are amounts which generally arise from transactions outside the usual operating activities of the Group and are non-interest bearing with no fixed terms. Other receivables do not contain impaired assets, are not past due date and are expected to be received in full.

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. It is not the Group's policy to transfer (on-sell) receivables to special purpose entities.

(b) As referred to at note 17(b) and note 16(b)(3), the Company obligation in respect of the \$1,900,000 subscription funds payable was satisfied during the year ended 30 June 2023. As at 30 June 2023, the Company had made total payments of \$2,331,591 for and on behalf of the Yarram Iron JV; the excess expenditure amount of \$431,591 shown as 'other advance' above.

As part of the Restructure Transaction referred to at note 32, the Yarram milestone payment of \$1.5m has been re-structured from completion of the Restructure Transaction. Under the subscription agreement pursuant to which the 50/50 Yarram Joint Venture was formed, CuFe agreed to make a milestone payment to Goldvalley Brown Stone Pty Ltd (**GVBS**) of \$500k in cash and \$1m in cash or shares at CuFe's election, payable upon CuFe announcing an Indicated JORC Mineral Resource Estimate of 3mt grading in excess of 60% Fe at the Yarram Iron Ore Project. This obligation has been restructured such that CuFe has agreed to carry the next \$500k of GVBS's joint venture costs (**Next Carry**) under the Yarram Joint Venture and the \$1m payable to GVBS in cash or shares at CuFe's election is deferred until a decision to mine is made on the Yarram Iron Project.

The 'other advance' amount referred will be applied to the Next Carry obligation in the next financial reporting period.

(c) None of the receivables are past due and/or impaired.

## 9 OTHER ASSETS

	2023 \$	2022 \$
Prepaid expenses	147,141	177,485
	<u>147,141</u>	<u>177,485</u>

## 10 FINANCIAL ASSET

	2023 \$	2022 \$
Fair value through profit or loss (FVTPL) – equity investment (a)	149,158	80,545
Fair value through profit or loss (FVTPL) – commodity collars/swaps	87,459	3,324,522
Fair value through profit or loss (FVTPL) – foreign currency contracts	82,201	-
	<u>318,818</u>	<u>3,405,067</u>

### (a) Movements

Balance at beginning of year	80,545	77,562
Purchase of equity investment	-	-
FVTPL	68,613	2,983
Balance at end of the year	<u>149,158</u>	<u>80,545</u>

## 11 EXPLORATION ASSETS

	2023 \$	2022 \$
Acquisition Cost – Tenements pursuant to Tennant Creek Transaction	8,866,852	8,866,852
Acquisition Cost – North Dam Project	318,140	-
	<u>9,184,992</u>	<u>8,866,852</u>

### Movements in exploration assets

Carrying value at beginning of period	8,866,852	-
Consideration in cash (North Dam Project) (a)	300,000	-
Stamp duty and other acquisition costs (North Dam Project) (a)	18,140	-
Consideration in cash (Tennant Creek Transaction) (b)	-	3,000,000
Consideration in shares (Tennant Creek Transaction) (b)	-	2,550,000
Consideration in options (Tennant Creek Transaction) (b)	-	715,500
Deferred Consideration (Tennant Creek transaction) settled (b)	-	2,000,000
Stamp duty (Tennant Creek Transaction) (b)	-	601,352
Balance at end of period	<u>9,184,992</u>	<u>8,866,852</u>

(a) On 9 May 2023 the Company announced it had entered into an agreement to acquire tenement E15/1495, covering approximately 14km<sup>2</sup> of ground 20kms south of Mineral Resources Mt Marion Mine and within 6kms of the Spargos Reward Gold Mine. Tenement E15/1495 is located approximately 50km SSE of the township of Coolgardie, within the Southern Yilgarn Lithium Belt that includes the known spodumene deposits such as the Bald Hill Mine, the Mt Marion Mine, the Pioneer Dome Project, Manna Lithium Project and the Buldania Project.

Under the terms of the sale and purchase agreement, consideration includes \$300,000 cash, a \$300,000 milestone payment payable in the event production occurs in the future from the tenure (**E15/1495 Milestone Payment**), and a 1% gross sales royalty. The vendor retains rights to gemstones on the tenement. The tenement acquisition was completed on 6 June 2023.

(b) On 24 September 2021, the Company announced that it had entered into a binding agreement to acquire a 60% interest in copper / gold assets which have been the subject of historical mining at Tennant Creek in the Northern Territory from Gecko Mining Company Pty Ltd (**GMC**) (**Tennant Creek Acquisition**). The Tennant Creek Acquisition was completed on 9 December 2021.

Consideration included \$5,000,000 cash (payable in three instalments) (**Cash Consideration**), 85,000,000 shares (**Tennant Creek Consideration Shares**), and 75,000,000 unlisted options exercisable at \$0.10 expiring 3 years from date of issue (**Tennant Creek Consideration Options**). The shares and unlisted options which were approved for issue by shareholders at the Company's 2021 AGM were issued and the transaction was completed on 9 December 2021. At that date, there remained a deferred cash payment of \$2,000,000 (part of the Cash Consideration) (**Deferred Consideration**) which was payable six months from completion.

The fair value of the Tennant Creek Consideration Shares paid of \$2,550,000 (refer note 21), based on the Company's share price on 9 December 2021 of \$0.03 per share, has been used to record the value of exploration and evaluation assets on initial recognition in accordance with the Group's accounting policies.

The fair value of the Tennant Creek Consideration Options was determined to be \$715,500 based on a Black and Scholes valuation on 9 December 2021.

Stamp duty in respect of the Tennant Creek Acquisition was assessed at \$601,352 which was paid during the year ended 30 June 2022.

#### *Variation of Tennant Creek Acquisition*

On 8 April 2022, the Company advised a variation of terms to the binding agreement previously entered into with GMC. The parties agreed to vary the agreement such that the Deferred Consideration amount would be settled as follows:

- \$1,000,000 payable in cash 8 April 2022;
- \$500,000 to be settled via the issue of 12,500,000 ordinary shares at a deemed issue price of \$0.04 each on 11 April 2022 (fair value on date of issue \$425,000); and
- \$500,000 payable in cash 1 July 2022 (**Final Cash Payment**).

The Final Cash Payment was settled on 1 June 2022 at a discounted amount of \$490,000 (representing a saving of \$10,000 for early payment).

CUF and GMC have formed an unincorporated joint venture in respect of the Tennant Creek Project tenements, with CUF as manager of the joint venture. CUF will pay the first \$10,000,000 of joint venture expenditure incurred.

#### *(c) Restructure Transaction (Tennant Creek impact)*

As part of the Restructure Transaction detailed at note 32, CUF's interest in the Tennant Creek Project has decreased from 60% to 55% on 1 September 2023.

## 12 MINE PROPERTIES AND DEVELOPMENT COSTS

	2023 \$	2022 \$
Acquisition and capitalised costs – Wiluna Iron JV (a)	8,065,864	7,710,381
Accumulated amortisation – Wiluna Ion JV (b)	<u>(6,272,206)</u>	<u>(2,378,445)</u>
	<u>1,793,658</u>	<u>5,331,936</u>
<i>Movements</i>		
Carrying value at beginning of year	5,331,936	2,892,656
Milestone consideration paid / (refunded) in cash (decision to mine) (a)	-	(230,000)
Milestone consideration paid in shares (decision to mine) (a)	-	250,000
Consideration paid in shares (additional 9% interest) (b)	-	2,500,000
Transfer prepaid royalty to Wiluna Iron Joint Venture	-	(225,000)
Expenditure incurred (c)	355,483	2,522,725
Amortisation	<u>(3,893,761)</u>	<u>(2,378,445)</u>
Closing value at end of year	<u>1,793,658</u>	<u>5,331,936</u>

(a) CUF's holds a 60% interest in the JWD Project at 30 June 2023 (30 June 2022: 60%).

(b) In April 2021, the Company made a payment of \$230,000 in cash to GVIO, representing an advance payment of the additional consideration payable (as agreed to be varied from \$250,000) pursuant to the Wiluna Transaction upon a decision to mine.

During the year ended 30 June 2022, the cash advance was refunded to CUF (plus interest of \$20,000), and 4,807,692 shares were issued in settlement of the \$250,000 consideration component payable upon decision to mine in respect of the JWD Project.

- (c) As announced on 25 May 2021, CUF paid a \$1,000,000 refundable deposit to its joint venture partner to secure an option to increase its interest in the JWD Iron Ore Project from 51% to 60% for consideration of \$2,500,000.

Following receipt of shareholder approval to issue equity to complete this transaction, CUF exercised its option and elected to settle payment of the consideration amount via the issue of 43,859,649 shares. During the year ended 30 June 2022, the \$1,000,000 refundable deposit has been repaid to CUF and on 28 July 2021 the shares were issued.

- (d) Costs incurred in respect of the development of the JWD Iron Ore Project have been capitalised.

- (e) *Volatility of Iron Ore Prices*

The market price of iron ore has been volatile during the year. The Company is continuing to advance its iron ore projects (including JWD Project operations), manages a hedging program, is taking steps to mitigate cash outflow, and will continue to monitor the market price of iron ore prices and the impact this may have on planned activities.

- (f) *Restructure Transaction (JWD project impact)*

As part of the Restructure Transaction detailed at note 32, CUF increased its interest in the iron ore rights over the JWD iron ore mine from 60% to 100% on 1 September 2023.

### 13 PLANT AND EQUIPMENT

	2023 \$	2022 \$
Gross carrying value at cost	46,536	37,543
Accumulated depreciation	(23,908)	(14,643)
	<u>22,628</u>	<u>22,900</u>
<i>Movements in plant and equipment</i>		
Carrying value at beginning of year	22,900	26,242
Additions	5,651	6,518
Depreciation charge for the period	(9,265)	(9,860)
Carrying value at end of year	<u>22,628</u>	<u>22,900</u>

### 14 RIGHT OF USE ASSETS

	2023 \$	2022 \$
Cost	-	716,827
Accumulated amortisation	-	(387,872)
	<u>-</u>	<u>328,955</u>
<i>Movements in Right of Use Assets</i>		
Balance as at beginning of period	328,955	-
Recognition of right of use asset at inception of lease (a)	-	716,827
Amortisation of right of use assets	(328,955)	(387,872)
Balance at end of period	<u>-</u>	<u>328,955</u>

- (a) The Group has entered into a lease agreement for camp room hire and facilities located near to the JWD Project site. The period of the lease expired on 31 May 2023.

**15 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

(a) Reconciliation of carrying amount of investments accounted for using the equity method

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Investments accounted for using the equity method – Yarram Iron JV	2,409,727	2,999,352
<i>Movement in Investment</i>		
Balance at beginning of period	2,999,352	3,266,230
Initial cost of investment (b)	-	-
Share of profit/(loss) of joint venture	(589,625)	(266,878)
Balance at end of period	2,409,727	2,999,352

On 22 December 2020, the Company advised it had completed the transaction (initially announced to ASX on 21 August 2020) to acquire a 50% interest in the Yarram iron ore project (**Yarram Iron JV**) in the Northern Territory (**Yarram Transaction**). Completion of the transaction was effected on 22 December 2020, via CUF (via its wholly owned subsidiary Yarram FE Pty Ltd (**Yarram FE**)) purchasing a 50% share in Gold Valley Iron and Manganese Pty Ltd (**GVIM**), being the entity which owns the Yarram Iron Ore Rights.

(b) The initial cost of investment (completed 22 December 2020) is summarised as follows:

	<b>Cost of investment</b>
	<b>\$</b>
Cash <sup>1</sup>	945,000
Shares <sup>2</sup>	500,000
Subscription amount payable to GVIM <sup>3</sup>	1,900,000
	3,345,000

<sup>1</sup> Cash consideration pursuant to agreement of \$1,000,000 less \$55,000 liabilities assumed.

<sup>2</sup> Being 31,250,000 shares valued at \$500,000 based on deemed issue price of \$0.016 per share.

<sup>3</sup> Refers to subscription funds payable in relation to 500,000 shares in GVIM, being:

(i) a minimum payment of \$1,500,000; and

(ii) up to an additional \$400,000 as directed by the Board of GVIM;

at a date to be determined by the Board of GVIM.

The subscription funds payable amount was fully satisfied during the year ended 30 June 2023.

(c) Summarised financial information for the Yarram Iron JV

The tables below provide summarised consolidated financial information for the Yarram Iron JV company (GVIM) and its wholly owned subsidiary (Yarram Iron Pty Ltd). The information disclosed reflects the amounts presented in the financial statements of the joint venture and not CUF's share of those amounts.

<i>Summarised balance sheet:</i>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
Current Assets		
Trade and other receivables	455	677,807
Other assets	36,070	99,376
Total Current Assets	36,525	777,183
<b>TOTAL ASSETS</b>	<b>36,525</b>	<b>777,183</b>
<b>LIABILITIES</b>		
Current Liabilities		
Trade and other payables	439,137	546
Total Current Liabilities	439,137	546
<b>TOTAL LIABILITIES</b>	<b>439,137</b>	<b>546</b>
<b>NET ASSETS/(LIABILITIES)</b>	<b>(402,612)</b>	<b>776,637</b>

**16 TRADE AND OTHER PAYABLES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Trade payables (a)	5,935,523	8,832,717
Employee related liabilities	158,874	159,825
Subscription funds payable (b)	-	677,352
Other payables and accruals (c)	2,492,378	1,477,650
	<u>8,586,775</u>	<u>11,147,544</u>

- (a) Trade payables are non-interest bearing and are normally settled on 30-day terms. The majority of trade payables at 30 June 2023 are attributable to the Wiluna Iron Joint Venture (refer to Note 9(a)).
- (b) Relates to the initial subscription funds payable for shares in GVIM of \$1,900,000 (refer to note 16(b)(3)) (satisfied during the year ended 30 June 2023).
- (c) Other payables are non-interest bearing and have varying terms.

**17 INTEREST-BEARING BORROWINGS**

	<b>2023</b>	<b>2022</b>
	\$	\$
USD Loan – Principal (a)	1,793,950	1,298,737
USD Loan – Interest (a)	3,674	5,773
	<u>1,797,624</u>	<u>1,304,510</u>
<i>Movements in borrowings</i>		
Balance at beginning of year	1,304,510	-
Receipt of loan funds	17,292,509	9,551,504
Interest accrued	346,647	321,997
Repayment of principal loan	(17,188,975)	(8,456,839)
Payment of interest	(346,647)	(319,647)
FX revaluation	389,580	207,495
Balance at end of year	<u>1,797,624</u>	<u>1,304,510</u>

*(a) Stock Finance Facility*

As announced on 27 July 2021, the Company, via its wholly owned subsidiary Wiluna FE Pty Ltd, entered an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**), for 100% of the JWD product (iron ore lumps and fines) over the life of CUF's operations at the mine, subject to GVIO's right (assigned by GWR Group Ltd (**GWR Group**) to GVIO in July 2022) to elect to purchase up to 50,000 tonnes of fines product at the mine gate.

As announced 12 January 2022, the agreement has been restructured to allow drawdowns of up to USD\$3,000,000 (CUF's 60% share: USD\$1,800,000) against stock held at port, to assist the Company in management of working capital as required as Operator of the JWD JV (**Stock Finance Facility**).

USD\$984,925 (CUF's 60% share: USD\$590,955) has been drawn at 30 June 2023 against stock at port. Funds drawn pursuant to the Stock Finance Facility are included in the above as A\$890,163 (being CUF's 60% share in AUD equivalent).

*Loan Facility*

As announced 20 January 2023, to assist in funding the working capital associated with the ramp up of activity the Company negotiated a USD\$2,000,000 prepayment facility with Glencore (**Loan Facility**), which was drawn down in January 2023. As at 30 June 2023, there remains USD\$600,000 (A\$903,787 equivalent) plus interest (A\$3,674) owing under the Loan Facility.

**18 LEASE LIABILITY**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Right of use lease liability	-	276,852
<i>Non-current</i>		
Right of use lease liability	-	-
Total	-	276,852

**19 PROVISIONS**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Provision for demobilisation – JWD Project (a)	131,208	131,208
	131,208	131,208
<i>Non-current</i>		
Provision for rehabilitation – JWD Project (b)	415,596	351,684
Provision for demobilisation – JWD Project (a)	150,593	153,953
	566,189	505,637
Total	697,397	636,845

- (a) Included within the provision for demobilisation at 30 June 2023 is an amount of \$131,208 which reflects the Group's 60% share of a total \$218,680 amount which may be payable at end of the camp lease (refer to note 15(a)).
- (b) The provision for rehabilitation of \$415,596 recorded in the statement of financial position at 30 June 2023 reflects the Group's 60% share of the total \$692,660 provision for rehabilitation of Wiluna Iron JV (accounted for as a joint operation in accordance with the Group's accounting policy). The provision for rehabilitation of \$692,660 of Wiluna Iron JV has been calculated using the Rehabilitation Estimate Calculation pursuant to the *Mining Rehabilitation Fund Regulations 2013* based on an estimate of area of disturbance (calculated at \$1,492,660), less \$800,000 (project to date) which has been prepaid pursuant to an agreement.

**20 CONTRIBUTED EQUITY**

	<b>2023</b>	<b>2022</b>
	\$	\$
<i>Ordinary shares</i>		
Issued and fully paid	58,847,052	58,622,052

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

	<b>2023</b>	<b>2023</b>	<b>2022</b>	<b>2022</b>
	No. of shares	\$	No. of shares	\$
<i>Movements in ordinary shares on issue</i>				
Balance at beginning of year	958,612,365	58,622,052	699,445,024	48,172,188
Shares issued - milestone shares (Wiluna JWD DTM) (a)	-	-	4,807,692	250,000
Shares issued - consideration (Wiluna JWD additional 9% interest) (b)	-	-	43,859,649	2,500,000
Shares issued - completion shares (Tennant Creek Transaction) (c)	-	-	85,000,000	2,550,000
Shares issued - completion shares (Tennant Creek acquisition) (c)	-	-	12,500,000	425,000
Shares issued - Placement at \$0.050 per share (d)	-	-	100,000,000	5,000,000
Shares issued - exercise of options (e)	7,500,000	225,000	13,000,000	355,000
Share issue costs - options issued to Lead Manager to Placement (d)	-	-	-	(222,698)
Share issue costs - cash	-	-	-	(407,438)
Balance at end of year	966,112,365	58,847,052	958,612,365	58,622,052

(a) Refer to note 13(b).

(b) Refer to note 13(c).

(c) Refer to note 12(b).

(d) On 24 September 2021, the Company announced that it had received commitments to raise \$5,000,000 through a placement of 100,000,000 ordinary shares (**Placement Shares**) to sophisticated investors at \$0.05 per share (**Placement**). The Placement Shares were issued on 1 October 2021.

Following receipt of shareholder approval, investors were also to be issued one option (exercise price \$0.06, expiring 2 years from issue) for every two shares issued (**Placement Options**). The Placement lead manager was also entitled to receive 20,000,000 options on same terms as the Placement Options (**Lead Manager Options**).

(e) During the year ended 30 June 2023, the Company raised a total of \$225,000 from the exercise of the following unlisted options:

- 7,500,000 shares issued upon exercise of unlisted options exercisable at \$0.03 expiring 31 August 2022

During the year ended 30 June 2022, the Company raised a total of \$355,000 from the exercise of the following unlisted options:

- 6,000,000 shares issued upon exercise of unlisted options exercisable at \$0.03 expiring 31 August 2022
- 7,000,000 shares issued upon exercise of unlisted options exercisable at \$0.025 expiring 31 March 2022

**Other Securities on Issue**

	<b>2023 No.</b>	<b>2022 No.</b>
<i>Options over ordinary shares</i>		
Unlisted options	120,750,000	148,500,000
Listed options (ASX:CUFO)	70,000,000	70,000,000
	<u>190,750,000</u>	<u>218,500,000</u>

<i>Movements in options on issue</i>	<b>Balance at 1 July 2022</b>	<b>Granted</b>	<b>Exercised</b>	<b>Expired/ lapsed</b>	<b>Balance at 30 June 2023</b>
	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>	<b>No.</b>
<i>Share-based payments (refer note 24):</i>					
Unlisted options at \$0.030 expiring 31/08/2022	24,000,000	-	(7,500,000)	(16,500,000)	-
Unlisted options at \$0.040 expiring 31/08/2023	8,000,000	-	-	(5,000,000)	3,000,000
Unlisted options at \$0.035 expiring 12/10/2023	5,000,000	-	-	-	5,000,000
Unlisted options at \$0.045 expiring 12/04/2024	5,000,000	-	-	-	5,000,000
Unlisted options at \$0.060 expiring 12/10/2024	5,000,000	-	-	-	5,000,000
Unlisted options at \$0.060 expiring 30/06/2023	25,500,000	-	-	(25,500,000)	-
Unlisted options at \$0.074 expiring 31/12/2022	1,000,000	-	-	(1,000,000)	-
Unlisted options at \$0.10 expiring 09/12/2024	75,000,000	-	-	-	75,000,000
Unlisted options at \$0.27 expiring 07/09/2024	-	34,250,000	-	(6,500,000)	27,750,000
Listed options at \$0.06 expiring 24/11/2023	20,000,000	-	-	-	20,000,000
	<u>168,500,000</u>	<u>34,250,000</u>	<u>(7,500,000)</u>	<u>(54,500,000)</u>	<u>140,750,000</u>
<i>Free-attaching options:</i>					
Listed options at \$0.06 expiring 24/11/2023	50,000,000	-	-	-	50,000,000
	<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000,000</u>
<b>TOTAL</b>	<u>218,500,000</u>	<u>34,250,000</u>	<u>(7,500,000)</u>	<u>(54,500,000)</u>	<u>190,750,000</u>

**21 ACCUMULATED LOSSES**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Accumulated losses	<u>(49,403,566)</u>	<u>(38,248,811)</u>
<i>Movements in accumulated losses</i>		
Balance at beginning of year	(38,248,811)	(38,083,896)
Loss for the year	(11,154,755)	(164,915)
Balance at end of year	<u>(49,403,566)</u>	<u>(38,248,811)</u>

**22 RESERVES**

	<b>2023</b>	<b>2022</b>
	\$	\$
Share-based payments reserve (a)	4,477,125	4,362,697
Other equity reserve	(116,431)	(116,431)
	<u>4,360,694</u>	<u>4,246,266</u>
<i>(a) Movements in Share-based payments reserve</i>		
Balance at beginning of year	4,362,697	2,861,702
Share-based payments made during the year (refer note 24)	114,428	1,500,995
Balance at end of year	<u>4,477,125</u>	<u>4,362,697</u>

*Nature and purpose of reserve*

This reserve is used to record the value of share-based payments made to directors, employees, and consultants, and as consideration to acquire assets (in the form of unlisted options).

**23 SHARE-BASED PAYMENTS**

Share-based payment transactions recognised during the year were as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
(a) Share-based payments expensed through profit and loss: Options <sup>(i)</sup>	<u>114,428</u>	<u>562,797</u>
(b) Share-based payments included in statement of financial position:		
Share-based payments – shares (capitalised mine development)	-	2,750,000
Share-based payments - shares (Tennant Creek Acquisition)	-	2,550,000
Share-based payments - shares (exploration assets)	-	425,000
Share-based payments - options (exploration assets)	-	715,500
Share-based payments - investment accounted for using equity method	-	-
	<u>-</u>	<u>6,440,500</u>
(c) Share-based payments expensed through equity: Options	<u>-</u>	<u>222,698</u>
	-	222,698
Sub-total share-based payments – Options	114,428	1,500,995
Sub-total share-based payments – Shares	-	5,725,000
<b>Total share-based payments</b>	<u>114,428</u>	<u>7,225,995</u>

<sup>(i)</sup> During the year, the Company issued or granted the following options:

- 20,000,000 unlisted options exercisable at \$0.027 expiring 7 September 2024 with vesting conditions issued to Directors Mr Tony Sage (10,000,000 options), Mr Mark Hancock (10,000,000 options) (or their nominees) (**Director Options**); and
- 14,250,000 unlisted options exercisable at \$0.027 expiring 7 September 2024 with vesting conditions issued pursuant to the Company's ESIP (**ESIP Options**).

## (d) Fair value of options issued or granted

The fair value of unlisted options issued or granted during the period has been determined using a Black-Scholes option pricing model. The following table lists the inputs to the model:

	Director Options*	ESIP Options
Expiry date	7 September 2024	7 September 2024
Valuation date	30 November 2022	7 September 2022
Dividend yield (%)	Nil	Nil
Expected volatility (%)	93%	86%
Risk free interest rate (%)	3.19%	3.25%
Exercise price (\$)	\$0.027	\$0.027
Discount (%)	Nil	Nil
Expected life of options (years)	1.77	2.00
Share price at grant date (\$)	\$0.014	\$0.020
Value per option (\$)	\$0.0043	\$0.0078

\* Director Options (subject to receipt of shareholder approval) were initially proposed to be issued as announced 8 September 2022. Shareholder approval was received at the Company's annual general meeting held 30 November 2022 (grant date).

## (e) Summary of options granted

The following table illustrates the number (**No.**) and weighted average exercise prices (**WAEP**) of, and movements in options during the year:

	2023 No.	2023 WAEP	2022 No.	2022 WAEP
Outstanding at the beginning of the year	168,500,000	\$0.071	79,000,000	\$0.040
Options granted	34,250,000	\$0.027	109,500,000	\$0.087
Options exercised	(7,500,000)	\$0.030	(13,000,000)	\$0.027
Options expired	(54,500,000)	\$0.042	(7,000,000)	\$0.045
Outstanding at the end of the year	140,750,000	\$0.073	168,500,000	\$0.071
Exercisable at the end of the year	110,000,000	\$0.085	147,300,000	\$0.074
Not exercisable at the end of the year	30,750,000	\$0.028	21,200,000	\$0.052

## (f) Weighted average remaining contractual life

The weighted average remaining contractual life for the options outstanding as at 30 June 2023 is 1.15 years (2022: 1.65 years).

## (g) Fair value

The fair value of options granted during the year ended 30 June 2023 was \$0.0058 (30 June 2022: \$0.0142).

## (h) Options expired or lapsed

The following unlisted options expired or lapsed during the year (2022: 7,000,000):

- 5,000,000 unlisted options at \$0.04 with an expiry date of 31 August 2023
- 16,500,000 unlisted options at \$0.03 with an expiry date of 31 August 2022
- 1,000,000 unlisted options at \$0.074 with an expiry date of 31 December 2022
- 25,500,000 unlisted options at \$0.06 with an expiry date of 30 June 2023
- 6,500,000 unlisted options at \$0.027 with an expiry date of 7 September 2023

**24 SEGMENT INFORMATION**

The Group has identified its operating segments based on the internal reports are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The Group has one segment being mining and exploration activities in Australia.

## 25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective regarding financial risk management is to ensure the effective management of business risks crucial to the financial integrity of the business without affecting the ability of the Group to operate efficiently or execute its business plans and strategies.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective management of all significant financial risks to the business. The Board may delegate specific responsibilities as appropriate.

### *Capital risk management*

The Group's capital base comprises its ordinary shareholders equity, which was \$13,804,180 at 30 June 2023 (30 June 2022: \$24,916,507). The Group manages its capital to ensure that the entities in the Group will be able to continue to meet its working capital requirements and operate as a going concern while seeking to maximise the return to stakeholders.

In making its decisions to adjust its capital structure, either through new share issues or consideration of debt, the Group considers not only its short-term working capital needs but also its long-term operational and strategic objectives. The Board continually monitors the capital requirements of the Group.

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

### *Financial instrument risk exposure and management*

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, financial assets, trade and other payables, borrowings, and lease liabilities.

The main purpose of these financial instruments is to manage short term cash flows for the Group's operations.

The Group also enters into derivative transactions, including commodity collar options and iron ore swaps. The purpose of these financial instruments is to manage the commodity price risks arising from the Group's operations. The Group also enters into foreign currency forward contracts to manage its exposure to fluctuations in USD.

The main risks arising from the Group's financial instruments are foreign currency risk, commodity price risk, interest rate risk, credit risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements.

### Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. At 30 June 2023, the Group was exposed to market risks in the form of foreign currency, commodity price, and interest rate risk.

### *Foreign currency risk*

The Group is exposed to the risk of adverse movement in the AUD compared to the USD as its iron ore sales receipts and borrowings are denominated in USD.

At balance date, the Group's exposure to foreign currency risks on financial assets and financial liabilities, are as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Financial assets</i>		
Cash and cash equivalents	515,029	43,900
Trade and other receivables	205,577	-
<i>Financial liabilities</i>		
Trade and other payables	-	(203,480)
Interest-bearing loans and borrowings	(1,797,624)	(1,304,510)
Net asset / (liability)	<u>(1,077,018)</u>	<u>(1,464,090)</u>

The net liability exposure in USD at balance date is USD\$715,003 (30 June 2022: net liability exposure USD\$1,008,944).

During the year, the Group entered into foreign currency forward contracts to manage its exposure to fluctuations in USD. At balance date, a series of contracts remained open (settlement in July 2023) with a fair value of \$137,002 (CUF's 60% share: \$82,201). The fair value of these contracts has been recognised in the consolidated statement of financial position as a financial asset and the marked-to-market unrealised gain has been recognised in the profit or loss during the year ended 30 June 2023.

#### Commodity price risk

The Group's operations are exposed to commodity price risk as the Group sells iron ore to its customers in USD. The majority of the Group's sales revenue is derived under an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**) (refer 'Credit Risk' below for further details). The pricing mechanism in these contracts reflect market-based index pricing terms.

During the year, the Group entered into commodity collar option and swap contracts in relation to dry metric tonnes (**dmt**) of iron ore, with maturity dates spread over the period. The contracts provided floor price protection in relation to sales from the JWD Project. This hedging strategy resulted in realised gains of \$10,307,567 (CUF's 60% share: \$6,184,540) being recognised in the year ended 30 June 2023 (closed positions).

At balance date, a series of contracts remained open (settlement dates between July to September 2023) with a fair value of \$145,765 (CUF's 60% share: \$87,458). The fair value of these contracts has been recognised in the consolidated statement of financial position as a financial asset and the marked-to-market unrealised gain has been recognised in the profit or loss during the year ended 30 June 2023.

#### Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents, term deposits and borrowings.

At balance date, the Group's maximum exposure to interest rate risks on financial assets and financial liabilities was as follows:

<b>30 June 2023</b>	<b>Range of effective interest rates %</b>	<b>Carrying amount \$</b>	<b>Variable interest rate \$</b>	<b>Fixed interest rate \$</b>	<b>Total \$</b>
<i>Financial assets</i>					
Cash and cash equivalents	0 – 0.16%	3,896,360	3,896,360	-	3,896,360
Restricted cash (term deposits)	0.25%	360,000	-	360,000	360,000
<i>Financial liabilities</i>					
Loans and borrowings	12%	(1,793,950)	-	(1,793,950)	(1,793,950)
		<u>2,462,410</u>	<u>3,896,360</u>	<u>(1,433,950)</u>	<u>2,462,410</u>

#### **30 June 2022**

<i>Financial assets</i>					
Cash and cash equivalents	0 – 0.16%	7,193,910	7,193,910	-	7,193,910
Restricted cash (term deposits)	0.25%	469,242	-	469,242	469,242
<i>Financial liabilities</i>					
Loans and borrowings	12%	(1,298,737)	-	(1,298,737)	(1,298,737)
		<u>6,364,415</u>	<u>7,193,910</u>	<u>(829,495)</u>	<u>6,364,415</u>

The following table details the effect on profit or loss and other comprehensive income after tax of a 0.25% change in interest rates, in absolute terms in respect of those financial instruments exposed to variable interest rates:

	<b>Profit/(loss) (Higher)/Lower</b>		<b>Equity Higher/(Lower)</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
+0.25% (25 basis points)	9,741	17,985	-	-
-0.25% (25 basis points)	(9,741)	(17,985)	-	-

The sensitivity analysis of the Group's exposure to Australian variable interest rates at balance date has been determined based on exposures at balance sheet date. A positive number indicates an increase in profit and equity.

#### *Credit risk*

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at reporting date is addressed in each applicable note.

The Company, via its wholly owned subsidiary Wiluna Fe Pty Ltd, entered an exclusive offtake agreement with Glencore, for 100% of the JWD product (iron ore lumps and fines) over the life of CUF's operations at the mine, subject to GVIO's right (assigned by GWR Group Ltd to GVIO in July 2022) to purchase up to 50,000 tonnes of fines product at the mine gate. The Group minimises concentrations of credit risk in relation to trade receivables by use of advance payments or letters of credit. The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's receivables is more than offset by the benefits gained under the offtake arrangement.

For cash balances held with bank or financial institutions, only independently rated parties with a minimum rate of 'AA' are accepted.

The Group trades only with recognised and creditworthy third parties.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Other than the cash balance with a AA credited bank, there are no other significant concentrations of credit risk within the Group.

#### *Liquidity risk*

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to ensure that it will always have sufficient liquidity to meet its liabilities through ensuring it has sufficient cash reserves to meet its ongoing working capital and long-term operational and strategic objectives. The Group manages liquidity risk by maintaining adequate borrowing facilities and monitoring forecast and actual cash flows on an ongoing basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	<b>Less than 6 months</b>	<b>6-12 months</b>	<b>1-5 years</b>	<b>Over 5 years</b>	<b>Total contractual cash flows</b>	<b>Carrying amount of liabilities</b>
	\$	\$	\$	\$	\$	\$
<b>30 June 2023</b>						
Trade and other payables	8,508,725	-	-	-	8,508,725	8,508,725
Subscription funds payable	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Loans and borrowings	1,797,624	-	-	-	1,797,624	1,797,624
	<u>10,306,349</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,306,349</u>	<u>10,306,349</u>
<b>30 June 2022</b>						
Trade and other payables	10,391,989	-	-	-	10,391,989	10,391,989
Subscription funds payable	-	-	-	677,352	677,352	677,352
Provision for demobilisation	-	131,208	-	-	131,208	131,208
Lease liabilities	160,579	131,780	-	-	292,359	292,359
Loans and borrowings	1,304,510	-	-	-	1,304,510	1,304,510
	<u>11,857,078</u>	<u>262,988</u>	<u>-</u>	<u>677,352</u>	<u>12,797,418</u>	<u>12,797,418</u>

#### *Fair value estimation*

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

	<b>Carrying Amount</b>	<b>Fair Value</b>		
	\$	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
	\$	\$	\$	\$
<b>30 June 2023</b>				
Equity investment	149,158	149,158	-	-
Commodity collars/swaps	87,459	-	87,459	-
Foreign currency forward contracts	82,201	-	82,201	-
	<u>318,818</u>	<u>149,158</u>	<u>169,660</u>	<u>-</u>
<b>30 June 2022</b>				
Equity investment	80,545	80,545	-	-
Commodity collars/swaps	3,324,522	-	3,324,522	-
	<u>3,405,067</u>	<u>80,545</u>	<u>3,324,522</u>	<u>-</u>

## 26 COMMITMENTS AND CONTINGENCIES

### Commitments

The following disclosures reflect the commitments applicable to the Group as at 30 June 2023 and its interest in the various projects at that date.

#### Office Rental Commitments

The Group has entered into a 12-month lease with Okewood for office premises for a lease term expiring 30 April 2024. The expenditure commitments with respect to rent payable under lease arrangement is as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Within one year	53,000	56,250
After one year but less than five years	-	-
More than five years	-	-
	<u>53,000</u>	<u>56,250</u>

#### Commitments of CUF in relation to the Tennant Creek Project (in which CUF has a 60% interest)

Pursuant to the terms of the Tennant Creek Acquisition, CUF is to sole fund the Tennant Creek joint venture activities for the first \$10,000,000 expended by the joint venture following settlement which is not time bound. GMC is not required to contribute to the joint venture expenditure until after that \$10,000,000 expenditure has been met, regardless of when a decision to mine is made. Noting that \$1,991,412 has been spent to 30 June 2023, the remaining commitment at 30 June 2023 is \$8,008,588).

#### Commitments in relation to Wiluna Iron JV (in which CUF has a 60% interest at 30 June 2023)

Various operating agreements have been entered into in relation to the Wiluna Iron JV. Certain operating agreements include terms which constitute commitments, summarised as follows:

- Port Access and Services Agreement for Geraldton Port has been entered into with Mid West Ports Authority. The current term of the agreement expires 30 June 2024 with the ability to cancel prior to 30 September 2023 at the Company's election.
- Licence Agreement Geraldton Port has been entered into with Fenix Port Services Pty Ltd. The current term of the agreement expires 30 September 2023. The licence fee is only payable at a daily rate when product is stored at the shed facility.
- Haulage contract has been entered into with David Campbell Transport Pty Ltd. The current term of the contract expires 4 July 2024, unless terminated. The contract includes a 14 day termination clause for financial hardship.
- Haulage contract has been entered into with Combined Haulage Pty Ltd. The contract includes a 14 day termination clause for convenience.
- Mining Services Agreement has been entered into with Big Yellow Mining Pty Ltd. The current term of the agreement expires 31 January 2024, unless terminated. The contract includes a 14 day termination clause for financial hardship.

Contractual commitments at 30 June 2023 are as follows (amounts shown as 100% of the commitment of the Wiluna Iron JV):

	<b>2023</b>	<b>2022</b>
	\$	\$
Up to 1 year	629,912	3,731,124
Between 1 and 5 years	-	-
Later than 5 years	-	-
	<u>629,912</u>	<u>3,731,124</u>

#### Parent entity guarantee

Cufe Ltd has provided guarantees over certain of the obligations of its subsidiary company Wiluna Fe Pty Ltd to GWR Group relating to the JWD Mineral Rights Agreement and Glencore relating to the JWD offtake.

*Exploration Expenditure Commitments*

To maintain rights to tenure to tenements, the Group is required to fulfil various minimum expenditure requirements up until expiry of licenses. The expected expenditure commitments with respect to the exploration grounds in Australia are as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Within one year	136,859	-
After one year but less than five years	-	-
More than five years	-	-
	136,859	-

**Contingencies**

The following disclosures reflect the contingent liabilities applicable to the Group as at 30 June 2023 and its interest in the various projects at that date.

*Contingent Liabilities of Wiluna Iron JV (in which CUF has a 60% interest)**Mining Rights Agreement (MRA)*

The 2021 Annual Report disclosed additional payments that were required by the JV to satisfy the underlying Mining Rights Agreement, as follows:

- Should the Wiluna Iron JV elect to exercise its option to extract a further 2.7Mt from the JWD deposit, an amount of \$4,250,000 will be payable;
- Royalties are payable to GWR Group on the basis of iron ore price and to a third party; and
- \$3.50 per tonne for each tonne sold in excess of 3Mt.

During the year ended 30 June 2022, the Company (via its subsidiary Wiluna FE Pty Ltd as Operator and 60% equity interest holder in the JV) entered into a variation with GWR Group on the JWD Mining Rights Agreement whereby rather than having to pay the above-mentioned \$4,250,000 by mid-January 2022 to secure the right to export a further 2.7MT of iron ore from the deposit, the JV pays \$1,800,000 to secure the right to export 1.2MT; the material to be transported from the JWD tenements by than 30 June 2024 (**MRA Variation**). Executing the variation provided flexibility to both parties in light of the volatile iron ore market experienced during the period.

Further, pursuant to the MRA Variation, the JV can then export additional tonnes of iron ore on the following terms:

- 900,000T upon payment of \$2,250,000 by not later than 30 June 2024, with tonnes to be exported by 30 June 2026 (noting this obligation was settled subsequent to year end via the transfer of 5% in Tennant Creek in the transaction which completed 1 September 2023); and
- 900,000T upon payment of \$2,700,000 by not later than 30 June 2026, with the tonnes to be exported by the 10th anniversary of the original MRA.

During the year ended 30 June 2023, GWR Group assigned its rights and obligations to GVIO in relation to the Mining Rights Agreement.

*Contingent Liabilities of CUF in respect to the Yarram Transaction*

Under the terms of the original agreement, a milestone payment will be payable by CUF to Gold Valley Brown Stone Pty Ltd if the Company discovers a JORC indicated resource of greater than 3MT with greater than 60% Fe, as follows:

- \$1,500,000 cash; or
- at CUF's election, \$500,000 in cash and \$1,000,000 in CUF shares (calculated as 10-day VWAP upon announcement of Milestone Resource).

In the recent transaction with Gold Valley Group which completed on 1 September 2023 this was amended such that CuFe has agreed to carry the next \$500,000 of Gold Valley Group's joint venture costs and the \$1,000,000 payable in cash or shares is deferred until a decision to mine is made under the Yarram Joint Venture.

*Contingent Liability of CUF in respect of acquisition of tenement E15/1495*

Under the terms of the sale and purchase agreement, consideration includes \$300,000 cash, a \$300,000 milestone payment payable in the event production occurs in the future from the tenure (**E15/1495 Milestone Payment**), and a 1% gross sales royalty.

At 30 June 2023 there were no other contingent liabilities or contingent assets.

**27 CONTROLLED ENTITIES AND ASSOCIATED ENTITIES**

The consolidated financial statements include the financial statements of CuFe Ltd and the subsidiaries listed in the following table.

	Country of Incorporation	Equity interest %	
		2023	2022
<i>Subsidiaries:</i>			
Wiluna FE Pty Ltd	Australia	100	100
Yarram FE Pty Ltd	Australia	100	100
CuFe Tennant Creek Pty Ltd	Australia	100	100
Jackson Minerals Pty Ltd	Australia	100	100
Mooloogool Pty Ltd	Australia	100	100
Bulk Ventures Ltd	Australia	100	100
Bulk Ventures (Bermuda) Limited	Bermuda	100	100
<i>Associates:</i>			
Gold Valley Iron and Manganese Pty Ltd	Australia	50	50
Yarram Iron Pty Ltd	Australia	50	50

**28 PARENT ENTITY FINANCIAL INFORMATION**

	2023 \$	2022 \$
Current assets	4,762,278	8,182,064
Non-current assets	16,541,914	25,710,878
<b>Total assets</b>	<b>21,304,192</b>	<b>33,892,942</b>
Current liabilities	(7,500,012)	(9,273,435)
Non-current liabilities	-	-
<b>Total liabilities</b>	<b>(7,500,012)</b>	<b>(9,273,435)</b>
<b>Net assets</b>	<b>13,804,180</b>	<b>24,619,507</b>
Issued capital	58,847,052	58,622,052
Accumulated losses	(49,519,997)	(38,365,242)
Share-based payment reserve	4,477,125	4,362,697
<b>Total shareholders' equity</b>	<b>13,804,180</b>	<b>24,619,507</b>
Loss for the period	(11,154,755)	(281,346)
Total comprehensive loss for the period	(11,154,755)	(281,346)

Commitments, contingent liabilities and contingent assets of the parent entity are the same as those of the Group as detailed at note 27 (with the exception of the commitments and contingent liabilities detailed at note 27 as relating to the Wiluna Iron JV).

**29 AUDITORS' REMUNERATION**

	2023 \$	2022 \$
<i>Amounts received or due and receivable by Stantons for:</i>		
An audit or review of the financial report of the entity and any other entity in the Group		
Amounts paid or payable relating to current year audit and half year review	116,239	87,468

### 30 RELATED PARTY DISCLOSURES

Note 28 provides the information about the Group's structure including the details of the subsidiaries and the holding company.

#### Transactions with directors, director related entities and other related parties

During the year ended 30 June 2023, an aggregate amount of \$80,989 (30 June 2022: \$686) was paid or payable to Cyclone Metals Ltd (**Cyclone**) for warehouse rental, IT and other corporate costs. At 30 June 2023, \$36,731 (plus GST) was payable to Cyclone (30 June 2022: nil). During the year ended 30 June 2023, nil was received or receivable from Cyclone for reimbursement of other corporate costs (30 June 2022: \$250). At 30 June 2023, nil was receivable from Cyclone (30 June 2022: \$250). Mr Antony Sage is a director of Cyclone.

During the year ended 30 June 2023, an aggregate amount of \$1,000 (30 June 2022: \$13,007) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of travel and other corporate costs. At 30 June 2023, nil was payable to European Lithium (30 June 2022: nil). During the year ended 30 June 2023, nil was received or receivable from European Lithium for reimbursement of other corporate costs (30 June 2022: \$1,410). At 30 June 2023, nil was receivable from European Lithium (30 June 2022: nil). Mr Antony Sage is a director of European Lithium.

During the year ended 30 June 2023, an aggregate amount of \$107,275 (30 June 2022: \$130,475) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent and corporate box sponsorship. At 30 June 2023, nil was payable to Okewood (30 June 2022: nil). Mr Antony Sage is a director of Okewood.

During the year ended 30 June 2023, an amount of \$654,578 (30 June 2022: nil) was paid or payable to Gold Valley Iron Ore Pty Ltd (a substantial shareholder of the Company) (**GVIO**) for royalty payments following their purchase of the rights of GWR Group over the JWD deposit (reflecting the Group's 60% share of the total \$1,090,963 royalty expenses). At 30 June 2023, nil was payable to GVIO (30 June 2022: nil).

#### Options issued to directors or director related entities

Following receipt of shareholder approval at the Company's 2022 AGM, a total of 20,000,000 unlisted options were issued to directors (or their nominees) (being the Director Options).

Refer note 24 for further details.

#### Significant shareholders

At 30 June 2023, GVIO and its associates (**Gold Valley Group**) held a significant interest of 19.55% of CUF. Mr Scott Meacock (appointed as a Director during the year) currently serves as Chief Executive Officer and General Counsel of the Gold Valley Group.

At 30 June 2023, Cyclone Metals held a significant interest of 15.09% of CUF (30 June 2022: 15.13%). Mr Antony Sage is a director of Cyclone.

#### Terms and conditions of transactions with related parties other than KMP

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

#### Transactions with key management personnel

##### Compensation of key management personnel

	2023 \$	2022 \$
Short-term employee benefits	639,322	798,000
Post-employment benefits	1,970	-
Share-based payments	65,152	327,093
	<u>706,444</u>	<u>1,125,093</u>

*Interests held by Key Management Personnel*

Movements in shares held by key management personnel is as follows:

<b>30 June 2023</b>	<b>Balance at 1 July 2022</b>	<b>Granted as remuneration</b>	<b>Exercise of options</b>	<b>Shares sold</b>	<b>Net change other</b>	<b>Balance at 30 June 2023</b>
<b>Directors</b>						
A Sage <sup>(i)</sup>	21,673,010	-	7,500,000	-	1,000,000	30,173,010
M Hancock	2,500,000	-	-	-	2,500,000	5,000,000
N Sage	-	-	-	-	-	-
S Meacock <sup>(ii)</sup>	-	-	-	-	4,000,000	4,000,000
<b>Other KMP</b>						
J Sinclair	1,100,000	-	-	(100,000)	(1,000,000)	-
	25,273,010	-	7,750,000	(100,000)	6,500,000	39,173,010

(i) Indirectly held.

(ii) Upon date of his appointment, Mr Meacock held 300,000 shares and an interest via agreement to acquire 1,700,000 shares (settled via off market transfer on 20 December 2022). At 30 June 2023, Mr Meacock held an interest via agreement to acquire 2,000,000 shares (settled via off market transfer on 6 July 2023).

(iii) At the date he ceased as a consultant to the Company on 2 December 2022, Mr Sinclair held 1,000,000 shares.

Movements in unlisted options held by key management personnel is summarised as follows:

<b>30 June 2023</b>	<b>Balance at 1 July 2022</b>	<b>Acquired /granted during year</b>	<b>Exercised</b>	<b>Expired/ lapsed during year</b>	<b>Net change other</b>	<b>Balance at 30 June 2023</b>	<b>Exercisable</b>	<b>Not Exercisable</b>	<b>Ex. Price</b>	<b>Exp. Date</b>
<b>Directors</b>										
A Sage	7,500,000	-	(7,500,000)	-	-	-	-	-	\$0.03	31/08/2022
	7,500,000	-	-	(7,500,000)	-	-	-	-	\$0.06	30/06/2023
M Hancock	-	10,000,000	-	-	-	10,000,000	-	10,000,000	\$0.027	07/09/2024
	7,500,000	-	-	(7,500,000)	-	-	-	-	\$0.03	31/08/2022
	7,500,000	-	-	(7,500,000)	-	-	-	-	\$0.06	30/06/2023
	-	10,000,000	-	-	-	10,000,000	-	10,000,000	\$0.027	07/09/2024
<b>Other KMP</b>										
J Sinclair	3,250,000	-	-	(3,250,000)	-	-	-	-	\$0.03	31/08/2022
	5,000,000	-	-	(5,000,000)	-	-	-	-	\$0.04	31/08/2023
	5,000,000	-	-	(2,000,000)	(3,000,000)	-	-	-	\$0.06	30/06/2023
	-	5,000,000	-	(5,000,000)	-	-	-	-	\$0.027	07/09/2024
	43,250,000	25,000,000	(7,500,000)	(37,750,000)	(3,000,000)	20,000,000	-	20,000,000		

**Shares issued to directors or director related entities**

There were nil shares issued to directors during the year ended 30 June 2023 in relation to remuneration (2022: nil).

### 31 RESTRUCTURE TRANSACTION

During the year the Company announced that it has entered a binding agreement (**Agreement**) with entities associated with its major shareholder, Gold Valley Group (**GVG**) to acquire the remaining 40% joint venture interest in the JWD Iron Ore Project and to restructure various other obligations that exist between the parties with respect to the Tennant Creek Joint Venture and the Yarram Joint Venture (**Restructure Transaction**).

Key terms of the Agreement includes the following:

- CUF to increase its interest in the iron rights over the JWD iron ore mine from 60% to 100% via the issue of 150 million CUF shares and refunding the historical GVG cash contributions (being \$1.71m at 30 June 2023) (**Cash Consideration**);
- The effective date for the transaction and determining the Cash Consideration is deemed to be 1 January 2023. The amount payable to Gold Valley Iron Ore Pty Ltd (an entity associated with GVG) (**GVIO**) will be adjusted by cash paid by GVIO offset by amounts paid to GVIO under the JWD Joint Venture, subsequent to the effective date and prior to completion of the transaction (**Net Called Sums Amount**);
- The Cash Consideration will be payable via monthly instalments following completion. For each month following the settlement date where the amount of net profits (of the JWD Iron Ore Project) is a positive number, the Company must pay GVIO a cash payment in immediately available funds equal to 100% of the net profits for that month (unless a payment calculated for any given month would exceed \$500,000, in which case the maximum payable for any given month will be \$500,000) (**Monthly Cash Payment**) until such time as the aggregate amount of the Monthly Cash Payments paid to GVIO is equal to the Net Called Sums Amount;
- CUF exercises its right to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of \$2.25m to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project; and
- Yarram milestone payments of \$1.5m re-structured to defer majority of remaining milestone payment until decision to mine rather than on announcement of indicated resource.

Refer to ASX Announcements dated 22 February 2023 and 11 May 2023 for further details.

Shareholder approval required in respect of the Restructure Transaction was received at the Company's General Meeting held 24 July 2023. Completion of the Restructure Transaction settled on 1 September 2023. Upon completion of the Restructure Transaction, GVG's shareholding interest in CUF increased to 29.39%.

### 32 EVENTS AFTER THE REPORTING DATE

#### *Completion of Restructure Transaction*

As detailed at note 32, the Restructure Transaction was completed on 1 September 2023. Upon completion, the Company holds:

- 100% interest in the JWD iron ore mine project;
- 55% interest in the Tennant Creek project; and
- 50% interest in the Yarram Iron Ore Project.

#### *Acquisition of West Arunta (Niobium) and Tambourah (Lithium) Exploration Tenure*

On 11 July 2023 the Company announced it had entered an agreement to acquire two exploration tenements:

- E80/5925 located in the West Arunta region, approximately 620km south of Kununurra is considered prospective for carbonatite hosted REE including niobium; and
- P45/3061 located in the Tambourah region of the Pilbara, approximately 90km south of Pilgangoora and Wodgina Lithium Operations and is considered prospective for lithium.

Consideration payable for the acquisition was 30,000,000 shares. The tenement acquisition was completed on 7 August 2023.

*Issue of Shares*

The following shares were issued subsequent to year end:

- 30,000,000 shares were issued as consideration for the acquisition of West Arunta (Niobium) and Tambourah (Lithium) Exploration Tenure; and
- 150,000,000 shares were issued in respect of the Restructure Transaction.

*Movements in Options*

The following movements in options occurred subsequent to year end:

- 13,000,000 unlisted options at \$0.02 expiring 7 August 2023 were issued under the Company's ESIP; and
- 3,000,000 unlisted options at \$0.04 expired on 31 August 2023.

There have been no other events subsequent to 30 June 2023 up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of CuFe Ltd, I state that:

1. In the opinion of the directors:
  - a) the financial statements and notes of CuFe Ltd for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001*, including:
    - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the year ended on that date; and
    - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;
  - b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b);
  - c) subject to the matters described in note 2(c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with *section 295A* of the *Corporations Act 2001* for the year ended 30 June 2023.

On behalf of the Board



Mr Antony Sage  
Executive Chairman

28 September 2023

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
CUFE LIMITED****Report on the Audit of the Financial Report*****Opinion***

We have audited the financial report of CuFe Limited ("the Company"), and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial 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 2023 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

***Basis for Opinion***

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the 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 report.

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

***Material Uncertainty Relating to Going Concern***

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(c) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. As at 30 June 2023, the Group had cash and cash equivalents of \$3,896,360, a net working capital surplus of \$599,364 (excluding restricted cash) and incurred a loss after income tax for the year ended 30 June 2023 of \$11,154,755.

The ability of the Group to continue as a going concern and meet its planned operation, exploration, administration and other commitments is dependent upon the Group generating sufficient cashflow from operations or raising further equity and/or successfully exploiting its mineral assets.

In the event that the Group is not successful in achieving the matters set out above, these events or conditions, along with other matters as set forth in Note 2(c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **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 Matters	How the matter was addressed in the audit
<p><b>Revenue Recognition</b></p> <p>The Group's revenue totalled \$35,021,811 during the financial year ended 30 June 2023 (refer to Note 3(a) of the annual report). Note 2(s) to the financial statements describes the accounting policies applicable to the revenue from contracts with customers.</p> <p>The Group produces and sells the iron ore free on board and revenue from the sale of iron ore is recognised at a point in time when control of the product is transferred to the customer, which occurs when the product is physically transferred onto a vessel. The Group generated \$35,021,811 in revenue during the period.</p> <p>Accounting for revenue recognition was a key audit matter due to the:</p> <ul style="list-style-type: none"> <li>▪ significance of revenue to understanding the financial results for users of the financial report;</li> <li>▪ judgement required by the Group in applying the requirements of AASB 15 - <i>Revenue from Contracts with Customers</i>, such as: <ul style="list-style-type: none"> <li>✓ identifying the performance obligations under its contracts with customers;</li> <li>✓ determining the transaction price, applying the expected value approach based on the initial assay and weight result and subsequent adjustment based on the final sampling and analysis results;</li> <li>✓ the method of allocating the transaction price in the contract to the performance obligations; and</li> <li>✓ identifying the timing of recognition of the revenue based on performance obligations satisfaction.</li> </ul> </li> </ul>	<p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>▪ Assessed whether the Group's accounting policies were in accordance with the requirements of AASB 15.</li> <li>▪ Evaluated the judgements made by the management in applying the accounting policy by obtaining an understanding of the revenue streams.</li> <li>▪ Tested iron ore revenue transactions by agreeing outward movements recorded in the inventory during the year to the relevant supporting documents and verified that the revenue has been correctly recorded in the general ledger and recognised when the performance obligation has been satisfied; and</li> <li>▪ Evaluated the adequacy of the disclosures in respect of revenue recognition with the criteria prescribed by the applicable standard.</li> </ul>

***Inventory valuation and existence***

As at 30 June 2023, the Group held an inventory of \$3,711,719 (refer to the note 7 of the annual report)

As described in note 2(i) of the financial statements, the inventory is carried at a lower of cost and net realisable value on a weighted average basis in accordance with AASB 102 – *Inventories*.

Inventory valuation and existence was considered a key audit matter due to the significance of the balance carried and the judgment applied in the valuation.

Inter alia, our audit procedures included the following:

- Confirmed the quantities through internal and third-party surveys.
- Performed site visit close to ending of the year to substantiate the existence of operation and inventory.
- Assessed the Group's Inventory valuation methodology with the requirements of AASB 102.
- Assessed the reasonableness of the assumptions used in the inventory valuation model.
- Tested the mathematical accuracy of the inventory valuation model.
- Recalculated the cost and the net realisable value of the inventory; and
- Ensured the amount presented in the financial statements was the lower of cost and net realisable value.

***Financial Assets – Commodity collar/swap contracts***

The Group realised a gain of \$3,211,614 for the financial year ended 30 June 2023 through Commodity collar/swap contracts (see note 3(c)) and as at 30 June 2023, the Group held Commodity collar/swap contracts for a total of \$169,660 (refer to Note 10 of the annual report)

As described in note 2(n) to the financial statements, these financial assets have been classified as financial assets at fair value

through profit and loss in accordance with AASB 9 – *Financial Instruments* .

Commodity collar/swap contracts were considered a key audit matter due to the judgment applied in the valuation.

Inter alia, our audit procedures included the following:

- Tested gains from commodity collar/swap contracts obtaining relevant trading confirmations, reperforming the calculation and agreeing realised gains to the bank statements and general ledger.
- Obtained the fair value calculation of the Commodity collar/swap contracts open as at 30 June 2023.
- Obtained the trading confirmations signed by the two parties at the start of the contracts.
- Obtained independent confirmation of the forward prices used in the fair value valuation of the contracts; and
- Ensured mathematical accuracy of the calculation.

***Carrying Value of Exploration and Evaluation Expenditure***

As at 30 June 2023, exploration and evaluation expenditure totalled \$9,184,992.

As per Note 11 of the annual report, during the year the Group acquired a tenure in established lithium province (North Dam Project).

The carrying value of capitalised exploration and evaluation expenditure is a key audit matter due to:

- Amount of Exploration assets is significant.
- The necessity to assess management's application of the requirements of the accounting standard AASB 6 - Exploration for and Evaluation of Mineral Resources ("AASB 6"), considering any indicators of impairment that may be present; and
- The assessment of significant judgements made by management in relation to the capitalised exploration and evaluation expenditure.

Inter alia, our audit procedures included the following:

- Assessed the Group's right to tenure over exploration assets by corroborating the ownership of the relevant licences for mineral resources to government registries and relevant third-party documentation.
- Reviewed the directors' assessment of the carrying value of the exploration and evaluation costs, ensuring the veracity of the data presented and that management has considered the effect of potential impairment indicators, commodity prices and the stage of the Group's projects also against AASB 6;
- Evaluated the Group's documents for consistency with the intentions for continuing exploration and evaluation activities in certain areas of interest and corroborated with interviews with management. The documents we evaluated included:
  - Minutes of the board and management.
  - Announcements made by the Group to the Australian Securities Exchange; and
  - Cash forecasts; and
- Considered the requirements of accounting standard AASB 6 and reviewed the financial statements to ensure appropriate disclosures were made.

***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 2023 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of the Directors for the Financial Report***

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

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

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

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these

matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### ***Report on the Remuneration Report***

#### *Opinion on the Remuneration Report*

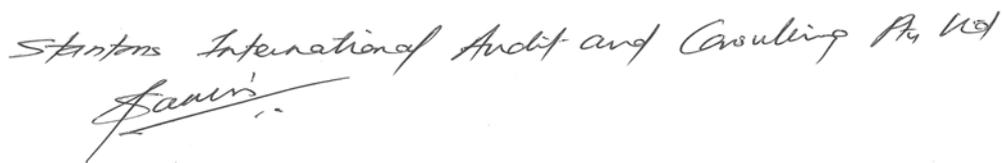
We have audited the Remuneration Report included of the directors' report for the year ended 30 June 2023.

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

#### *Responsibilities*

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

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir T Tirodkar**  
Director  
West Perth, Western Australia  
28 September 2023

**SCHEDULE OF TENEMENTS**

As at 18 September 2023:

Schedule of tenement interests of the Company and its subsidiary entities:

Tenement reference	Project & Location	Interest	Notes
M53/971-I	Wiluna West – Western Australia	100%	1
M53/972-I	Wiluna West – Western Australia	100%	1
M53/1018-I	Wiluna West – Western Australia	100%	1
M53/1078-I	Wiluna West – Western Australia	100%	1
L53/115	Wiluna West – Western Australia	100%	1
L53/146	Wiluna West – Western Australia	100%	1
MLN1163	Yarram – Northern Territory	50%	2
ELR125	Yarram – Northern Territory	50%	2
ELR146	Yarram – Northern Territory	50%	2
EL 26595	Tennant Creek – Northern Territory	55%	3
EL 28777	Tennant Creek – Northern Territory	55%	3
EL 28913	Tennant Creek – Northern Territory	55%	3
EL 29012	Tennant Creek – Northern Territory	55%	3
EL 29488	Tennant Creek – Northern Territory	55%	3
EL 30488	Tennant Creek – Northern Territory	55%	3
EL 30614	Tennant Creek – Northern Territory	55%	3
EL 31249	Tennant Creek – Northern Territory	55%	3
EL 32001	Tennant Creek – Northern Territory	55%	3
ML 23969	Tennant Creek – Northern Territory	55%	3
ML 29917	Tennant Creek – Northern Territory	55%	3
ML 29919	Tennant Creek – Northern Territory	55%	3
ML 30714	Tennant Creek – Northern Territory	55%	3
ML 30745	Tennant Creek – Northern Territory	55%	3
ML 30783	Tennant Creek – Northern Territory	55%	3
ML 30873	Tennant Creek – Northern Territory	55%	3
ML 31021	Tennant Creek – Northern Territory	55%	3
ML 31023	Tennant Creek – Northern Territory	55%	3
MLC 21	Tennant Creek – Northern Territory	55%	3
MLC 323	Tennant Creek – Northern Territory	55%	3
MLC 324	Tennant Creek – Northern Territory	55%	3
MLC 325	Tennant Creek – Northern Territory	55%	3
MLC 326	Tennant Creek – Northern Territory	55%	3
MLC 327	Tennant Creek – Northern Territory	55%	3
MLC 506	Tennant Creek – Northern Territory	55%	3
MLC 69	Tennant Creek – Northern Territory	55%	3

MLC 70	Tennant Creek – Northern Territory	55%	3
MLC 78	Tennant Creek – Northern Territory	55%	3
MLC 85	Tennant Creek – Northern Territory	55%	3
MLC 86	Tennant Creek – Northern Territory	55%	3
MLC 87	Tennant Creek – Northern Territory	55%	3
MLC 88	Tennant Creek – Northern Territory	55%	3
MLC 89	Tennant Creek – Northern Territory	55%	3
MLC 90	Tennant Creek – Northern Territory	55%	3
MLC 96	Tennant Creek – Northern Territory	55%	3
MLC 97	Tennant Creek – Northern Territory	55%	3
E52/1668	Peak Hill - Western Australia	20%	4
E52/1678	Peak Hill - Western Australia	20%	4
E52/1722	Peak Hill - Western Australia	20%	5
E52/1730	Peak Hill - Western Australia	20%	4
P52/1538	Peak Hill - Western Australia	20%	4
P52/1539	Peak Hill - Western Australia	20%	4
E52/4236	Forrest - Western Australia	20%	6
E51/1033-I	Morck Well – Western Australia	20%	6
E52/1613-I	Morck Well – Western Australia	20%	6
E52/1672-I	Morck Well – Western Australia	20%	6
E29/640	Mt Ida – Western Australia	100%	7
M29/2	Mt Ida – Western Australia	100%	7
M29/165	Mt Ida – Western Australia	100%	7
M29/422	Mt Ida – Western Australia	100%	7
E15/1495	East Yilgarn – Western Australia	100%	8
M15/1893*	East Yilgarn – Western Australia	100%	9
P45/3061	Pilbara – Western Australia	100%	10
E80/5925*	Kimberley – Western Australia	100%	10
E80/5950*	Kimberley – Western Australia	100%	10

\* Pending Application

NOTES:

- 1 CUF (via Wiluna FE Pty Ltd) holds a 100% interest in the Mining Rights Agreement over the Wiluna West JWD deposit (iron ore rights).
- 2 CUF (via Yarram FE Pty Ltd) holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram Project.
- 3 CUF (via CuFe Tennant Creek Pty Ltd) holds a 55% interest in copper / gold assets at the Tennant Creek Project in the Northern Territory from Gecko Mining Company Pty Ltd (GMC). CUF and GMC have formed an unincorporated joint venture in respect of the Tennant Creek Project tenements. CUF is the manager of the joint venture. CUF will pay the first \$10,000,000 of joint venture expenditure incurred.
- 4 Billabong (Operator), ALY and SFR hold various mineral rights under various earn in agreements for an 80% interest in the tenements. CUF (via Jackson Minerals) holds the remaining 20% interest in all minerals free carried to decision to mine.
- 5 SFR (Operator) and ALY hold various mineral rights for an 80% interest in the tenement. CUF (via Jackson Minerals) holds the remaining 20% interest in all minerals free carried to decision to mine.

- 6 AUR (Operator) holds an 80% interest in all minerals. CUF (via Jackson Minerals) holds the remaining 20% interest in all minerals free carried to decision to mine.
- 7 CUF holds 100% interest in iron ore rights over the Mt Ida tenements via the Mt Ida Iron Ore Rights Sale Agreement.
- 8 CUF holds 100% interest in the tenement. A milestone payment of \$300,000 is payable if production occurs, and a 1% gross sales royalty. James Karl Mansen as trustee for Wildcard (WA) Pty Ltd retains rights to gemstones, Rosa Management Pty Ltd holds rights to gold.
- 9 CUF holds 100% interest in lithium and rare earth related mineral rights.
- 10 CUF holds 100% interest in the tenements including all mineral rights.

**ADDITIONAL SHAREHOLDER INFORMATION****Shares**

The total number of Shares on issue as at 18 September 2023 was 1,146,112,365, held by 1,776 registered Shareholders. 766 shareholders hold less than a marketable parcel, based on the market price of a share as at 18 September 2023. Each Share carries one vote per Share without restriction.

**Escrowed Shares**

The Company does not have any Escrowed Shares on issue.

**Twenty Largest Shareholders**

As at 18 September 2023, the twenty largest Shareholders were as shown in the following table and held 61.19% of the Shares.

	<b>Legal Holder</b>	<b>Holding</b>	<b>%</b>
1	GOLD VALLEY IRON ORE PTY LTD	203,667,341	17.77
2	DEMPSEY RESOURCES PTY LTD	120,848,635	10.54
3	GECKO MINING COMPANY PTY LTD	91,425,000	7.98
4	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	29,832,288	2.60
5	DEMPSEY RESOURCES PTY LTD	25,300,000	2.21
6	ANTONY WILLIAM PAUL SAGE & LUCY FERNANDES SAGE <EGAS SUPERANNUATION FUND>	24,923,010	2.17
7	NORTH WEST IRON PTY LTD	20,000,000	1.75
8	CAULDRON ENERGY LIMITED	17,913,868	1.56
9	EUROPEAN LITHIUM LIMITED	15,000,000	1.31
10	WHITEY TIGER PTY LTD <THE WTL A/C>	14,915,554	1.30
11	GOLDVALLEY BROWN STONE PTY LTD	14,603,535	1.27
12	LSG RESOURCES PTY LTD	13,946,259	1.22
13	GECKO MINING COMPANY PTY LTD	13,000,000	1.13
14	MRS SAMANTHA HELEN LOUISE YOUNG	12,500,000	1.09
15	RIMOYNE PTY LTD	11,194,006	0.98
16	CITICORP NOMINEES PTY LIMITED	10,816,624	0.94
17	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	10,733,470	0.94
18	MR BRIAN PETER BYASS	10,382,745	0.91
19	REDSTONE METALS PTY LTD	10,300,000	0.90
20	COLLEGE SEARCH PTY LTD	10,000,000	0.87
20	KUN SONG	10,000,000	0.87
20	MR SCOTT BARRY FULCHER & MRS NICOLE SUZANNE FULCHER <SCOTTNIKKI SUPER FUND A/C>	10,000,000	0.87
	<b>Total Top 20</b>	<b>701,302,335</b>	<b>61.19</b>
	<b>Balance of register</b>	<b>444,810,030</b>	<b>38.81</b>
	<b>TOTAL</b>	<b>1,146,112,365</b>	<b>100.00</b>

**Distribution Schedule**

A distribution schedule of the number of Shareholders, by size of holding, as at 18 September 2023 is below:

<b>Size of holdings</b>	<b>Number of Shares</b>	<b>%</b>	<b>Number of Shareholders</b>
1 – 1000	26,003	0.00%	87
1,001 – 5,000	492,570	0.04%	161
5,001 – 10,000	1,522,527	0.13%	188
10,001 – 100,000	35,052,273	3.06%	770
100,001 and over	1,109,018,992	96.76%	570
<b>Total</b>	<b>1,146,112,365</b>	<b>100.00%</b>	<b>1,776</b>

**Substantial Holders**

Set out below are all substantial holders who have given notice of a holding of more than 5% of the Company's voting rights (^as per notice given):

<b>Substantial Holder</b>	<b>Holding<sup>^</sup></b>	<b>%</b>
DEMPSEY RESOURCES PTY LTD / CYCLONE METALS LTD	146,148,635	12.75
GOLD VALLEY IRON ORE PTY LTD / GOLDVALLEY BROWN STONE PTY LTD / GECKO MINING COMPANY PTY LTD / LSG RESOURCES PTY LTD / YUZHENG XIE	336,842,135	29.39

**Quoted Options**

The Company has 70,000,000 quoted Options on issue (ASX:CUFO). The names of security holders holding more than 20% of this class of security are listed below.

<b>Holder</b>	Options \$0.06 24/11/2023
Evolution Capital Pty Ltd	20,000,000
Holders individually less than 20%	50,000,000
<b>Total</b>	<b>70,000,000</b>

**Unquoted Options**

At 18 September 2023 the Company has on issue a total of 130,750,000 Unquoted Options on issue (including 20,750,000 issued pursuant to the Company's Employee Securities Incentive Plan). In accordance with Listing Rule 4.10.16, the names of security holders holding more than 20% of an unlisted class of security are listed below.

<b>Holder</b>	Unlisted Options \$0.035 12/10/2023	Unlisted Options \$0.045 12/04/2024	Unlisted Options \$0.06 12/10/2024	Unlisted Options \$0.027 07/09/2024	Unlisted Options \$0.10 09/12/2024
Bell Potter Nominees	5,000,000	5,000,000	5,000,000	-	-
Gecko Mining Company Pty Ltd	-	-	-	-	75,000,000
Mark Hancock & Julie Hancock <Marlie Family>	-	-	-	10,000,000	-
Okewood Pty Ltd	-	-	-	10,000,000	-
Holders individually less than 20%	-	-	-	-	-
<b>Total</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>20,000,000</b>	<b>75,000,000</b>



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CuFe Ltd ABN: 31 112 731 638

CuFe<sup>ltd</sup>