



Annual Report

31 December 2021

ABN 48 002 678 640

cypriummetals.com

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CORPORATE DIRECTORY

Directors

Gary Comb (Chairman, Non-Executive Director)
 Barry Cahill (Managing Director)
 Nicholas Rowley (Non-Executive Director)

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Wayne Apted

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Stock Exchange

Australian Securities Exchange
 ASX Code: CYM

CHAIRMAN'S LETTER

On behalf of the Board of Directors, I am pleased to present the 2021 Annual Report for Cyprium Metals Limited ("CYM" or "the Company").

Since the current Directors became involved with Cyprium in 2019, the focus has been to grow to a multi-asset, mid-tier copper producing Company by advancing mid to late-stage Australian based copper projects, which have the potential to be fast-tracked into production of copper metal on site.

There has been significant and rapid progress achieved over the course of the past year in the execution of our strategy, including:

- completion of the Company transforming Paterson Copper assets acquisition;
- conducting extensive drilling programmes at Nifty, Maroochydore and Murchison Copper Projects;
- increasing the Nifty mineral resource estimate to over 700,000 tonnes contained copper, which excludes the copper contained within the existing heap leach pads and extension drilling;
- finalising a detailed Nifty Re-start study to a standard suitable for project financing purposes, within a year of Nifty's acquisition;
- recruitment of high-calibre mining professionals to enable the delivery of our plans in a timely manner and to bolster our experienced management team.

Considerable progress has been made over the past year to return the iconic Nifty Copper Project to a profitable operating mine. There has been over 30kms of drilling completed at Nifty for mineral resource infill and extensions, metallurgical test-work, infrastructure sterilisation and waste characterisation.

An updated JORC 2012 mineral resource estimate was issued in November 2021 for Nifty of 732,000 tonnes contained copper at an average grade of 1.6%. A further update of the Nifty mineral resource estimate will be undertaken during the first half of 2022 which will include the results from our infill and extensional drilling programmes that were completed during 2021.

Condition assessments have been completed on the existing infrastructure at Nifty which have resulted in a decision to proceed with the refurbishment of the SX-EW plant rather than purchase a new plant, upgrade of the communications infrastructure to 4G services and commence a mine site camp upgrade.

We have been particularly pleased with the results of our metallurgical test-work to refine our operating parameters whilst optimising the use of reagents, which enables the steepening of recovery curves and maximising the commercial extraction of copper from the retreatment of the existing heap leach pads.

Site surveys, baseline studies and water management plans have been completed so that the various comprehensive regulatory approval submissions can be made in accordance with our projected timelines. Site visits to demonstrate the current state of the facilities and Cyprium's plans for the restart of the project have been well received with government, traditional owners and investors.

Currently, the optimum open pit economic design for the Nifty Re-start Study is based entirely on the measured and indicated categories of the updated Nifty mineral resource, with pit wall design incorporating the geotechnical studies undertaken in 2021. The current pit envelope does not include any increases to the mineral resource from the inferred conversion, infill or extensional drilling programmes completed during 2021. The final extended open pit mine design and schedule will be incorporated into the model once the expanded mineral resource is re-estimated during the first half of 2022. Incorporation of these drill results will in fact convert some material which is currently included as waste in the pit envelope, into ore, consequently further enhancing the already robust economics of the Nifty Re-Start Study.

During the year we have also strengthened our management team with the appointment of high-calibre experienced mining professionals in preparation for the transition from Re-start Study to construction of the Nifty Copper Project. We have been fortunate to make such quality appointments during a tight labour market, which reinforces the quality of Cyprium's portfolio of copper projects and the appeal of the Nifty Re-start to experienced industry veterans.

The focus for the upcoming year will be the completion of financing and development activities for the re-start of the Nifty copper project to return it to an open pit, heap leach, SX-EW operation, producing LME Grade A copper cathode as a finished metal product for sale to customers in Australia and Asia from the second half of 2023.

Over the next year we will also be conducting further metallurgical column test work on the sulphide mineralisation of the Nifty orebody, with the objective of confirming our desire to treat the Nifty sulphide as directly leachable, in preference to restarting the insitu 2.8mtpa copper concentrator, in either case, extending the Nifty mine life to 20 years or more.

In conjunction with the Nifty development activities, updated mineral resource estimates will be provided for the Maroochydore Copper-Cobalt and Murchison Copper-Gold Projects, which will then be used in scoping studies for each project. Both of these advanced projects have shallow deposits that are still open, broad, with long strike lengths of ~3km for Maroochydore and ~750m for Nanadie Well, both of which are complimented by shallow sulphide mineralisation which could generate acid for the heap leaching of the extensive oxide mineralised zones of the respective orebodies.

We are looking forward to another productive year ahead as we continue on our path toward establishing Cyprium as a significant mid-tier copper producer with significant upside, including two advanced stage growth projects to advance on the path of our next development project.



Gary Comb
Chairman

Overview

Cyprium Metals Limited (ASX: CYM) (“Cyprium”) is a copper development company with a portfolio of advanced stage exploration and development projects located in Western Australia. Cyprium’s current portfolio of assets includes >1.2Mt of contained copper.

We conduct our activities with integrity, striving to balance the economic, environmental and social considerations to create value for the mutual benefit of all stakeholders. Cyprium’s preferred processing methodology, heap leach, reduces the environmental footprint of copper mines. The production of LME Grade A copper cathode onsite eliminates the need for further downstream processing associated with copper concentrate production and also benefits from reduced transportation costs due to lower shipping volumes.

Cyprium is focused on delivering an expedited development timeframe of its flagship Nifty Copper Project, with first copper production expected in mid-2023. Cyprium’s project portfolio provides several advanced stage opportunities that are also potential production assets, which will enable Cyprium to continue growing into a multi-asset, mid-tier copper producer.

Cyprium’s current portfolio includes:

- Nifty Copper Project (100%), an advanced re-start heap-leach project;
- Maroochydore Copper Project (100%), one of Australia’s largest undeveloped copper deposits;
- Paterson Exploration Project (100%, diluting to 30%), a highly prospective tenement package on which IGO Ltd (ASX: IGO) is spending A\$32 million over 6.5 years to earn-in up to 70%;
- Murchison Copper Project, an early-stage development opportunity that collectively refers to the:
 - Cue Copper Project (80%), containing a smaller scale, high grade copper resource; and
 - Nanadie Well Copper Project (100%), containing a larger scale, lower grade copper gold deposit.

Strategy

Core Purpose

To grow shareholder value by acquiring, advancing and developing a portfolio of projects to produce copper efficiently and sustainably, focusing on copper projects in Australia to minimise sovereign risk.

Who we are

We are an ASX-listed company and have a highly credentialed management team that is experienced in successfully developing and operating sulphide heap leach copper projects in challenging locations. We minimise bureaucracy and corporate overheads by facilitating responsibility at a project level, where people are best placed to make decisions in a timely manner about the operation, reinforcing accountability across the organisation.

What we do

We use heap leach processing methods to produce copper metal cathode onsite. Cyprium is pursuing opportunities that are capable of operating in the lower half of the cost curve with a mine life of >10 years.

How we do business

We conduct our activities with integrity, balancing economic, environmental and social considerations to create value for the mutual benefit of all of our stakeholders.

What we aim to achieve

We are focused on building a mid-tier ASX listed copper mining business which manages a portfolio of Australian projects to deliver strong shareholder returns and sustainable value for all stakeholders.

REVIEW OF OPERATIONS

The Company has projects in the Murchison and Paterson regions of Western Australia, that are host to a number of base metals deposits with copper and gold mineralisation.

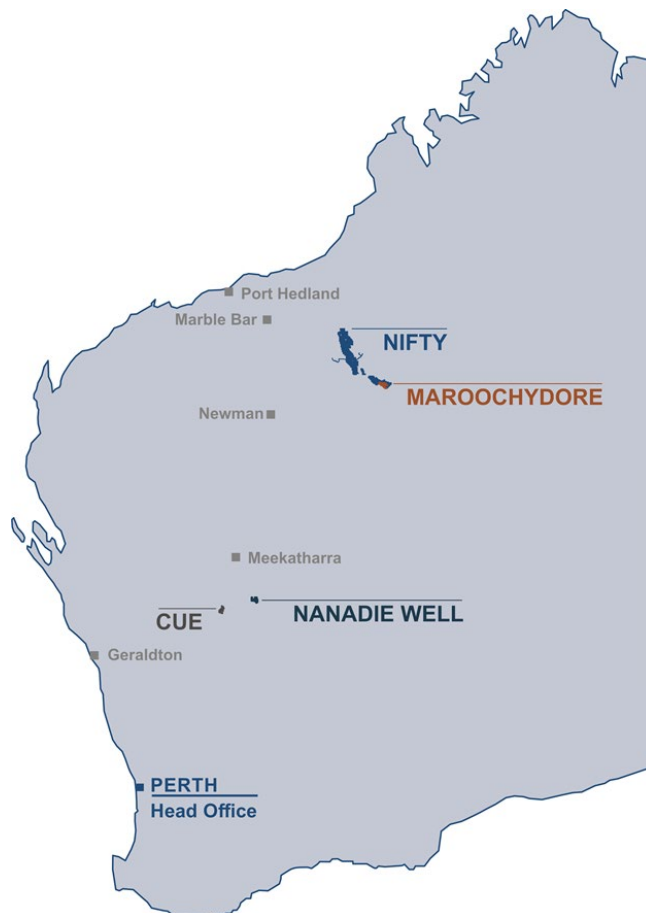


Figure 1 | Location of Murchison and Paterson Projects

Paterson Copper Projects

The acquisition of the Paterson Copper Projects from Metals X Limited was completed on 30 March 2021. This portfolio of copper projects comprises the Nifty Copper Project, Maroochydore Copper-Cobalt Project and Paterson Exploration Project.

The Nifty Copper Project (“Nifty”) is located on the western edge of the Great Sandy Desert in the north-eastern Pilbara region of Western Australia, approximately 330 km southeast of Port Hedland. Nifty has a JORC 2012 compliant Mineral Resources of 732,000 tonnes contained copper (refer to CYM ASX announcement dated 17 November 2021 “Updated Nifty Copper Mineral Resource Estimate”), with substantial infrastructure including:

- 2.8 Mtpa sulphide concentrator (in care and maintenance since November 2019)
- 25 ktpa SX-EW plant (in care and maintenance since January 2009)
- 21 MW gas turbine power station
- Water supply and reticulation systems including bore field operation
- Full heavy vehicle workshops and accommodation village
- Fully sealed all weather airstrip

Cyprium has completed a Nifty Restart Study for a heap leach solvent extraction electrowinning (“SX-EW”) operation to retreat the existing heap leach pads and to process open pit oxide and transitional material.

The Maroochydore deposit is located ~85km southeast of Nifty and includes a shallow 2012 JORC Mineral Resources of 486,000 tonnes of contained copper (refer to MLX ASX announcements: 10 March 2020, “Nifty Copper Mine Resource Update” and 18 August 2016, “Annual Update of Mineral Resources and Ore Reserves”). The resource is in the top thirty copper resources by copper tonnes in Australia. Cyprium has conducted drilling programmes to provide sample material for metallurgical test work programmes to be undertaken. Whilst the initial development focus will be to support a heap leach SX-EW option, the Company’s test work program will be used to optimise the processing flowsheet, unlocking the project’s full potential.

An exploration earn-in joint venture has been entered into with IGO on ~2,400km² of the Paterson Exploration Project. Under the agreement, IGO is to sole fund \$32 million of exploration activities over 6.5 years to earn a 70% interest in the Paterson Exploration Project, including a minimum expenditure of \$11 million over the first 3.5 years. Upon earning a 70% interest, the Joint Venture will form and IGO will free-carry Paterson Copper, a wholly owned subsidiary, to the completion of a pre-feasibility Study on a new mineral discovery.

Nifty Copper Project

Cyprium is focussed on rapidly advancing Nifty towards production and has completed the following works at the Nifty Copper Project:

- Mineral resource infill drilling review to identify priority targets
- 16,000m resource expansion drill program on western end of the pit
- 3,000m resource expansion drill program on eastern end of the open pit
- Update the Nifty Copper Project Mineral Resource Estimate
- Diamond drilling program to obtain sample material for column leach test work
- Trenching of heap leach pad for metallurgical test-work bulk samples
- Sonic drilling of heap leach pads to gain core samples
- Column test with bulk samples to optimise the metallurgical parameters
- Reverse circulation sterilisation drilling to confirm location of key site infrastructure
- Engineering reports and cost estimates for the SX-EW plant
- Site surveys, baseline studies and Regulatory Approvals
- Design and scheduling of the open pit
- Site communications and camp upgrades
- Appointment of key management and technical personnel for site

Resource Definition Drilling

A reverse circulation (“RC”) drill rigs were mobilised to site immediately upon Cyprium taking control of the site. The drill rigs focused on completing several time critical activities to enable the project to move forward to construction and production.

The Nifty mineral resource remains open both up and down plunge of the host syncline. Technical studies and infill drilling of the existing mineralised envelope were completed during 2021. The resource drilling at Nifty west and east has been designed primarily to confirm the mineralisation and to improve the confidence, hence classification of inferred resource, plus extension of mineralisation.

There is considerable potential to increase the mineral resource, including upgrading of the historical oxide mineralisation, based on a detailed review of the existing geological data and the extensional reverse circulation (“RC”) and diamond drilling programmes that have been undertaken.

Eastern Drilling

A 3,000m RC drilling programme was completed, targeting areas of potential oxide/transitional mineralisation extending to the east of the Nifty open pit (refer to Figure 2).

The programme was designed to increase the density of drilling over the sparsely tested eastern extension of the existing resource where limited previous drilling had intersected encouraging widths of oxide and transitional

zone copper mineralisation. This area is being drilled to an appropriate density to add to the base load resource for Cyprium’s Heap Leach Restart.

Holes 21NRSP001 (21m at 0.45% Cu, including 5m at 1.28% Cu), 21NRSP016 (10m at 0.37% Cu) and 21NRSP015 (3m at 0.62% Cu, including 1m at 1.22% Cu and 5m at 0.39% Cu) confirmed the eastern extensions to the Nifty mine host carbonate-shale sequence. To the immediate south, a sub-parallel zone of interpreted supergene copper mineralisation was intersected in a previously untested zone that will be followed up in the next phase of drilling.



Figure 2 | Drilling Locations and Survey Area

Western Drilling

A 16,000 metre RC drilling campaign was undertaken to test the potential up-plunge extensions of the oxide and transitional mineralisation at the western extremity of the Nifty open pit. Historically, mineralisation in this region has been of lower confidence, being in the inferred resource category, due to the sparse drilling density.

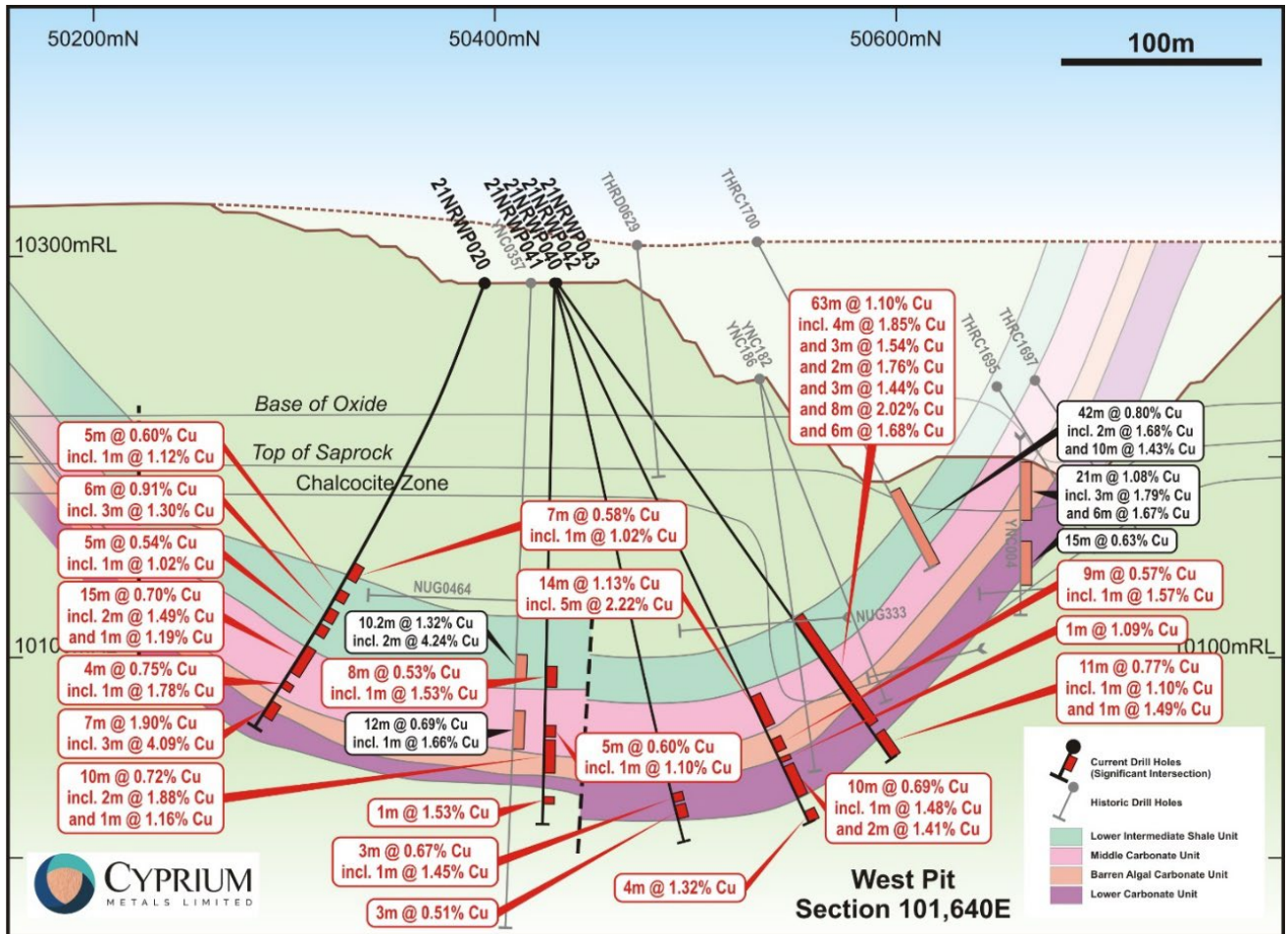
Wide intervals of low to medium-grade copper sulphide mineralisation have been consistently encountered from the drilling below the western end of the open pit. This mineralisation is interpreted associated with the up-plunge extent of the Nifty Syncline keel zone, which has been lightly drilled tested from both surface and underground.

The intersections provide further confirmation of the presence of significant copper mineralisation associated with the lightly tested Nifty Syncline keel zone up-plunge of the former underground mine.

Significant results included:

- 31m @ 1.61% Cu from 234m downhole in 21NRWP064
- 57m @ 1.01% Cu from 224m downhole in 21NRWP047
- 87m @ 0.92% Cu from 193m downhole in 21NRWP043
- 92m @ 0.55% Cu from 171m downhole in 21NRWP016
- 90m @ 0.45% Cu from 156m downhole in 21NRWP015
- 86m @ 0.57% Cu from 170m downhole in 21NRWP018

- 97m @ 0.47% Cu from 145m downhole in 20NRWP020
- 94m @ 0.58% Cu from 168m downhole in 21NRWP021
- 100m @ 0.41% Cu from 190m downhole in 21NRWP042
- 115m @ 0.51% from 156m downhole in 21NRWP044



Section 1 / Nifty West drill hole section 101,640E

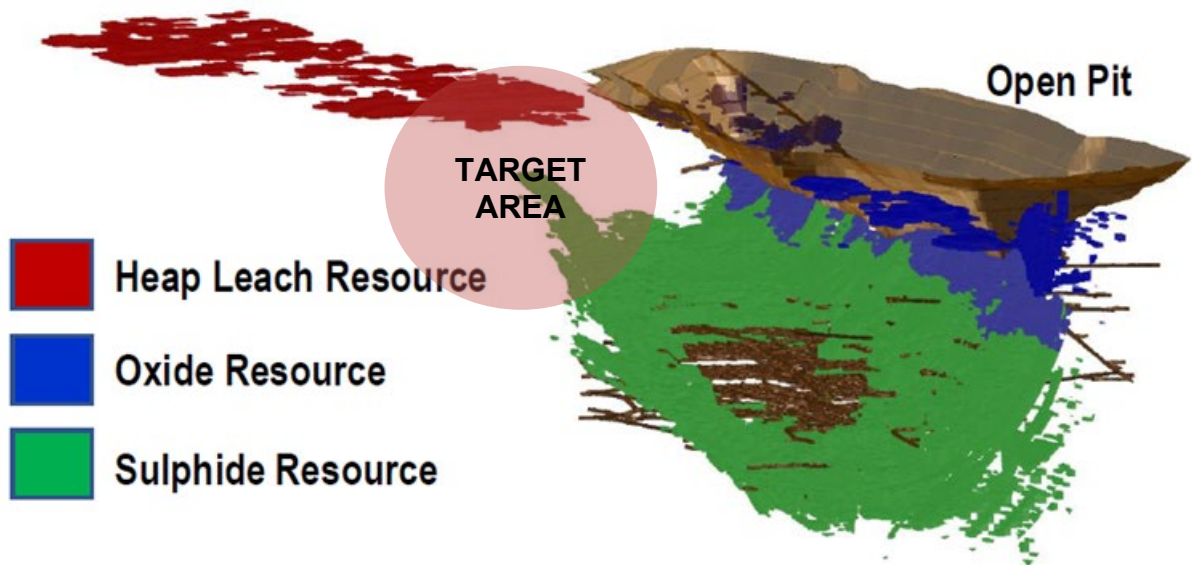


Figure 3 / Nifty West target area

Mineral Resource Estimate

The Company released an updated Mineral Resource estimate for the Nifty copper deposit during 2021 of 45.9Mt @ 1.6% copper for a total contained copper inventory of approximately 732,000t (refer to Table 1 and CYM ASX announcement dated 17 November 2021 “Updated Nifty Copper Mineral Resource Estimate”).

Ore Source	Cut-Off	Measured			Indicated			Inferred			Total		
	%Cu	Ore Mt	Grade %Cu	Metal t Cu	Ore Mt	Grade %Cu	Metal t Cu	Ore Mt	Grade %Cu	Metal t Cu	Ore Mt	Grade %Cu	Metal t Cu
Oxide	0.4	1.1	1.2	12,300	0.3	1.1	3,300	0.2	0.9	1,700	1.6	1.1	17,300
Lower Saprolite	0.4	1.3	0.9	12,200	0.4	0.8	3,000	0.2	0.8	1,200	1.8	0.9	16,300
Transition	0.4	0.2	0.7	1,500	0.2	0.7	1,000	0.2	0.7	1,200	0.5	0.7	3,700
Chalcocite	0.4	4.3	1.2	53,800	2.3	1.2	28,400	1.4	1.2	16,100	8.0	1.2	98,300
Total Oxide	0.4	7.0	1.2	79,700	3.1	1.1	35,600	1.9	1.1	20,100	11.9	1.1	135,500
Sulphide	0.75	19.6	1.8	351,200	9.2	1.8	161,900	5.1	1.6	76,900	33.9	1.8	596,700
TOTAL		26.5	1.6	431,000	12.3	1.6	197,500	7.0	1.5	97,100	45.9	1.6	732,200

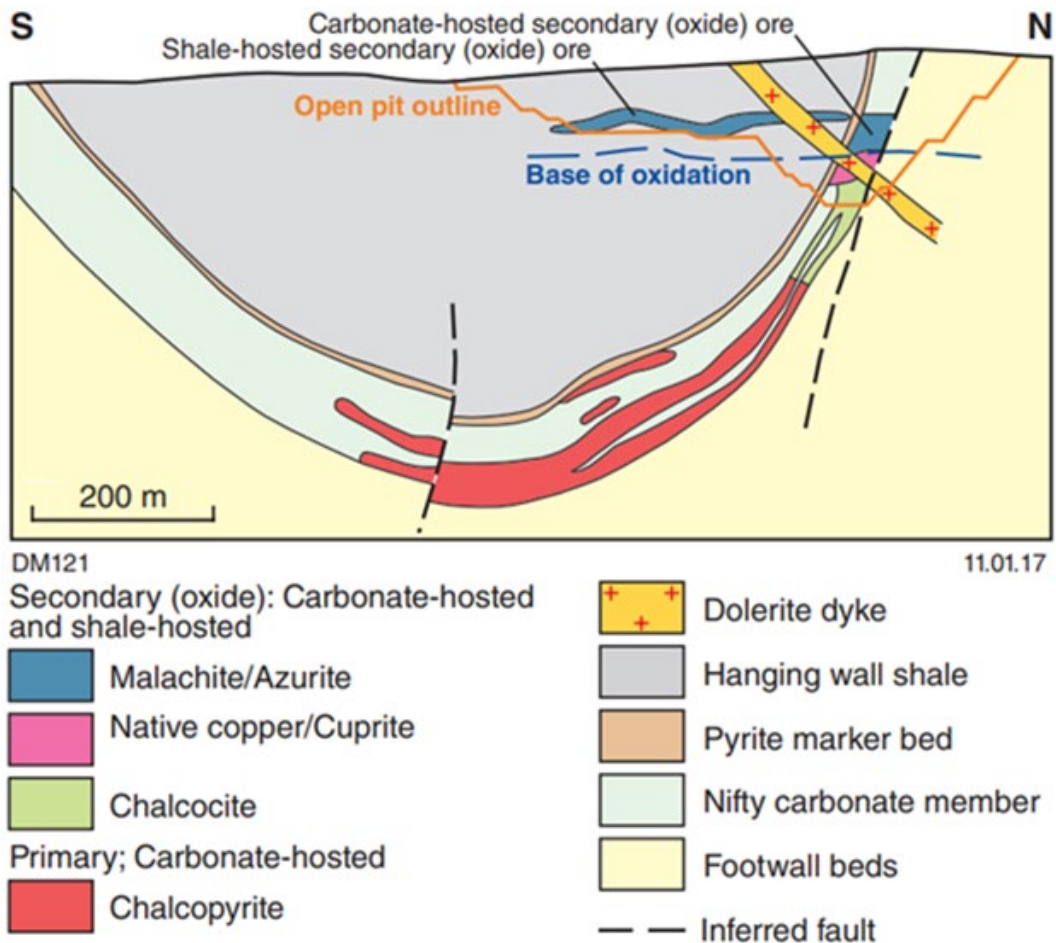
Table 1: November 2021 Mineral Resource Estimate – Nifty Copper Deposit

The Nifty copper deposit is a structurally and lithological controlled stratabound body within the Nifty Syncline, which strikes southeast-northwest and plunges at about 6-12 degrees to the southeast.

The massive, disseminated and vein-style copper mineralisation occurs as a structurally controlled, chalcopyrite-quartz-dolomite replacement of carbonaceous and dolomitic shale within the folded sequence. The copper sulphide mineralisation is largely confined to the keel of the syncline and the northern limb.

The Nifty Heap Leach Restart Study is focussed on the development of the first phase of the project that involves a return to heap leaching and SX-EW processing plant to produce refined copper cathode metal plate at the mine site. The significant inventory of remnant heap leachable mineralisation confirmed by this Mineral Resource Estimate (11.9Mt @ 1.1% copper for 135,500t of contained copper metal).

The resource reporting cut-off grade is 0.75% Cu for the sulphide resource and 0.4% Cu for the oxide resource and is in keeping with past resource estimates for direct comparison purposes.



Section 2 / Schematic cross-section through the Nifty Syncline

Metallurgical Test-work

Heap Leach Pad Drilling

A sonic drill rig was mobilised to site to obtain specialised core samples for metallurgical test-work. The rig was very effective in producing complete core samples from the existing heap leach pads, for column leach metallurgical test-work.



Image 1 | Metallurgical test-work sample from Sonic Rig

Diamond Drilling

Diamond drilling was undertaken to obtain representative samples of the in-situ copper mineralisation around the Nifty open pit for column leach testwork. Whilst over 200,000 tonnes of copper metal plate has been produced at Nifty historically and the metallurgy is well understood, it has been over a decade since new methods have been tested, particularly the unique methodology utilised by Cyprium on its Hollandaire resource.

The first metallurgical diamond hole 21NDMT001 was drilled into the existing resource at the eastern end of the Nifty open pit (refer to Figure 2). The hole intersected native copper, chalcocite and covellite at downhole depths of 129.8 to 133.3m, 141.3 to 152.3m (Images 2 and 3) and 154.6 to 155.4m. A further two metallurgical holes were completed in the same area.



Image 2 | Hole 21NDMT001: 141.4m to 141.5m showing native copper and chalcocite



Image 3 | Hole 21NDMT001: 150.3m to 150.5m showing native copper, covellite, chalcopyrite and chalcocite



Image 4 | Heap Leach Pads at the Nifty Copper Project

Metallurgical Review

Multiple work streams are being undertaken to optimise the metallurgical retreat process, which utilises a significant amount of historical data and applies modern techniques to a proven process.

The bulk samples taken from the trenching of the existing heap leach pads are undergoing column testwork leaching analysis in the laboratory.

The preliminary leaching results have been excellent and in line with Cyprium's internal expectations. Optimisation has commenced, using the bulk samples taken from the trenching using Cyprium's Intellectual Property, which have been factored into testwork using a column that is 6 metres high (refer to Image 7), to align with operating parameters. Further optimisation metallurgical testwork is being undertaken on the specialised core samples obtained from a sonic drill rig programme across the existing heap leach pads. Further column test work is being conducted during the first half of in 2022 to continue optimisation of the operating parameters and reagent usage, along with follow up tests undertaken on core and sonic drill samples.

A mass balance and copper recovery cathode software model has commenced development for the project based on the metallurgical parameters and then a metallurgical accounting system for the project will be developed so that it is ready upon the commencement of plating copper metal at Nifty.



Image 5 | Trenching of the heap leach at the Nifty Copper Project

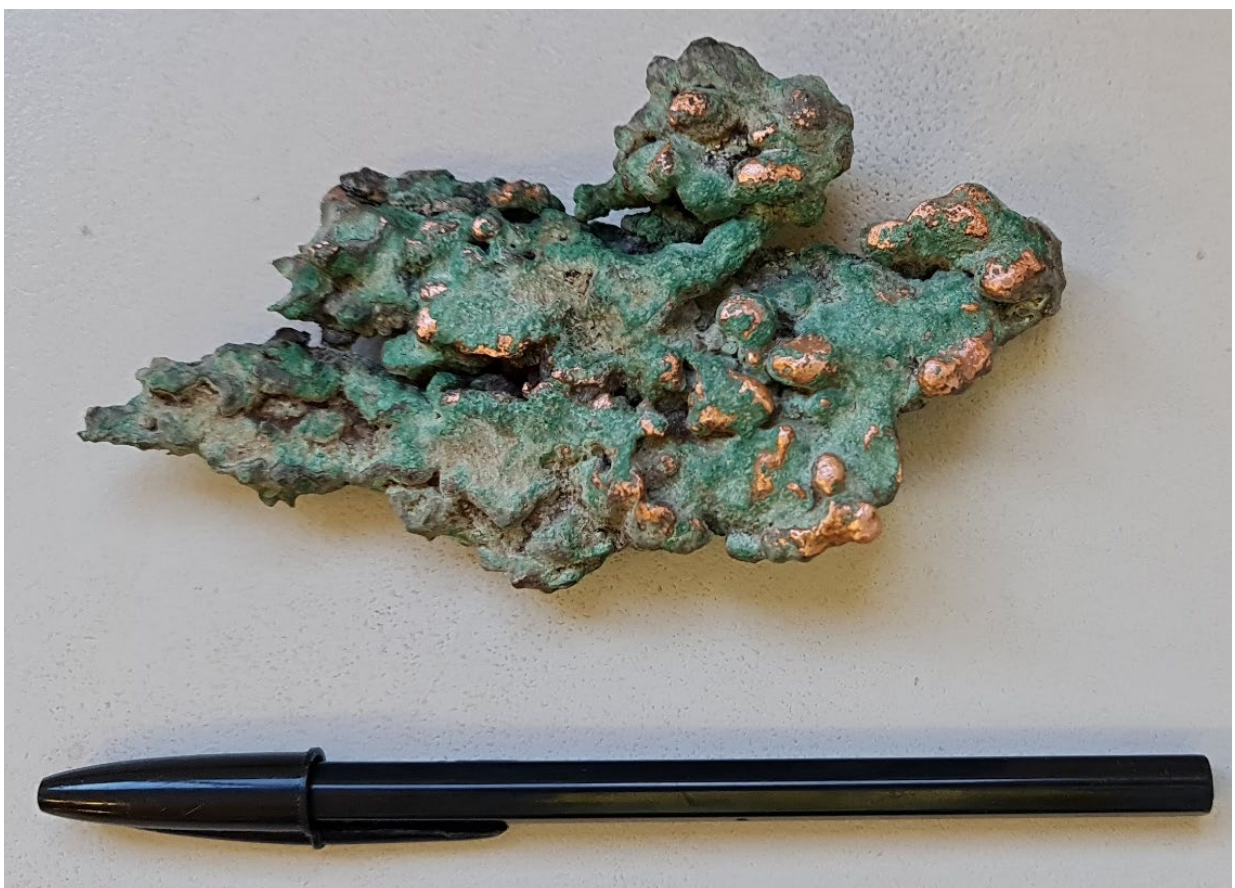


Image 6 / Native Copper sample taken from Heap 3



Image 7 | Nifty 6m high metallurgical test work column

Other Heap Leach Restart Activities

Sterilisation Drilling

Sterilisation drilling was undertaken on the western end of the current heap leach pad which potentially lay over a portion of the Nifty mineralisation. All drill holes intersected the footwall sequences of the Nifty rock formations, which effectively sterilises the area. This is positive for the project as it allows the more detailed planning and investigation to be conducted on the location designated for infrastructure.

SX-EW Processing Plant

A detailed SX-EW review determined that the refurbishment of the existing plant is the preferred course of action. The cost of building a new SX-EW plant is approximately double that of refurbishing and requires a considerably longer timeframe to construct without delivering significant additional operating efficiencies. The refurbishment of the SX-EW plant will require replacement of key components within the EW plant with minimal relocation of the existing site infrastructure.

The engineering design of the SX-EW plant and heap leach pads continued during the quarter has been completed. The new heap leach pads construction and design detail was required for the Works Approval submission so that construction activities can commence. Concurrent with the design process, tenders are being issued for the purchase and supply of long lead items.

Refurbishment of the oxide crushing circuit and SX-EW plant has begun, with the plant is being stripped down and assessed for refurbishment on an item-by-item basis. The items to be refurbished are then despatched to the required refurbishment location within Australia for the work to be undertaken.

Site surveys, baseline studies and Regulatory Approvals

Several flora and fauna surveys (part of the approval and permitting process) have been conducted. Water management planning has been completed, including allowance for water extraction from the underground voids below the open pit.

Government Approvals are required in the new areas of the project and as a State Agreement tenement, there is a Ministerial approval required to amend the project size and life. There is also a requirement for clearing permits for the new clearing required for the new heap leach pads and an amendment to a current approval for the extension to the waste dump. There is an amended Mining Proposal required for the restart of the pit, pads and SX-EW which includes submission of a Project Management Plan and a Mine Closure Plan. There is an amended Works Approval required for the restart of the SX-EW and the new heap leach pads and an amendment to the Water Licence for the change in water extraction method from underground. There are also a number of other sundry permits required around the restart of the mining operation, which require reactivation or renewal.

The process of obtaining these approvals was advanced during 2021, including conducting the initial meetings and workshops with the document compilation and submissions being done in the first half of 2022.

Site visits have been conducted with government, traditional owners and investors to showcase in a broad sense the current state of the facilities and the plans for the restart of the project. All visits have been well received with follow up meetings being undertaken.

Open Pit

The design and scheduling of the open pit was undertaken, based on the updated Nifty Mineral Resource. The current pit envelope does not include any increase in mineral resources from the results of the drilling programmes mentioned above. These designs are sufficient for use in the Restart Study and for the Finance process and will be revised again once the mineral resource has been updated with the assay results from the with Nifty west and southeast drilling programmes, during the first half of 2022.

Site Infrastructure

The communications infrastructure has been upgraded, including 4G services, resulting in significant improvements to the speed and capacity of communication services to site.

Refurbishment of the accommodation camp has commenced, with the eastern side of the camp undergoing a refurbishment process first. The refurbishment will bring the accommodation standard to be aligned with Cyprium's attraction and retention requirements for site personnel. Once the eastern refurbishment is complete the western refurbishment will commence. Refurbishment of the dry mess was also undertaken during the year.

Management Appointments

The management and technical teams have been strengthened over the past year, as Cyprium progresses towards becoming a copper producer. Personnel have been recruited to ensure a smooth transition from the Restart Study to construction and ultimately to production at the Nifty Copper Project. The company has been fortunate to have secured high quality appointments during a very tight labour market. This reinforces the quality of Cyprium's portfolio of copper projects and the appeal of the Nifty Restart to experienced industry veterans.

Maroochydore Copper – Cobalt Project

The Maroochydore Copper Project hosts a substantial shallow oxide and sulphide Mineral Resource of over 480,000 tonnes of copper (refer to MLX ASX announcements: 10 March 2020, “Nifty Copper Mine Resource Update” and 18 August 2016, “Annual Update of Mineral Resources and Ore Reserves”). The Company’s initial 6 diamond drillhole programme for 1,226m, obtained oxide, supergene and sulphide core samples for metallurgical and waste characterisation testing. The sulphide mineralisation remains open and has been lightly drilled to date.

The 50 RC drillhole programme included 46 resource definition and extension holes (5,990m) and 4 water bores (228m) for a total of 6,218 metres as detailed in Figure 5 and Images 8 to 14. The RC drilling programme targeted oxide, supergene, and transitional mineralisation at the project with several holes extending into fresh basement rock. Sulphide mineralisation was intersected from 108m down hole in 21MDRC018 (refer to Image 11).

Significant results included:

- 11m @ 2.27% Cu & 429 ppm Co from 65m in 21MDRC015, including:
 - 8m @ 2.95% Cu & 555 ppm Co from 65m, and;
- 20m @ 0.72% Cu & 38 ppm Co from 78m, including:
 - 5m @ 1.99% Cu & 30 ppm Co from 82m
- 20m @ 0.86% Cu & 609 ppm Co from 41m in 21MDRC016, including:
 - 9m @ 1.25% Cu & 775 ppm Co from 44m
- 5m @ 1.68% Cu & 678 ppm Co from 34m in 21MDRC017
- 17m @ 0.84% Cu & 462 ppm Co from 56m in 21MDRC011, including:
 - 11m @ 1.13% Cu & 570 ppm Co from 58m
- 13m @ 0.85% Cu & 429 ppm Co from 50m in 21MDRC012, including:
 - 9m @ 1.10 % Cu & 303 ppm Co from 51m
- 41m @ 0.45% Cu & 263 ppm Co from 79m in 21MDRC018, including:
 - 9m @ 0.95% Cu & 284 ppm Co from 108m
- 23m @ 0.58% Cu & 261 ppm Co from 25m in 21MDWB02, including:
 - 14m @ 0.81% Cu & 366 ppm Co from 34m

The oxide mineralisation currently extends over a strike length of 3,000m, has a width of up to 500m and thicknesses up to 100m, as modelled in the existing JORC 2012 mineral resource estimate. The resource shapes are outlined in figure 4 and sections 3 and 4.

Once all the RC assay results are received, they will be included in a revised mineral resource estimate of the Maroochydore copper – cobalt deposit.



**Image 8 / RC drill chips: 21MDRC016 41-61m
(20m @ 0.86% Cu & 609ppm Co malachite, cuprite & chalcocite mineralisation)**



Image 9 / RC drill chips: 21MDRC012, 50-63m
(13m @ 0.85% Cu & 429ppm Co, cuprite, chalcocite & covellite mineralisation)



Image 10 / RC drill chips: 21MDRC015 65-76m
(11m @ 2.27% Cu & 429ppm Co & 78-98m 20m @ 1.99% Cu & 30ppm Co, chalcocite & covellite mineralisation)



Image 11 / RC drill chips: 21MDRC018 108-117m
(9m @ 0.95% Cu & 284ppm Co. pyrite & chalcopyrite mineralisation)



Image 12 | Malachite and Chrysocolla 46-51m 21MDRC016 (9m @ 1.25% Cu & 775 ppm Co from 44m)



Image 13 | Malachite and chrysocolla mineralisation 87.2m 21MDMT01

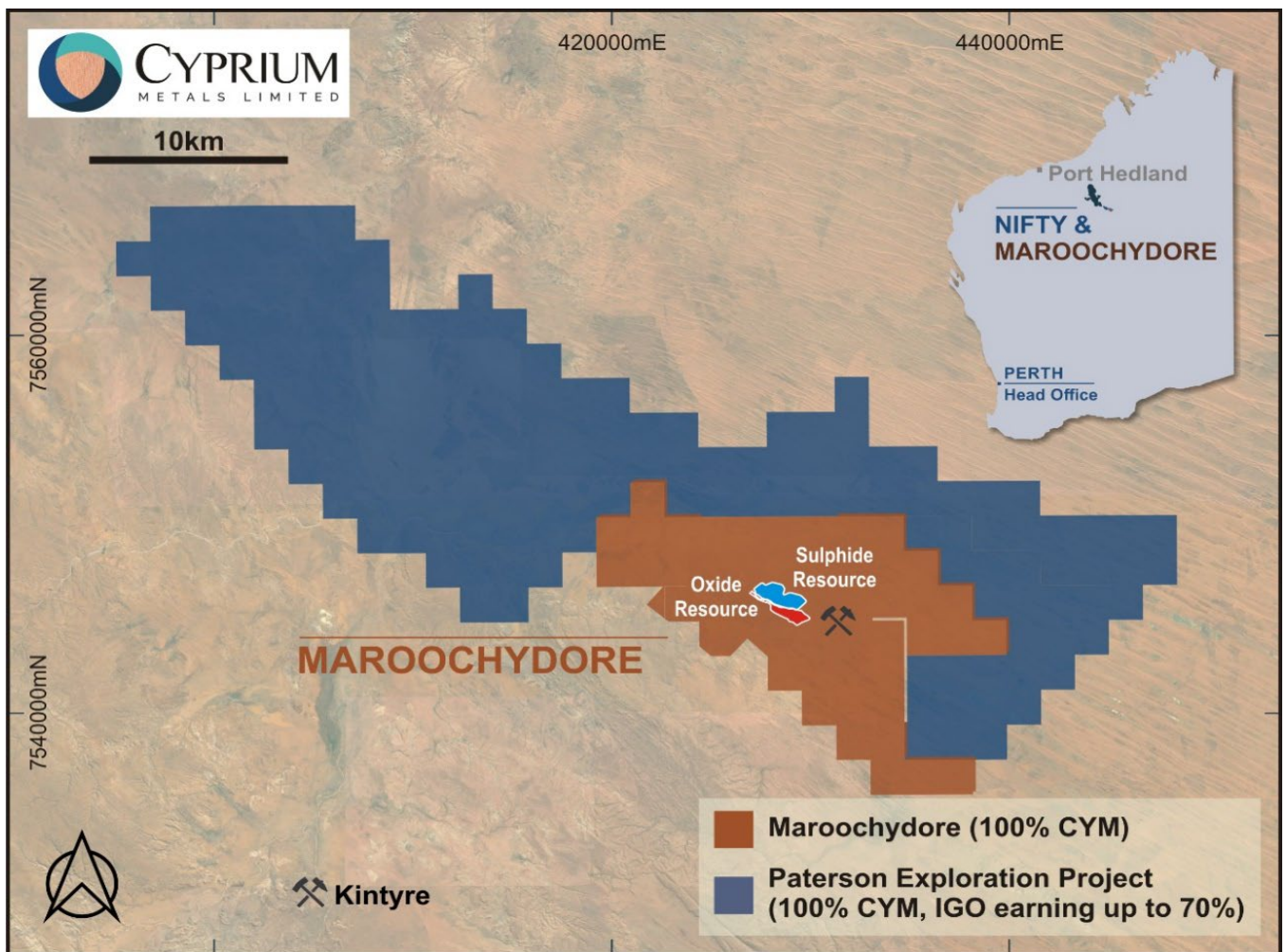


Figure 4 / Maroochydore Copper – Cobalt Project location plan

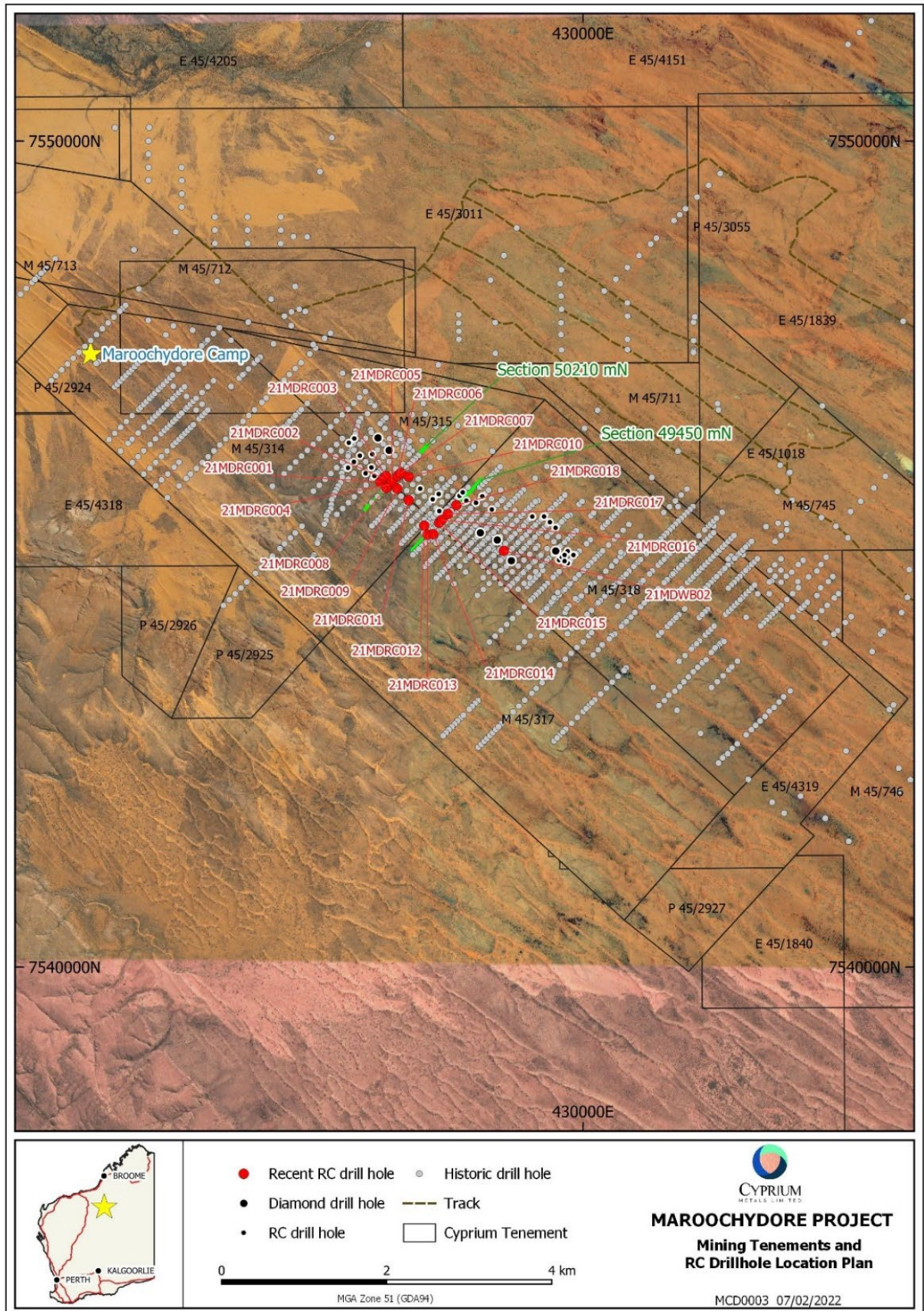
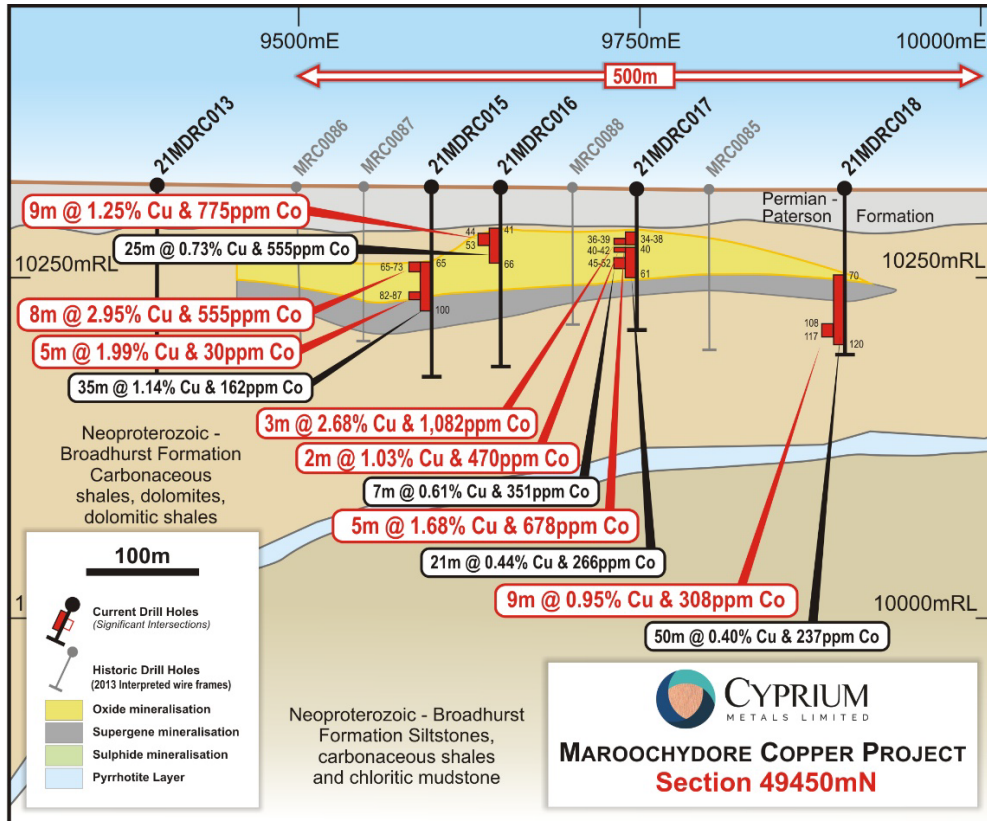
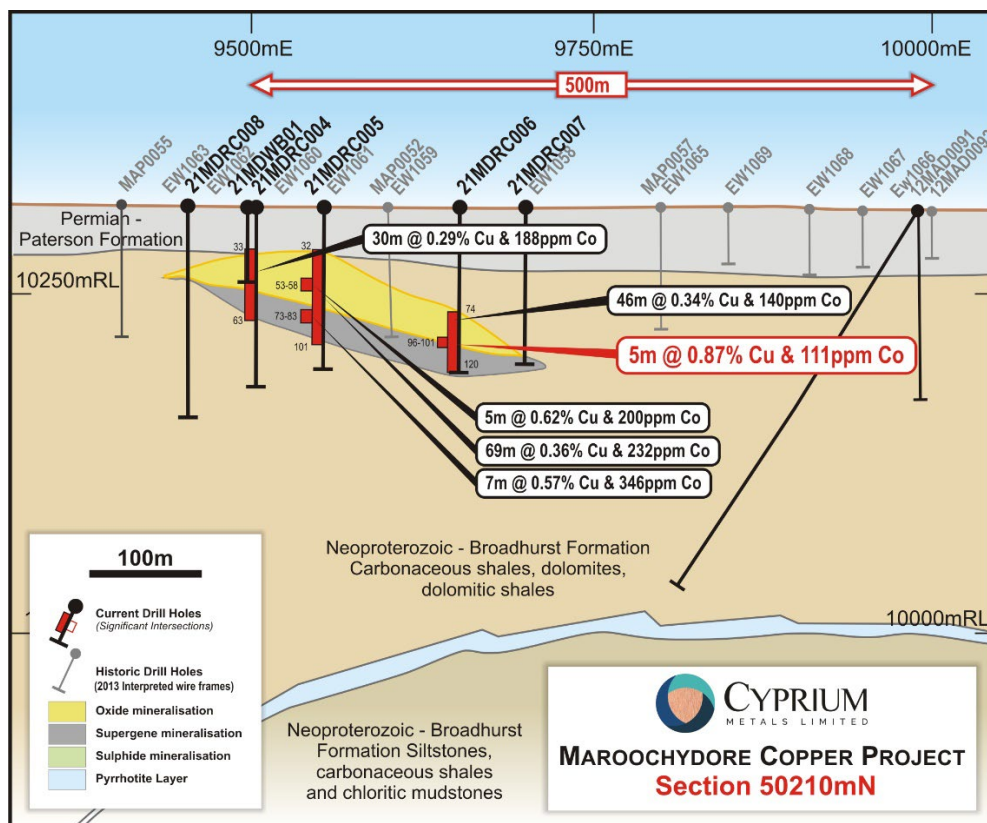


Figure 5 / Maroochydore Copper – Cobalt Project RC drillhole collar location plan



¹ Note sections are drawn looking towards the northwest



¹ Note sections are drawn looking towards the northwest

¹ Note sections are drawn looking towards the northwest



Image 14 | Native copper in carbonaceous shale 21MDMT03, 112.5m and 113.2m

Murchison Copper-Gold Projects

Cyprium has an 80% attributable interest in the Cue Copper-Gold Project, which is located ~20km to the east of Cue in Western Australia. The Cue Copper-Gold Project includes the Hollandaire Copper-Gold 2012 JORC compliant Mineral Resources of 51,500 tonnes contained copper, which is open at depth.

The Nanadie Well Project is located ~650km northeast of Perth and ~75 km southeast of Meekatharra in the Murchison District of Western Australia, within mining lease M51/887.

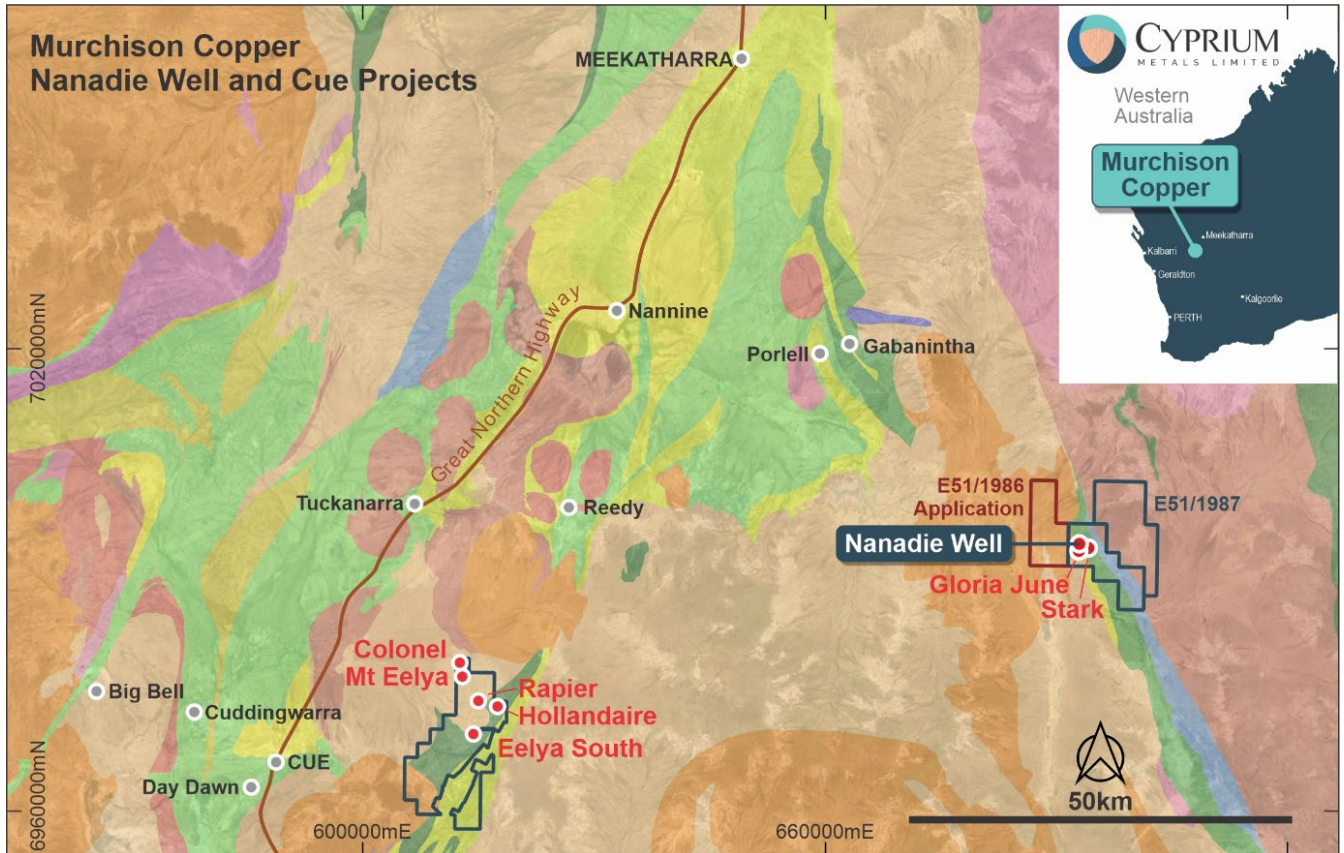


Figure 6 | Location of the Murchison Copper Project and the Nanadie Well prospect

Nanadie Well Copper-Gold Project

The layered mafic magmatic hosted disseminated/stringer sulphide mineralisation consists of pyrrhotite, pyrite and chalcopyrite as the dominant copper sulphide. It has previously been drilled in a wide-spaced pattern of 1 diamond and 88 RC drillholes over a strike length of 750 metres and between 100 to 200 metres wide, to a maximum depth of 234 metres and an average depth of 100 metres, with numerous drill holes finishing in mineralisation. Higher grade mineralisation occurs as fractionated layers in the host metagabbros and metanorites.

Extensive near-surface oxide and sulphide mineralisation has been identified during drilling programmes, which is open along strike to the north and south and across strike to the west. The mineralisation does not outcrop and is covered by 1 to 25 metres of transported material. Preliminary investigations of the Nanadie Well deposit data indicates potential for oxide and sulphide mineralisation over the currently identified strike of 750 metres.

Nanadie Well Sulphide Diamond Drilling Programme

The Company's 1,328 metre Nanadie Well Phase 1 diamond drilling programme was completed 2021 and was primarily designed to test the sulphide mineralisation below 50 metres depth at the deposit. The Phase 1 diamond drilling programme has consistently intersected sulphide mineralisation at shallow depths ranging from 45 metres to 341 metres downhole.

There is an extensive shallow sulphide copper-gold intersection continuing immediately below the oxide material derived from the layered mafic intrusive unit. Drillhole NWD2001 also includes a crackle breccia zone with high grade silver sulphide mineralisation which had not been previously encountered at the project and requires further analysis.

Significant results included:

- 144m @ 0.7% Cu & 0.21g/t Au from 25.0m in NWD2004, including:
 - 5.9m @ 3.6% Cu & 3.4g/t Au from 82.1m
 - 3.2m @ 3.9% Cu & 0.4g/t Au from 94.8m
 - 25.0m @ 0.8% Cu & 0.2g/t Au from 139.0m
 - 3.0m @ 2.2% Cu & 0.2g/t Au from 161.0m
 - 4.0m @ 2.2% Cu & 0.2g/t Au from 181.0m
- 232m @ 0.4% Cu & 0.1g/t Au from 109.0m in NWD2001, including:
 - 10.0m at 0.7% Cu & 0.1g/t Au from 109.0m
 - 1.2m at 3.1% Cu & 0.2g/t Au from 131.0m
 - 4.9m @ 1.2% Cu & 0.2g/t Au from 138.0m
 - 0.7m at 4.8% Cu & 0.2g/t Au from 188.7m
 - 12.3m @ 0.5% Cu & 0.1g/t Au from 190.1m
 - 1.4m @ 1.3% Cu & 0.3g/t Au from 228.0m
 - 9.9m @ 0.5% Cu & 0.1g/t Au from 232.2m
 - 18.0m @ 0.4% & 0.1g/t Au from 256.0m
 - 6.0m @ 1.2% Cu & 0.2g/t Au from 276.0m
 - 9.0m @ 0.4% Cu & 392g/t Ag from 303.0m
- 180m @ 0.6% Cu & 0.2 Au g/t from 10.0m in NWD2003, including:
 - 1.0m @ 2.2% Cu & 0.8 Au g/t from 30.0m
 - 0.7m @ 3.1% Cu & 0.3 Au g/t from 56.6m
 - 3.0m @ 1.7% Cu & 0.7 Au g/t from 87.0m
 - 5.0m @ 3.0% Cu & 0.3 Au g/t from 95.0m
 - 0.7m at 6.6% Cu & 2.8 Au g/t from 109.3m
 - 0.8m @ 2.7% Cu & 0.9 Au g/t from 115.2m
 - 0.7m @ 2.5% Cu & 0.3 Au g/t from 123.2m
 - 24.9m @ 1.4% Cu & 0.3 Au g/t from 150.1m
 - 4.9m @ 1.2% Cu and 1.1 Au g/t from 177.2m
- Hole NWD2002 – copper mineralisation extends over 168m downhole, including:
 - 29m @ 0.6% Cu and 0.2 g/t Au from 49m
 - 10m @ 1.9% Cu and 0.2 g/t Au from 106m
 - 25m @ 0.6% Cu and 0.1 g/t Au from 146m
 - 12m @ 0.6% Cu and 0.2 g/t Au from 187m

- Hole NWD2101 - copper mineralisation extends over 274m downhole, including:
 - 5m @ 0.7% Cu and 0.1 g/t Au from 45m
 - 5m @ 1.9% Cu and 0.5 g/t Au from 75m
 - 4m @ 0.9% Cu and 0.2 g/t Au from 83m
 - 2m @ 1.0% Cu and 0.2 g/t Au from 91m
 - 35m @ 0.5% Cu and 0.1 g/t Au from 108m
 - 40m @ 0.4% Cu and 0.1 g/t Au from 157m
 - 56m @ 0.9% Cu and 0.2 g/t Au from 202m
 - 11m @ 0.9% Cu and 0.2 g/t Au from 262m
 - 14m @ 0.7% Cu and 0.2 g/t Au from 290m



Image 15 | NWD2003: 155.0m to 156.0m; 1.0m @ 5.11% Cu, 0.40 Au g/t and 8.50 g/t Ag. 156.7m to 157.4m; 1.0m @ 11.0% Cu, 0.82 Au g/t and 18.5 g/t Ag



Image 16 | NWD2003: 109.2m to 110.05m; 0.7m @ 6.58% Cu, 2.83 Au g/t and 16.5 g/t Ag



Image 17 | NWD2001: 303.0m to 312.0m; 9.0m @ 392 Ag g/t crackle breccia silver sulphide mineralisation, including 2.0m @ 1,470 Ag g/t from 306.0m.



Image 18 | NWD2004: 82.1m to 88.0m; 5.9m @ 3.6% Cu chalcopyrite mineralisation, including 1.0m @ 10.9% Cu from 86.0m

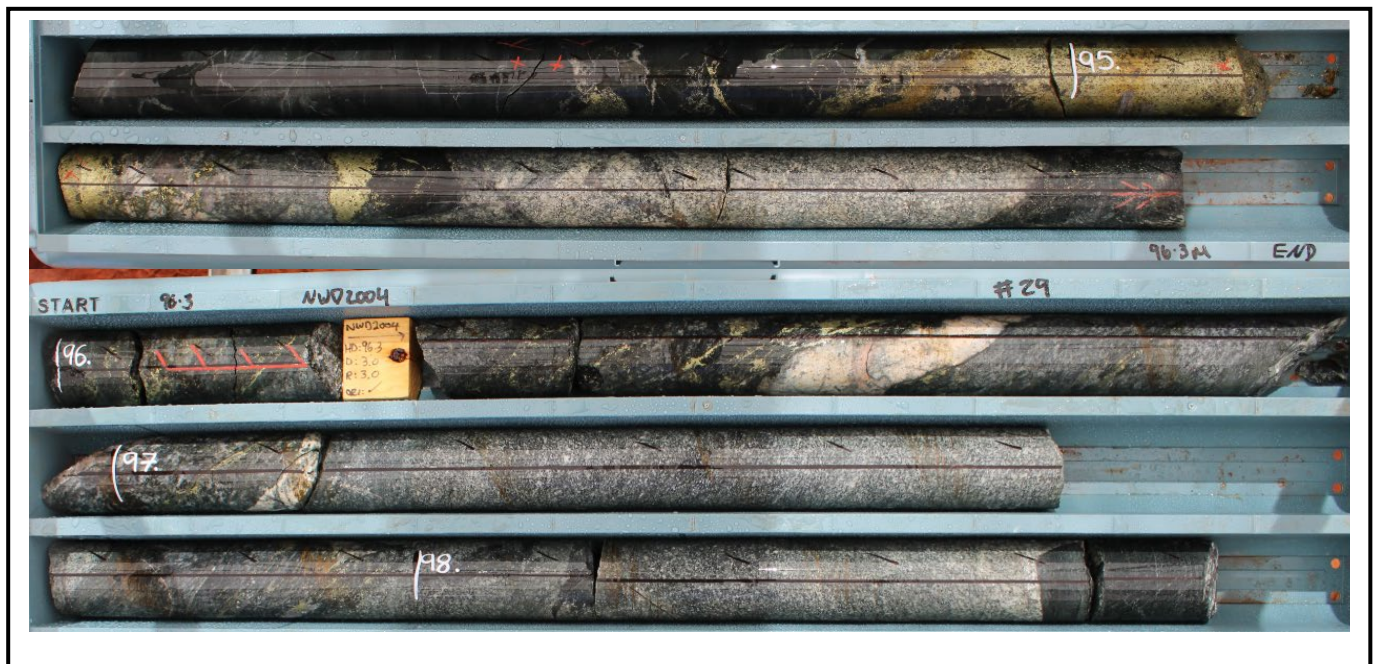


Image 19 | NWD2004: 94.8m to 98.0m; 3.2m @ 3.9% Cu chalcopyrite mineralisation including 0.7m @ 11.6% Cu from 94.8m

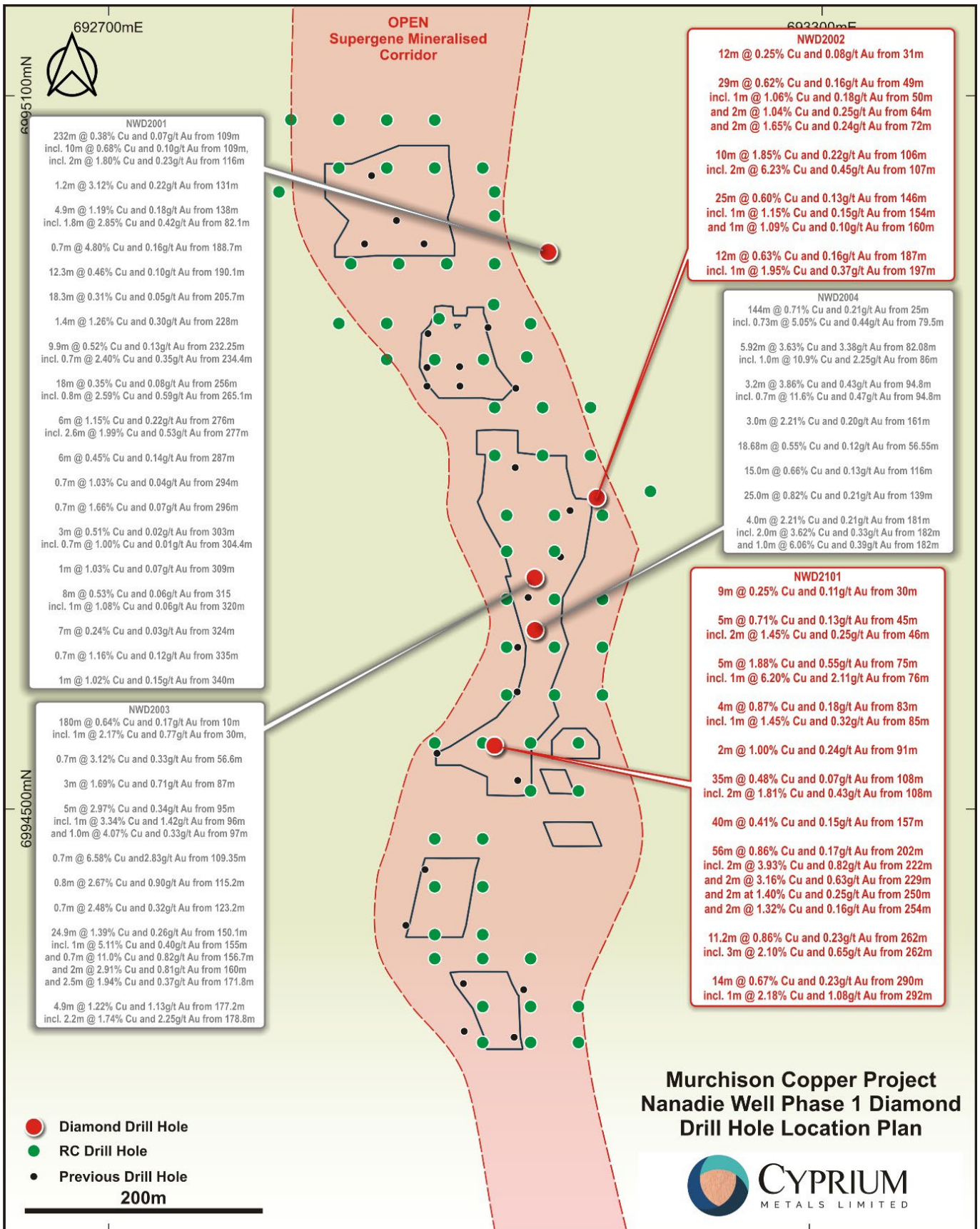


Figure 7 / Nanadie Well Phase 1 drill hole collar locations and diamond drill hole intercept highlights

Significant Events after the Reporting Date

On 11 March 2022, the Company announced the results of the Restart Study for the Nifty Copper Project. The study demonstrated a robust heap leach solvent extraction-electrowinning (SX-EW) operation in the initial stage of the project. The Restart is focused around the first phase of heap leach retreat and oxide open pit, and it is envisaged that the life will extend to the sulphide stage of the open pit with a considerably larger resource available. The sulphide study has already commenced with design optimisation and metallurgical testwork currently being undertaken.

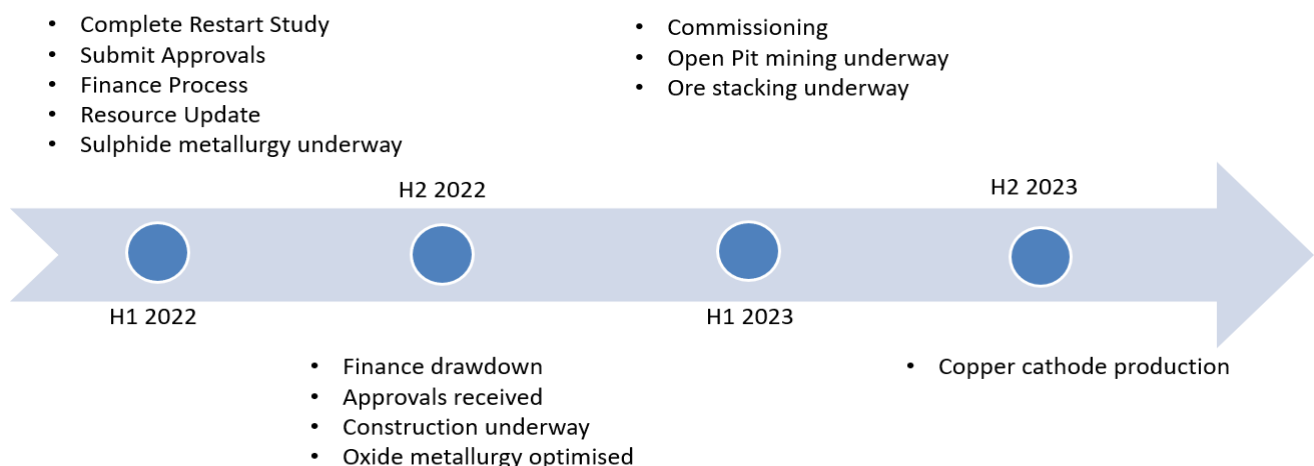
A 2012 JORC compliant Mineral Resources estimate of 732,200 tonnes contained copper within an open pit mine, with substantial infrastructure including:

- 2.8 Mtpa sulphide concentrator (in care and maintenance since November 2019).
- 25 ktpa copper cathode heap leach SX-EW facility (in care and maintenance since January 2009).
- 21 MW gas turbine power station and gas pipeline.
- Water supply and reticulation systems including multiple bore fields.
- Mine village with a capacity of approximately 400 persons.
- Sealed all weather airstrip.
- Upgraded 4G communications infrastructure.

Restart of the heap leach SX-EW facility at the historic Nifty Copper Operation will involve the following:

- Recommencement of open pit mining.
- Refurbishment of existing heap leach agglomeration, stacking/materials equipment, and irrigation systems.
- Refurbishment of the existing leach pads to place new oxide material on for leaching.
- Construction of additional leach pad capacity for retreatment of the existing heap leach pad material.
- Refurbishment of existing SX-EW facilities.
- Reinstatement of supporting reagent/utility systems.

The Project Development Schedule is summarised as follows:



DIRECTORS' REPORT

The Directors present their report for Cyprium Metals Limited ("CYM" or "the Company") and its subsidiaries ("the Group") for the year ended 31 December 2021.

All amounts are expressed in Australian dollars unless otherwise stated.

DIRECTORS

The following persons were directors of CYM during the year and up to the date of this report:

- Gary Comb (Chairman, Non-Executive Director)
- Barry Cahill (Managing Director)
- Nicholas Rowley (Non-Executive Director)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

DIRECTORS' INFORMATION

Gary Comb

Non-Executive Chairman

Mr Comb is an engineer with over 30 years' experience in the Australian mining industry, with a strong track record in successfully commissioning and operating base metal mines. He was Chairman of Finders Resources Limited from 2013 until its takeover in 2018. Mr Comb was previously the Managing Director of Jabiru Metals Limited and the CEO of BGC Contracting Pty Ltd.

Barry Cahill

Managing Director

Mr Cahill is a mining engineer with over 30 years' experience in exploration, operational mining and management. In particular his experience covers management of project development and construction from exploration drilling through project funding, commissioning and development. He was the Managing Director of Finders Resources Limited from 2013 until its takeover in 2018. Mr Cahill has previously been executive director of a number of public companies including operations director at Perilya Limited and Managing Director of Australian Mines Limited and Norseman Gold Plc.

Nicholas Rowley

Non-Executive Director

Mr Rowley is an experienced corporate executive with a strong financial background with over 15 years' specialising in corporate advisory, M&A transactions, and equities markets. He has advised on the equity financings of numerous ASX and TSX listed companies predominantly in the mining and resources sector. Mr Rowley currently serves as a Non-Executive Director of Titan Minerals Limited.

DIRECTORSHIPS OF OTHER LISTED COMPANIES

Directorships of other listed companies held by current directors in the 3 years immediately before the end of the financial year are as follows:

Director	Company	Period of Directorship
Gary Comb	Ironbark Zinc Limited Boab Metals Limited	Director from January 2012 to November 2019 Director from March 2020
Nicholas Rowley	Titan Minerals Limited	Director since August 2016

COMPANY SECRETARY

Wayne Apted

Mr Apted is a Chartered Accountant with over 25 years' experience in the mining industry. He was the Chief Financial Officer of Finders Resources Limited until its takeover in 2018. Mr Apted has previously worked in senior finance roles for Masan Resources Limited, Glencore plc, Xstrata plc, Normandy Mining Limited and Aurora Gold Limited.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Cyprium Metals Limited are:

Director	Ordinary Shares
Gary Comb	6,094,940
Barry Cahill	6,266,370
Nicholas Rowley	2,585,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Cyprium Metals Limited for the year ended 31 December 2021 was \$26.7 million (2020: loss of \$1.0 million).

DIVIDENDS

No dividends were paid or declared. The directors do not recommend the payment of a dividend.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was identifying, evaluating, and developing projects and conducting exploration activities in the resources and mineral exploration sector as outlined in the Review of Operations.

CORPORATE STRUCTURE

Cyprium Metals Limited is a company limited by shares, which is incorporated and domiciled in Australia.

During March 2021, CYM issued 450 million fully paid ordinary shares in the Company to institutional and sophisticated investors to raise \$90 million.

During 2021, the Company issued 16.25 million performance rights to Directors and 35.25 million performance rights to employees and contractors.

In March 2021, Cyprium acquired 100% of the shares on issue held by Metals X Limited in Paterson Copper Pty Ltd for \$24 million in cash, Convertible Notes with a face value of \$36 million and 40.6 million of unlisted share options, of which 20.3 million share options expired on 30 March 2022.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

On 11 March 2022, the Company announced the results of the Restart Study for the Nifty Copper Project (refer to the Review of Operations section for further details).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Group will continue identifying, evaluating and developing projects together with conducting exploration activities in the Australian resources and mineral exploration sector.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The operations of the Group are subject to environmental regulation under the laws of Australia. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licences.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

In accordance with the Constitution of the Company, to the extent permitted by law, the Company indemnifies every director, officer and employee of the Company and each officer of a related body Corporate of the Company against any liability incurred by that person:

- a) in his or her capacity as a director, officer, or employee of the Company; and
- b) to a person other than the Company or a related body corporate of the Company.

During the financial year, Cyprium Metals Limited paid an insurance premium in respect of a policy for the benefit of the Directors of the Company, Company Secretary, executive officers and employees of the Company and any subsidiary bodies corporate as defined in the insurance policy, against a liability incurred as such a director, company secretary, executive officer or employee to the extent permitted by the Corporations Act 2001. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy including the nature of the liability insured against and the amount of the premium.

INDEMNIFICATION OF THE AUDITOR

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor. During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

OPTIONS

The Company issued 40.6 million options as part of the consideration payable for the acquisition of the Paterson Copper Assets during 2021 (refer to note 3 of the Financial Statements), of which 20.3 million options lapsed on 30 March 2022.

As at the date of this report, there were 26.3 million options on issue, expiring in December 2022 and March 2023, as follows:

- 6.0 million options exercisable at \$0.30 per option before 11 December 2022
- 20.3 million options exercisable at \$0.3551 per option before 30 March 2023

PERFORMANCE RIGHTS

The Company issued 16.25 million performance rights to Directors and 35.25 million performance rights to employees during 2021.

As at the date of this report there were 57.0 million performance rights on issue, expiring in June and July 2024, and May and June 2026. The details of the performance conditions relating to the performance rights are as follows:

Performance Condition	Number
Each Performance Right will vest upon the earlier of: <ul style="list-style-type: none"> ▪ Announcement of a Scoping Study that confirms the positive economics of the Projects; or ▪ The volume weighted average price of the Shares equals or exceeds \$0.35 per Share for 5 consecutive trading days 	2,750,000
Each Performance Right will vest upon the earlier of: <ul style="list-style-type: none"> ▪ Board approval to Proceed with a Project Definitive Feasibility Study; or ▪ The volume weighted average price of the Shares equals or exceeds \$0.40 per Share for 5 consecutive trading days 	2,750,000
Total expiring in June and July 2024	5,500,000

Performance Condition	Number
Commence mining of the Nifty Copper open pit	10,300,000
Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP	10,300,000
Expand Cyprium's copper equivalent resource inventory to 1.5mt contained copper metal; or a minimum 45 cent 20-day VWAP	10,300,000
Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper Project; or a minimum 47.5 cent 20-day VWAP	10,300,000
Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP	10,300,000
Total expiring in May and June 2026	51,500,000

DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

	Directors' Meetings		Audit Committee Meetings	
	Eligible to attend	Attended	Eligible to attend	Attended
Gary Comb	7	7	2	2
Barry Cahill	7	7	-	-
Nicholas Rowley	7	7	2	2

As at the date of this report, the Company had an Audit Committee of the Board of Directors. The Audit Committee is comprised of non-executive Directors and Nicholas Rowley is the Chairman of the Audit Committee.

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cyprium Metals Limited support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council and considers that Cyprium Metals Limited complies to the extent possible with those guidelines, which are of importance and add value to the commercial operation of an ASX listed resources company. The Company has established a set of corporate governance policies and procedures, and these can be found on the Company's website: cypriummetals.com.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Cyprium Metals Limited with an Independence Declaration in relation to the audit of the financial report. A copy of that declaration is included within the annual report, and forms part of this directors' report.

During the year the Company's auditors did not perform any other services in addition to their statutory audit duties. The Board considers any non-audit services provided by the auditor and satisfies itself that the provision of those non-audit services is compatible with, and do not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services are subject to the corporate governance procedures adopted by the Company and are reviewed to ensure they do not impact upon the impartiality and objectivity of the auditor.
- the non-audit services do not undermine the general principles relating to auditor independence as set out in APES 110 code of Ethics for Professional Accountants, as they do not involve reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards. Details of the amounts paid to the auditors of the Company, and its related practices for audit and non-audit services provided during the year are set out in note 22 to the financial statements.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' report, outlines the remuneration arrangements in place for the key management personnel of Cyprium Metals Limited for the financial year ended 31 December 2021. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

The remuneration report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Details of KMP

- Gary Comb (appointed 14 June 2019)
- Barry Cahill (appointed 14 June 2019)
- Nicholas Rowley (appointed 31 May 2018)

Remuneration Policy

The remuneration policy of Cyprium Metals Limited has been designed by the Board taking into consideration the stage of development of the Group and the activities undertaken. The Board of Cyprium Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group.

The remuneration policy aims to attract, retain and motivate the high-performing individuals that will deliver the business strategy and create long-term value. Performance-related pay to incentivise high performance and rewards are to be linked to and commensurate with performance. As a result, performance-related pay represents a meaningful portion of total remuneration for all KMP and employees that have the ability to influence shareholder value. Shareholder value is created by project acquisition, analysis, expansion, financing, development and operations.

During the pre-decision to construct mine phase, KMP and employees are incentivised deliver the business strategy to acquire and grow our project base.

Fixed remuneration

Fixed remuneration consists of total Directors' fees, salaries, bonus, consulting fees and employer contributions to superannuation funds, excluding performance pay (cash, shares and options). Fixed remuneration levels are reviewed annually by the Board.

Executive remuneration

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework has the following components:

- Base salary (which is based on factors such as length of service, performance, and experience) and (where applicable) employer contributions to superannuation;
- Consulting fees for executives providing services under a services contract; and
- Long-term incentives through participation in the Performance Rights Plan of Cyprium Metals Limited and as approved by the Board.

Non-executive Directors' remuneration

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment, and responsibilities. The board determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability.

Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, directors may receive long-term performance incentives via the Performance Rights Plan of Cyprium Metals Limited.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently \$450,000.

The annual remuneration for each non-executive director was set in the range of \$36,000 - \$70,000 per annum during 2021. These fees have been determined by the Board of the Company, taking into consideration factors such as the market rates of industry peer companies and the current level of activity. Where there is a significant change in the size and scale of Company activities these annual fees will be reviewed. Where approved and at the request of the Board, any of the Non-Executive Directors may from time to time be required to fulfil certain executive functions.

Use of remuneration consultants

The Board may (from time to time) engage the services of external consultants to advise on the remuneration policy and to benchmark director and key management personnel remuneration against comparable entities so as to ensure that remuneration packages are consistent with the market and are appropriate for the organisation. The Group did not employ the services of any remuneration consultants during the year.

Performance Rights Plan

The Performance Rights Plan of Cyprium Metals Limited was last approved by Shareholders at the 2019 Annual General Meeting.

Directors, full and part time employees and contractors of Cyprium Metals Limited are eligible to participate in the Performance Rights Plan. Any issue of Performance Rights to Directors is subject to Shareholder approval pursuant to the provisions of the ASX Listing Rules and the Corporations Act 2001. The Directors consider that the Cyprium Metals Limited Performance Rights Plan represents an appropriate method to:

- Reward Directors, KMP and employees for their performance;
- Provide long-term incentives for participation in the Company's future growth;
- Motivate and retain Directors, KMP and employees;
- Establish a sense of ownership in the Company for Directors and employees;

- Enhance the relationship between the Company and its employees for the long-term mutual benefit of all parties; and
- Enable the Company to attract high calibre individuals who can bring specific expertise to the Company.

Voting on the Remuneration Report - 2021 Annual General Meeting

The Company received approximately 99.99% of “yes” votes on its remuneration report for the year ended 31 December 2020.

Loans to Directors and Executives

There were no loans to Directors and KMP during the financial year ended 31 December 2021.

Details of Remuneration

Details of the nature and amount of each element of the remuneration of each Director of the Company for the year ended 31 December 2021 are as follows:

2021	Salary or Consulting Fees \$	Share-based Payments ¹ \$	Other Benefits ² \$	Total \$	Performance related %
Directors					
Gary Comb	67,500	431,607	6,587	505,694	85%
Barry Cahill	450,319	1,066,196	43,905	1,560,420	68%
Nicholas Rowley	40,500	116,021	-	156,521	74%
	558,319	1,613,824	50,492	2,222,635	73%

Details of the nature and amount of each element of the remuneration of each Director of the Company for the year ended 31 December 2020 are as follows:

2020	Salary or Consulting Fees \$	Share-based Payments ¹ \$	Other Benefits ² \$	Total \$	Performance related %
Directors					
Gary Comb	60,000	95,509	5,700	161,209	59%
Barry Cahill	310,820	146,416	29,528	486,764	30%
Nicholas Rowley	36,000	73,802	-	109,802	67%
	406,820	315,727	35,228	757,775	42%

¹These values relate to non-cash performance rights issued during 2019, 2020 and 2021 years and have been derived using valuation techniques and inputs as set out in Note 17. The 2021 charge includes adjustments from previous years due to the acceleration of actual and forecast vesting conditions.

² Other benefit payments related to statutory superannuation.

Shareholdings of Directors

The number of shares in the Company held during the year by Directors of the Company, either directly or indirectly, is set out below. There were no shares granted during the reporting year as compensation.

2020	Balance at the start of the year or appointment	Granted during the year as compensation	On vesting of performance rights	Other changes during the year	Balance at the end of the year
Gary Comb	2,394,940	-	1,200,000	2,500,000	6,094,940
Barry Cahill	2,466,370	-	3,800,000	-	6,266,370
Nicholas Rowley	1,300,000	-	900,000	385,000	2,585,000

All equity transactions with Directors have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

Performance Rights of Directors

The number of performance rights in the Company issued during the year to Directors of the Company, and outstanding at balance date, is set out below.

Issued during 2021 and outstanding as at 31 December 2021:

Vesting Conditions						
2021	1	2	3	4	5	Total
Barry Cahill	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	11,250,000
Gary Comb	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Total	3,250,000	3,250,000	3,250,000	3,250,000	3,250,000	16,250,000

Vesting conditions

1. Commence mining of the Nifty Copper open-pit
2. Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP
3. Expand Cyprium's copper equivalent resource inventory to 1.5mt contained copper metal; or a minimum 45 cent 20-day VWAP
4. Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper Project; or a minimum 47.5 cent 20-day VWAP
5. Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP

Outstanding as at 31 December 2021:

Vesting Conditions					
2019	1	2	3	4	Total
Nicholas Rowley	-	-	400,000	400,000	800,000
Barry Cahill	-	-	600,000	600,000	1,200,000
Gary Comb	-	-	500,000	500,000	1,000,000
Total	-	-	1,500,000	1,500,000	3,000,000

Vesting conditions

1. Completion of a transaction to acquire or earn into majority ownership interests in projects
2. Release of a Copper mineral resource of at least 80,000 tonnes
3. Announcement of a Scoping Study or the average share price of \$0.35 per share for 5 consecutive days
4. Board resolves to proceed with a Feasibility Study or the average share price of \$0.40 per share for 5 consecutive days

Options Affecting Remuneration

There were no options affecting remuneration in the current reporting year.

Other transactions with key management personnel

There were no other transactions with key management personnel during the year ended 31 December 2021 (2020: \$nil).

Additional Information

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

	2021	2020	2019	2018	2017
Loss attributable to owners of the company (\$'000)	(26,672)	(997)	(2,354)	(5,892)	(894)
Dividends paid (\$)	-	-	-	-	-
Share price at financial year end (\$)	0.165	0.205	0.245	0.185	0.265

Total shareholders' return is not used to determine the nature and amount of remuneration as the Board does not consider that this indicator is particularly relevant in the junior resource sector which is generally speculative in nature and where exploration success cannot be assured.

While the Group's main activities relate to exploration and development projects so the nature and amount of remuneration cannot be related to traditional financial measures or to share price performance and shareholder value. If the Group does in due course have exploration success and proves up an economic resource and ultimately develops an economically viable mining project, then it is likely that some component of the remuneration of key management personnel would relate to financial performance measures that would be expected to enhance share performance and shareholder wealth.

END OF AUDITED REMUNERATION REPORT

This report is signed accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the Corporations Act 2001.

ROUNDING

The amounts contained in this report have been rounded to the nearest '000 (unless otherwise stated) under the option available to the Company under ASIC Corporations Instrument 2016/91. The company is an entity to which the legislative instrument applies.



Gary Comb
Chairman, Non-executive Director

Perth, WA
 31 March 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2021

	Note	2021 \$'000	2020 \$'000
Continuing Operations			
Interest income		139	22
Other income		24	100
Employee expenses		(8,233)	(734)
Management and administrative expenses		(3,591)	(157)
Travel and accommodation expenses		(3,469)	-
Power and gas expenses		(2,564)	-
Corporate advisory and consulting fees		(2,332)	(291)
Repair and maintenance expenses		(1,628)	-
Share-based payments – performance rights		(3,907)	(547)
Depreciation		(1,522)	(40)
Acquisition costs		(152)	-
Interest expense on lease liabilities		(22)	(4)
Loss before income tax		(27,257)	(1,651)
Income tax benefit	4	585	654
Net loss for the year from continuing operations		(26,672)	(997)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		-	(1)
Other comprehensive (loss)/income for the year net of tax		-	(1)
Total comprehensive loss for the year		(26,672)	(998)
Loss per share			
Basic loss per share (cents per share)	23	(5.98)	(1.65)
Diluted loss per share (cents per share)	23	(5.98)	(1.65)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2021

	Note	31-Dec-21 \$'000	31-Dec-20 \$'000
Current Assets			
Cash and cash equivalents	5	25,474	5,374
Receivables	6	1,073	200
Inventories	7	6,951	-
Current tax assets	4	-	654
Other assets	8	1,429	53
Total Current Assets		34,927	6,281
Non-Current Assets			
Right-of-use asset	9	484	58
Property plant and equipment	10	102,789	-
Deferred exploration and evaluation expenditure	11	28,763	7,107
Other non-current financial assets	12	6,949	-
Total Non-Current Assets		138,985	7,165
Total Assets		173,912	13,446
Current Liabilities			
Trade and other payables	13	13,948	1,014
Lease liabilities	14	301	42
Total Current Liabilities		14,249	1,056
Non-Current Liabilities			
Trade and other payables	13	-	300
Lease liabilities	14	255	19
Convertible notes	15	29,705	-
Provisions	16	42,381	-
Total Non-Current Liabilities		72,341	319
Total Liabilities		86,590	1,375
Net Assets		87,322	12,071
Equity			
Issued capital	17	251,993	164,980
Reserves	18	8,321	3,308
Convertible borrowings - equity component	19	8,748	-
Accumulated losses		(181,740)	(156,217)
Total Equity		87,322	12,071

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

Consolidated Statement of Changes in Equity

for the year ended 31 December 2021

	Issued capital \$'000	Accumulated losses \$'000	Convertible borrowings - equity component \$'000	Reserves \$'000	Total \$'000
Balance at 1 January 2020	159,600	(155,219)	-	1,997	6,378
Total comprehensive loss for the year					
Loss for the year	-	(997)	-	-	(997)
Foreign currency translation	-	-	-	(1)	(1)
Total comprehensive loss for the year	-	(997)	-	(1)	(998)
Transactions with owners in their capacity as owners					
Shares issued – placements	6,000	-	-	-	6,000
Shares issued as consideration for acquisition	400	-	-	-	400
Costs of issue	(1,020)	-	-	628	(392)
Share-based payments	-	-	-	684	684
Balance at 31 December 2020	164,980	(156,217)	-	3,308	12,071
Balance at 1 January 2021	164,980	(156,217)	-	3,308	12,071
Loss for the year	-	(26,672)	-	-	(26,672)
Total comprehensive loss for the year	-	(26,672)	-	-	(26,672)
Transactions with owners in their capacity as owners					
Shares issued – placements	90,000	-	-	-	90,000
Convertible borrowings issued as consideration for acquisition	-	-	8,748	-	8,748
Options issued as consideration for acquisition	-	-	-	4,037	4,037
Share-based payments	-	-	-	4,702	4,702
Transfer from reserves	2,577	1,149	-	(3,726)	-
Cost of issues	(5,564)	-	-	-	(5,564)
Balance at 31 December 2021	251,993	(181,740)	8,748	8,321	87,322

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

Consolidated Statement of Cash Flows

for the year ended 31 December 2021

	Note	31-Dec-21 \$'000	31-Dec-20 \$'000
Cash flows from operating activities			
Payments to suppliers and employees – continuing operations		(19,838)	(1,087)
Interest paid on lease liabilities		(22)	(4)
Interest received		139	22
Other Income		24	-
Receipts from Government incentives		-	100
Research and development offset received		1,239	-
Net cash used in operating activities	5	(18,458)	(969)
Cash flows from investing activities			
Acquisition of plant and equipment		(9,282)	-
Acquisitions of projects	3	(24,350)	-
Payments for exploration expenditure		(5,150)	(2,688)
Payments for security deposits		(6,825)	-
Net cash used in investing activities		(45,607)	(2,688)
Cash flows from financing activities			
Proceeds from issue of shares		90,000	6,000
Payments for share issue costs		(5,564)	(396)
Payment of lease liabilities		(274)	(39)
Net cash provided by financing activities		84,162	5,564
Net increase in cash and cash equivalents		20,097	1,908
Cash and cash equivalents at the beginning of the year		5,374	3,466
Cash and cash equivalents at the end of the year	5	25,471	5,374

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

1. Corporate Information

The financial report of Cyprium Metals Limited (“Cyprium Metals” or “the Company”) for the year ended 31 December 2021 was authorised for issue in accordance with a resolution of the Directors on 31 March 2022.

Cyprium Metals is a for-profit company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and the principal activities of the Company are described in the Directors’ Report and Review of Operations.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis. The presentation currency is Australian dollars.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 26.

(b) Compliance Statement

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

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Cyprium Metals Limited (‘the Company’) and its subsidiaries as at 31 December each year (‘the Group’). Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profits and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered. Non-controlling interests in the results and equity of subsidiaries are shown separately in the Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

(d) Changes in accounting policies and disclosures

The Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group’s operations and effective for future reporting years. It has been determined by the Directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and therefore, no change will be necessary to Group accounting policies.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

(e) New standards, interpretations, and amendments

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Directors have determined that there was no material impact on adoption of these new or amended Accounting Standards and Interpretations.

(f) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's controlled entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Cyprium Metals is Australian dollars. The functional currency of the Indonesian subsidiary is the US Dollar.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at balance date.
- income and expenses are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income, as part of the gain or loss on sale where applicable.

(g) Segment Reporting

The Group determines and presents operating segments based on the information that is internally provided to the Board of Directors who are the Group's chief operating decision makers. An operating segment is a component of the Group that engages in business activities whose operating results are reviewed regularly by the Board and for which discrete financial information is available.

The Group has been involved in exploration and development activities in Australia and has one geographical operating segment, that its Board reviews to make decisions about resources to be allocated to the segment and to assess its performance. Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and exploration and evaluation expenditure.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

(h) Exploration and evaluation expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource. Accordingly, exploration and evaluation expenditures are those expenditures incurred by the Group in connection with the exploration for and evaluation of minerals resources before the technical feasibility and commercial viability of extracting mineral resources are demonstrable.

Accounting for exploration and evaluation expenditures is assessed separately for each 'area of interest'. An 'area of interest' is an individual geological area which is considered to constitute a favourable environment for the presence of a mineral deposit or has been proved to contain such a deposit.

Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure incurred prior to securing legal rights to explore an area, is expensed as incurred. For each area of interest, the expenditure is recognised as an exploration and evaluation asset when the following is satisfied:

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

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development. Where an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

(i) Income Tax

Income tax expense or benefit for the year is the tax payable on the current year's taxable income or loss based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

carrying amounts in the financial statements. Current and deferred tax expense attributable to amounts recognised directly in equity is also recognised directly in equity.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(j) Impairment of non-financial assets other than goodwill

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

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

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

A reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

(k) Cash and cash equivalents

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

(l) Trade Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost less provision for impairment. Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified.

A provision for estimated credit losses is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

(m) Goods and Services Tax (GST)

Revenues, expenses, and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables are stated inclusive of the amount of GST receivable and recoverable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Intangible assets

Intangible assets relate to the option right to farm-in on exploration projects measured at cost. As costs are being incurred with respect to the option commitment, it is capitalised and recognised as an exploration and evaluation expenditure asset.

(o) Trade and other payables

Trade and other payable amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are non-interest bearing, unsecured and generally paid within 30 days of recognition. They are recognised initially at fair value less directly attributable transaction costs and subsequently at amortised cost using the effective interest rate method.

(p) Provisions

Provisions are recognised when the Company 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. Provisions are not recognised for future operating losses.

When the Company 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. Provisions are measured at the present value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting year. If the effect of the time

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

(q) Issued capital

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

(r) Property, plant, and equipment

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any accumulated impairment losses. The cost of self-constructed assets includes the costs of materials, direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the initial estimate, where relevant, of the costs of dismantling and removing items, restoring the site and an appropriate proportion of production overheads. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount.

Depreciation

Plant and equipment, motor vehicles, office equipment, and furniture are recorded at cost and are depreciated over their estimated useful economic lives to their estimated residual values using either straight line or diminishing value methods. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(s) Leases

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Notes to the Consolidated Financial Statements for the year ended 31 December 2021

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses in profit or loss as incurred.

Significant judgement in determining the lease term of contracts with renewal options

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

(t) Current and Non-Current Classification

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

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

(u) Revenue

Interest income

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

(v) Earnings per share

Basic earnings/loss per share is calculated as net profit/loss attributable to members, adjusted to exclude any costs of servicing equity (other than 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, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends.
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

(w) Employee Benefits

(i) Wages, salaries, and annual leave

Liabilities for wages and salaries and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. The amount is measured at the amount expected to be paid, including expected on-costs, when liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date, plus expected on-costs. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(x) Share-based payment transactions

(i) Equity settled transactions:

The Company provides benefits to individuals acting as and providing services similar to employees (including Directors) of the Company in the form of share-based payment transactions, whereby individuals render services in exchange for shares, options or rights over shares ('equity settled transactions').

The cost of equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using a binomial valuation model taking into account the terms and conditions upon which the instruments were granted. The expected price volatility is based on the historic volatility of the Company's share price on the ASX.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Cyprium Metals ('market conditions'). The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the 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 cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 23).

(ii) Cash settled transactions:

The Company may also provide benefits to employees in the form of cash-settled share-based payments, whereby employees render services in exchange for cash, the amounts of which are determined by reference to movements in the price of the shares of the Company. The cost of cash-settled transactions is measured initially at fair value at the grant date using the Black-Scholes formula taking into account the terms and conditions upon which the instruments were granted. This fair value is expensed over the year until vesting with recognition of a corresponding liability. The liability is remeasured to fair value at each balance date up to and including the settlement date with changes in fair value recognised in profit or loss.

(y) Critical accounting estimates and judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the year in which the estimate is revised if it affects only that year, or in the year of the revision and future years if the revision affects both current and future years.

Share-Based Payments:

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a binomial valuation model, using the assumptions detailed in note 3 and 17.

The Group measures the cost of cash-settled share-based payments at fair value at the grant date using a binomial valuation model taking into account the terms and conditions upon which the instruments were granted.

Deferred Tax

In accordance with the Group's accounting policies for deferred taxes, a deferred tax asset is recognised for unused tax losses only if it is probable that future taxable profits will be available to utilise those losses. Determination of future taxable profits requires estimates and assumptions as to future events and circumstances, in particular, whether successful development and commercial exploitation, or alternatively sale, of the respective areas of interest will be achieved. This includes estimates and judgements about commodity prices, ore reserves, exchange rates, future capital requirements, future operational performance and the timing of estimated cash flows. Changes in these estimates and assumptions could impact on the amount and probability of estimated taxable profits and accordingly the recoverability of deferred tax assets.

The Group has not recognised a net deferred tax asset for temporary differences and tax losses as at 31 December 2021 on the basis that the ability to utilise these temporary differences and tax losses cannot yet be regarded as probable.

Deferred Exploration and Evaluation Expenditure

Deferred exploration and evaluation expenditure has been capitalised on the basis that the Group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial

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production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the year in which this determination is made.

Inventories

Raw materials and stores, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

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 profit or loss over the period of the borrowings using the effective interest 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 services and amortised over the period of the facility to which it relates.

The fair value of the liability portion of a convertible note is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the notes. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity and remains in equity with no further remeasurement.

Borrowings are removed from the 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 profit or loss as other income or finance costs.

Mine Rehabilitation Provision

Closure and rehabilitation provisions are initially recognised when an environmental disturbance first occurs. The mine site provisions are an estimate of the expected value of future cash flows required to rehabilitate the relevant site using current restoration standards and techniques and taking into account risks and uncertainties. Individual site provisions are discounted to their present value using discount rates aligned to the estimated timing of cash outflows.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The closure and rehabilitation asset, recognised within property, plant, and equipment, is depreciated over the life of the operations. The value of the provision is progressively increased over time as the effect of discounting unwinds, resulting in an expense recognised in net finance costs.

The closure and rehabilitation provision is reviewed at each reporting date to assess if the estimate continues to reflect the best estimate of the obligation, and if necessary, the provision is remeasured.

Changes to the closure and rehabilitation estimate for operating sites are added to, or deducted from, the related asset and amortised on a prospective basis accordingly over the remaining life of the operation, generally applying the units of production method.

Other

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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for the year ended 31 December 2021

(z) Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business. At balance date the Group has a closing cash balance of \$25.5 million (refer to note 5).

The Company is seeking additional funding in the coming year in order to meet its planned construction expenditure and exploration expenditure for the next twelve months from the date of signing these financial statements. The directors are confident of being able to obtain additional funding.

Should this not occur, or not occur on a sufficiently timely basis, there is a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

3. Acquisitions

Paterson Copper Pty Ltd

In March 2021, Cyprium acquired 100% of the shares on issue held by Metals X Limited ("Metals X") in Paterson Copper Pty Ltd for \$24.0 million in cash, Convertible Notes with a face value of \$36.0 million and 40.6 million of unlisted share options with fair value of \$4.0 million, of which 20.3 million share options expired on 30 March 2022. Paterson Copper Pty Ltd is the holder of the Copper Assets, comprising:

- Nifty Copper Project;
- Maroochydore Copper Project; and
- Paterson Exploration Project

This acquisition did not constitute a business combination and the cost of the acquisition was allocated to the individual identifiable assets and liabilities on the basis of their respective fair values. The identifiable net assets acquired upon the acquisition of Paterson Copper Pty Ltd are as follows:

	\$'000
Identifiable assets/(liabilities) acquired:	
Inventories	6,602
Prepayments	273
Deferred exploration and evaluation expenditure (refer to note 11)	15,387
Property, plant, and equipment (refer to note 10)	87,979
	<u>110,241</u>
Trade and other payables	(4,187)
Lease liabilities	(176)
Provision for rehabilitation (refer to note 16)	(41,841)
Net assets	<u>64,037</u>

In addition to the Purchase consideration, Cyprium also reimbursed holding costs and working capital adjustments from 1 January 2021 of \$2,568,000, which has been recognised in the net loss for the period ended 31 December 2021. Security deposits of \$6,730,000 were also established in relation to the Nifty Copper Project.

Terms of the Convertible Notes

The Convertible Notes were issued by Cyprium on the following terms:

- 4-year maturity from the Completion Date ("Redemption Date"); and
- annual coupon of 4% to be capitalised and paid annually, payable in cash unless Metals X elects to receive the interest in fully paid ordinary shares in the capital of Cyprium ("Shares") at the Conversion Price (refer below).

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

The convertible notes have been accounted for as a compound financial instrument with an equity component. The fair value of the liability component of the instrument has been assessed at inception at a value of \$27,252,000 (refer to note 15) and the resulting equity component was \$8,748,000.

Redemption

To the extent all or part of the Convertible Notes are not converted or redeemed early before the Redemption Date, the Company shall pay to Metals X the principal sum and interest of the Convertible Notes on the Redemption Date.

Conversion on the Redemption Date

On the Redemption Date, Metals X may elect that each Convertible Note shall be convertible into Shares (less any amounts already repaid by the Company).

If elected to be converted by Metals X, the conversion price of the principal sum and interest of the Convertible Notes shall be A\$0.3551 per Share ("Conversion Price"), which was calculated based on the 20-day volume weighted average price ("VWAP") of the Shares on the ASX immediately prior to the Completion Date, multiplied by 1.3 (30% premium).

Early Redemption

Within twenty business days prior to each annual anniversary from the Completion Date, the Company may elect at its discretion to redeem the full or part amount of the principal sum and interest outstanding of each Convertible Note, multiplied by 1.15 (15% premium) of the principal sum ("Early Redemption Value").

Within seven business days of receipt of an early redemption notice from Cyprium, Metals X can elect instead to convert the face value and accrued interest of the Convertible Notes proposed to be redeemed early into Shares at the Conversion Price.

Options

For every five (5) Shares that could be issued on conversion of each Convertible Note, Metals X on the Completion Date was issued two (2) free attaching unlisted options ("Options") on the following terms:

- the first Option is exercisable for 1 year from the Completion Date at a 15% premium to the Company's 20-day VWAP on the ASX to the business day prior to the Completion Date; and
- the second Option is exercisable for 2 years from the Completion Date at a 30% premium to the Company's 20-day VWAP on the ASX to the business day prior to the Completion Date.

Cyprium's 20-day VWAP on the ASX to the business day prior to the Completion Date was A\$0.273 per share.

Cyprium has therefore issued Metals X:

- 20.3 million options exercisable at A\$0.3141 per option, which expired on 30 March 2022; and
- 20.3 million options exercisable at A\$0.3551 per option before 30 March 2023.

Each Share to be issued from exercise of an Option is subject to copper price adjustment factors¹, as follows:

- 1 Share for each Option if the copper price is equal to or below US\$7,000 per tonne as at the date of exercise of the Option;
- 1.1 Shares for each Option if the copper price is between US\$7,000 and US\$7,999.99 per tonne at the date of exercise of the Option;
- 1.2 Shares for each Option if the copper price is between US\$8,000 and US\$8,999.99 per tonne at the date of exercise of the Option; and
- 1.3 Shares for each Option if the copper price is above US\$9,000 per tonne at the date of exercise of the Option.

¹ All references to copper prices are to London Metals Exchange daily quoted prices.

Notes to the Consolidated Financial Statements

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These options have been valued at \$4,037,000 using a Black and Scholes option pricing model with the following inputs:

- Share price on date of issue \$0.234 per share
- Risk free rate of 0.07%
- Volatility of 99.1%
- LME Copper price of \$8,789 per tonne with an appropriate adjustment factor

Prior Year Acquisitions

Nanadie Well Project

In September 2020, Cyprium acquired 100% of the Nanadie Well Copper-Gold Project, which is located approximately 75km to the east of Cyprium's Hollandaire copper deposits.

The up-front consideration payable by Cyprium to Horizon Minerals Limited was as follows:

- \$250,000 cash; and
- \$400,000 of CYM shares based on a 20-day VWAP.

The following deferred consideration will be payable by Cyprium to Horizon Minerals Limited:

- \$350,000 in cash or in CYM shares based on a 20-day VWAP and issued in 12 months.
- \$300,000 in cash or in CYM shares based on a 20-day VWAP and issued in 24 months (note 13); and
- \$200,000 in cash or in CYM shares based on a 20-day VWAP upon a decision to mine.

4. Income Tax

	2021	2020
	\$'000	\$'000

(a) Income tax expense

Numerical reconciliation of income tax expense to prima facie tax payable:

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:

Loss from before income tax expense	(27,257)	(1,651)
Tax at the Australian rate of 26% (2020: 30%)	(7,087)	(495)
Share issue costs	(336)	(63)
Share-based payments	1,016	164
Non-assessable government allowances	-	(30)
Non-deductible expenses	88	1
Research and development offset	585	654
Income tax benefit not brought to account	6,319	423
Income tax benefit	585	654

(b) Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Exploration and evaluation expenditure	(6,586)	(1,744)
Property, plant and equipment	(1,649)	-
Other	(123)	(2)
Tax losses recognised	8,358	1,746
Net deferred tax asset/(liability)	-	-

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

	2021 \$'000	2020 \$'000
(c) Unrecognised deferred tax assets		
<i>Deferred tax assets have not been recognised in respect of the following items:</i>		
Accruals and other payables	239	35
Share issue costs	1,211	172
Tax losses Cyprium Metals Limited	7,778	3,923
Net deferred tax asset not recognised	9,228	4,130

The benefit for tax losses will only be obtained if:

- the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised; and
- the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia; and
- no changes in tax legislation in Australia adversely affect the Company in realising the benefit from the deductions for the losses.

(d) Tax consolidation

Cyprium Metals Limited and its wholly owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 January 2019 with Cyprium Metals Limited as the head entity of the Group.

5. Cash and Cash Equivalents

	31-Dec-21 \$'000	31-Dec-20 \$'000
Cash comprises:		
Cash at bank and on hand	179	38
Short term deposits	25,295	5,336
	25,474	5,374

Reconciliation of operating loss after tax to net cash from operations

Loss after tax	(26,672)	(997)
Research and development allowance	1,239	(654)
<i>Non-cash and non-operating items</i>		
Share-based payments	3,907	547
Net exchange differences	-	(1)
Depreciation	1,522	40
Unwinding discounting - Rehabilitation	540	-
Unwinding discounting - Convertible notes	(2,453)	-
<i>Change in assets and liabilities</i>		
(Increase) / decrease in receivables	(337)	(3)
Decrease/ (increase) in other assets	(1,477)	34
Increase in trade and other payables	5,273	65
Net cash used in operating activities	(18,458)	(969)

Non-cash investing and financing activities

During the year ended 31 December 2020, the Company issued 2,509,750 ordinary shares as consideration for the acquisition of the Nanadie well tenement

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

	31-Dec-21 \$'000	31-Dec-20 \$'000
6. Receivables – Current		
Diesel Fuel Rebate receivable	142	6
GST receivable	873	94
Other receivable	58	-
Term deposits	-	100
	1,073	200

Debtors, other debtors, and GST receivable are non-interest bearing and generally receivable on 30-day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

7. Inventories		
Store and spares	6,951	-
	6,951	-

8. Other assets		
Prepayments	1,429	53
	1,429	53

9. Right-of-use asset		
Leased premises	484	58
	484	58

Movements in right-of-use asset:

Opening balance	58	100
Acquisitions	633	-
Amortisation for the year	(150)	(39)
Adjustment - transfer to lease liabilities	(41)	(2)
Other transfers	(17)	-
Closing balance	484	58

10. Property, Plant and Equipment

	Land and buildings \$'000	Mining properties and leases \$'000	Plant and equipment \$'000	Capital works in progress \$'000	Total \$'000
Balance at 1-Jan-2021	-	-	-	-	-
Acquisitions (refer to note 3)	1,379	84,444	2,156	-	87,979
Additions	67	2,992	5,354	7,769	16,183
Depreciation	(324)	-	(1,049)	-	(1,373)
Balance at 31-Dec-2021	1,122	87,437	6,461	7,769	102,789
Cost	1,446	87,437	7,511	7,769	104,162
Accumulated depreciation	(324)	-	(1,049)	-	(1,373)
Balance at 31-Dec-2021	1,122	87,437	6,461	7,769	102,789

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

	31-Dec-21	31-Dec-20
	\$'000	\$'000
11. Deferred Exploration & Evaluation Expenditure		
<i>Exploration and Evaluation phase - at cost</i>		
Opening balance	7,107	3,165
Acquisition of exploration properties ¹	15,387	1,388
Exploration and evaluation expenditure incurred during the year	6,269	2,554
Closing balance	28,762	7,107

¹ In March 2021, Cyprium acquired 100% of the Paterson Copper Project, which is located approximately 85km southeast of Nifty (refer to note 3).

In September 2020, Cyprium acquired 100% of the Nanadie Well Copper-Gold Project, which is located approximately 75km to the east of Cyprium's Hollandaire copper deposits. The up-front consideration payable by Cyprium to Horizon Minerals Limited was as follows:

- \$250,000 cash; and
- \$400,000 of CYM shares based on a 20-day VWAP.

The following deferred consideration will be payable by Cyprium to Horizon Minerals Limited:

- \$350,000 in cash or in CYM shares based on a 20-day VWAP and issued in 12 months.
- \$300,000 in cash or in CYM shares based on a 20-day VWAP and issued in 24 months; and
- \$200,000 in cash or in CYM shares based on a 20-day VWAP upon a decision to mine.

12. Other non-current financial assets

Security deposits and bank guarantees	6,949	-
	6,949	-

13. Trade and Other Payables

Current:		
Trade payables and accrued expenses	12,775	467
Other consumption taxes payable	873	197
Deferred consideration (refer to note 11)	300	350
	13,948	1,014
Non-current:		
Deferred consideration (refer to note 11) ¹	-	300
	-	300

¹This portion of the consideration has not been discounted to present values as the effect would be immaterial.

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

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	31-Dec-21 \$'000	31-Dec-20 \$'000
14. Lease liabilities		
Leased premises – current	301	42
Lease premises - non-current	255	19
	556	61
<i>Movement in lease liabilities</i>		
Opening balance	61	102
Additions	633	-
Acquisitions (refer to note 3)	176	-
Adjustment – transfer to right-of-use asset	(41)	(2)
Principal repayments	(274)	(39)
Closing balance	556	61
15. Convertible notes		
Opening balance	-	-
Issued as consideration for acquisition (refer to note 3)	27,252	-
Unwinding of discounting	2,453	-
Closing balance	29,705	-

The parent entity issued 4% convertible notes for \$36.0 million on 30 March 2021 (refer to note 3). The notes are convertible into ordinary shares of the parent entity, at the option of the holder, or repayable on 30 March 2025. The maximum number of ordinary shares of the parent entity upon conversion is 101,373,777.

The initial fair value of the liability portion of the convertible notes was determined using a market interest rate for an equivalent non-convertible note at the issue date. The liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the convertible notes. The remainder of the proceeds is allocated to the convertible borrowings – equity component and recognised in shareholders' equity (refer to note 19) and is not subsequently remeasured.

16. Provisions

Provision for Rehabilitation	42,381	-
	42,381	-
<i>Movement in Provision</i>		
Opening balance	-	-
Additions	41,841	-
Unwinding of Discounting	540	-
Closing balance	42,381	-

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

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Mine Rehabilitation

The mine rehabilitation provision is recognised for the estimated cost of rehabilitation, decommissioning, restoration, and long-term monitoring of areas disturbed during operation of the Nifty Copper Operations up to reporting date but not yet rehabilitated. The provision is based upon current cost estimates and has been determined on a discounted basis with reference to current legal requirements and technology. The rehabilitation is expected to occur following the processing of copper ore from the Nifty Copper open pit (subject to regulatory approvals).

17. Issued Capital

	31-Dec-21 \$'000	31-Dec-20 \$'000
(a) Issued and paid-up capital		
Issued and fully paid	251,993	164,980

	31-Dec-21		31-Dec-20	
	No. of shares '000	\$'000	No. of shares '000	\$'000
(b) Movements in ordinary shares on issue				
Opening Balance	98,569	164,980	56,059	159,600
Shares issued as consideration for acquisition ¹	-	-	2,510	400
Shares issued and fully paid	450,000	90,000	40,000	6,000
Shares issued - vesting of performance rights	16,250	2,577	-	-
Transaction costs on share issues	-	(5,564)	-	(1,020)
	564,819	251,993	98,569	164,980

¹ 2,509,750 fully paid ordinary shares were issued to Horizon Minerals Limited for the acquisition of the Nanadie Well Copper Project in September 2020 (refer to note 3 and 11).

(c) Performance Rights

As approved at the Company's General Meeting on 23 March 2021, the following performance rights were issued under the Company's Incentive Performance Rights Plan to directors (or their associates). These rights are exercisable at nil cost and expire during May 2026:

	Vesting Conditions					Total
	1	2	3	4	5	
Barry Cahill	1,250,000	1,250,000	1,250,000	1,250,000	1,250,000	6,250,000
Gary Comb	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Total	2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	11,250,000

Vesting conditions

- Commence mining of the Nifty Copper open pit
- Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP
- Expand Cyprium's copper equivalent resource inventory to 1.5mt contained copper metal; or a minimum 45 cent 20-day VWAP
- Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper Project; or a minimum 47.5 cent 20-day VWAP
- Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP

The performance rights which are subject to vesting condition 1 above are valued at \$0.31 each, being the Company's share price at the date of the Company's General Meeting held on 23 March 2021. At the date of

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this report, the Directors consider it is probable that these vesting conditions will be achieved and that it is appropriate to bring the value of these rights to account over the vesting period.

The performance rights which are subject to vesting conditions 2 to 5 above are valued at \$0.298, \$0.294, \$0.293, and \$0.291 each respectively. These valuations are based on a binomial valuation model using the following major inputs:

- Share price at date of approval \$0.31
- Risk free interest rate 0.85%
- Volatility 98.1%
- Expiry date May 2026

The total value of these rights will be brought to account over the vesting period. A total of 28,500,000 performance rights (5,700,000 for each vesting condition 1 to 5 outlined above) were issued on the same terms to Directors (as noted above), employees, and contractors during June 2021.

As approved at the Company's Annual General Meeting on 31 May 2021, the following performance rights were issued under the Company's Incentive Performance Rights Plan to directors (or their associates). These rights are exercisable at nil cost and expire during June 2026:

	Vesting Conditions					Total
	1	2	3	4	5	
Barry Cahill	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000
Total	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	5,000,000

Vesting conditions

1. Commence mining of the Nifty Copper open pit
2. Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP
3. Expand Cyprium's copper equivalent resource inventory to 1.5mt contained copper metal; or a minimum 45 cent 20-day VWAP
4. Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper Project; or a minimum 47.5 cent 20-day VWAP
5. Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP

The performance rights which are subject to vesting condition 1 above are valued at \$0.335 each, being the Company's share price at the date of the Company's Annual General Meeting held on 31 May 2021. At the date of this report, the Directors consider it is probable that these vesting conditions will be achieved and that it is appropriate to bring the value of these rights to account over the vesting period.

The performance rights which are subject to vesting conditions 2 to 5 above are valued at \$0.319, \$0.314, \$0.312, and \$0.309 each respectively. These valuations are based on a binomial valuation model using the following major inputs:

- Share price at date of approval \$0.335
- Risk free interest rate 0.82%
- Volatility 85.6%
- Expiry date June 2026

The total value of these rights will be brought to account over the vesting period. A total of 23,000,000 performance rights (4,600,000 for each vesting condition 1 to 5 outlined above) were issued on the same terms to Directors, employees, and contractors during June 2021.

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	31-Dec-21 \$'000	31-Dec-20 \$'000
18. Reserves		
Foreign exchange translation reserve	778	778
Share-based payment reserve	7,543	2,530
	8,322	3,308
Movements in Reserves		
<i>Foreign exchange translation reserve</i>		
Opening balance	778	779
Foreign exchange translation difference	-	(1)
Closing balance	778	778

The foreign exchange translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

Share-based payment reserve

Opening balance	2,530	1,218
Share issue costs	-	628
Allocation to Issued Capital – vesting of performance rights	(2,577)	-
Allocation to Accumulated Losses	(1,149)	-
Capitalised to exploration	795	-
Acquisition of Paterson Copper Pty. Ltd.	4,037	-
Share-based payments	3,907	684
Closing balance	7,543	2,530

The share-based payments reserve relates to the cumulative expense for share-based awards granted to directors, employees and contractors in prior periods and performance rights granted to directors and employees and options to the Joint Lead Managers in the current year as well as options to the vendor of Paterson Copper Pty. Ltd. Upon the exercise of the options or conversion of the performance rights, the balance of the reserve relating to those securities is transferred to issued capital.

19. Convertible borrowings – equity component

Opening balance	-	-
Issued as consideration for acquisition (refer to note 3 and 15)	8,748	-
Closing balance	8,748	-

20. Directors and Key Management Personnel Disclosures

	2021 \$'000	2020 \$'000
(a) Remuneration of Directors and Key Management Personnel		
Details of the nature and amount of each element of the emolument of each Director and key management personnel of the Company for the financial year are as follows:		
Short-term employee benefits	558	407
Share-based payments	1,614	316
Other benefits	51	35
Total remuneration	2,223	758

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

21. Related Party Disclosures

(a) Key management personnel

For Director related party transactions please refer to note 20 "Key Management Personnel Disclosures".

Subsidiaries

The consolidated financial statements include the financial statements of Cyprium Metals Limited and the following subsidiaries:

Name of Entity	Country of Incorporation	Equity Holding	
		2021	2020
Cyprium Australia Pty Ltd	Australia	100%	100%
Cyprium Services Pty Ltd	Australia	100%	100%
Paterson Copper Pty Ltd	Australia	100%	-
Nifty Copper Pty Ltd	Australia	100%	-
Maroochydore Copper Pty Ltd	Australia	100%	-
PT Indonusa Mining Services	Indonesia	100%	100%

22. Auditor's Remuneration

	2021	2020
	\$'000	\$'000
Audit services:		
<i>Amounts received or due and receivable by the auditors of the parent company</i>		
HLB Mann Judd:		
Audit and review of financial reports	56	33
	56	33

23. Loss per Share

	2021	2020
	\$'000	\$'000
Loss used in calculating basic and diluted EPS:		
From continuing operations	(26,672)	(998)

	Number of Shares '000	Number of Shares '000
Weighted average number of ordinary shares to calculate basic loss per share	446,340	60,465
Basic loss per share (cps) from continuing operations	(5.98)	(1.65)
Weighted average number of ordinary shares to calculate diluted loss per share	446,340	60,465
Diluted loss per share (cps) from continuing operations	(5.98)	(1.65)

24. Financial Risk Management

Exposure to foreign currency risk, credit risk, liquidity risk and interest rate risk arises in the normal course of the Company's business. The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors. Alternatives for sourcing

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. The Directors expect that present levels of liquidity along with future capital raising will be adequate to meet expected capital needs.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Company manages the risk by investing in short term deposits.

	2021 \$'000	2020 \$'000
Cash and cash equivalents	25,471	5,374

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's Statement of Profit or Loss and Other Comprehensive Income to a reasonably possible change in interest rates, with all other variables constant.

Change in Basis Points	2021		2020	
	Effect on Post Tax Loss (\$'000)	Effect on equity including Accumulated losses (\$'000) Increase/(Decrease)	Effect on Post Tax Loss (\$'000)	Effect on equity including Accumulated losses (\$'000) Increase/(Decrease)
Increase 75 basis points	191	191	40	40
Decrease 75 basis points	(191)	(191)	(40)	(40)

A sensitivity of 75 basis points has been used as this is considered reasonable given the current level of both short term and long-term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's maximum credit exposure is the carrying amounts on the statement of financial position. The Company holds financial instruments with credit worthy third parties. At 31 December 2021, the Company held cash at bank with all of the Company's cash being held in financial institutions with a rating from Standard & Poors of AA or above (long term). The Company has no past due or impaired debtors as 31 December 2021.

(d) Fair value measurement

The Directors consider that the carrying value of current receivables and current payables approximate their fair values.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

25. Parent Entity Information

The following details information related to the parent entity, Cyprium Metals Limited, at 31 December 2021. The information presented has been prepared using consistent accounting policies with those presented in note 2.

	2021 \$'000	2020 \$'000
Current assets	25,998	6,256
Total assets	140,958	13,397
Current liabilities	1,204	(1,014)
Total liabilities	31,092	(1,314)
Net assets	109,865	12,084
Issued capital	251,993	164,980
Reserves	7,544	2,530
Convertible borrowings – equity component	8,748	-
Accumulated losses	(158,419)	(155,427)
Total Equity	109,865	(12,084)
Loss of the parent entity	(4,141)	(999)
Total comprehensive loss of the parent entity	(4,141)	(999)

Other Commitments

The Company had no commitments as at 31 December 2021.

Contingent Liabilities

The Company had no contingent liabilities as at 31 December 2021.

26. Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at 31 December 2021 (2020: nil).

27. Commitments

The Group had commitments of \$0.5 million as at 31 December 2021.

28. Dividends

No dividend was paid or declared by the Company in the year ended 31 December 2021 or the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 31 December 2021.

29. Segment Information

The Group has identified its operating segments based on the internal reports that are reported to the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Group operates predominately in one industry, being the exploration of mineral resources. The geographic area that the entity operated in during the year was Australia.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2021

30. Significant Events after the Reporting Date

On 11 March 2022, the Company announced the results of the Restart Study for the Nifty Copper Project. The study demonstrated a robust heap leach solvent extraction-electrowinning (SX-EW) operation in the initial stage of the project. The Restart is focused around the first phase of heap leach retreat and oxide open pit, and it is envisaged that the life will extend to the sulphide stage of the open pit with a considerably larger resource available. The sulphide study has already commenced with design optimisation and metallurgical test work currently being undertaken.

A 2012 JORC compliant Mineral Resources estimate of 732,200 tonnes contained copper within an open pit mine, with substantial infrastructure including:

- 2.8 Mtpa sulphide concentrator (in care and maintenance since November 2019).
- 25 ktpa copper cathode heap leach SX-EW facility (in care and maintenance since January 2009).
- 21 MW gas turbine power station and gas pipeline.
- Water supply and reticulation systems including multiple bore fields.
- Mine village with a capacity of approximately 400 persons.
- Sealed all weather airstrip.
- Upgraded 4G communications infrastructure.

Restart of the heap leach SX-EW facility at the historic Nifty Copper Operation will involve the following:

- Recommencement of open pit mining.
- Refurbishment of existing heap leach agglomeration, stacking/materials equipment, and irrigation systems.
- Refurbishment of the existing leach pads to place new oxide material on for leaching.
- Construction of additional leach pad capacity for retreatment of the existing heap leach pad material.
- Refurbishment of existing SX-EW facilities.
- Re-instatement of supporting reagent/utility systems.

There are no other significant events subsequent to the end of the financial year to the date of this report that are required to be disclosed.

Directors' Declaration

In accordance with a resolution of the Directors of Cyprium Metals Limited, I state that:

1. In the opinion of the Directors:

- a) the financial statements and notes of Cyprium Metals Limited for the year ended 31 December 2021 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the year ended on that date; and
 - ii. complying with Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(b).

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with sections of 295A of the Corporations Act 2001 for the financial year ended 31 December 2021.

On behalf of the Board



Gary Comb
Chairman, Non-Executive Director

Perth, WA
31 March 2022

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Cyprum Metals Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
31 March 2022



L Di Giallonardo
Partner

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INDEPENDENT AUDITOR'S REPORT

To the members of Cyprrium Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cyprrium Metals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1(z) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity'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. We have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
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<p>Carrying value of Deferred Exploration and Evaluation Expenditure Refer to Note 11</p>	<p>Our procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We obtained an understanding of the key processes associated with management’s review of the carrying values of deferred exploration and evaluation expenditure; • We considered the Directors’ assessment of potential indicators of impairment; • We obtained evidence that the Group has current rights to tenure of its areas of interest; • We examined the forecast for the year ending 31 December 2022 for planned exploration spend and discussed with management the nature of planned ongoing activities; • We enquired with management, reviewed ASX announcements and reviewed minutes of Directors’ meetings to ensure that the Group had not resolved to discontinue exploration and evaluation at any of its areas of interest; and • We examined the disclosures made in the financial report.
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In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group capitalises acquisition costs of rights to explore as well as subsequent exploration and evaluation expenditure and applies the cost model after recognition.

Our audit focussed on the Group’s assessment of the carrying amount of the deferred exploration and evaluation expenditure, because this is a significant asset of the Group. We planned our work to address the audit risk that the capitalised expenditure might no longer meet the recognition criteria of the standard. In addition, we considered it necessary to assess whether facts and circumstances existed to suggest that the carrying amount of the deferred exploration and evaluation expenditure may exceed its recoverable amount.

The carrying value of deferred exploration and evaluation expenditure was a key audit matter due to the significance of this asset to the financial statements.

<p>Accounting for acquisition of Paterson Copper Pty Ltd Refer to Note 3</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • We read the sale and purchase agreement to understand key terms and conditions; • We considered whether the acquired assets constituted a business; • We agreed the fair value of the consideration paid to supporting information; • We obtained audit evidence that the acquisition date assets and liabilities of the acquiree were fairly stated; • We considered the allocation of the consideration to the assets and liabilities acquired; and • We assessed the adequacy of the Group’s disclosures in the financial report with respect to this asset acquisition.
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During the year the Group acquired 100% of the shareholding in Paterson Copper Pty Ltd held by Metal X Limited for gross purchase consideration of \$64m. This was considered a significant purchase for the Group.

Accounting for this transaction is a complex and judgemental exercise, requiring management to determine the fair value of acquired assets and liabilities. This acquisition did not constitute a business combination and the cost of the acquisition was allocated to individual identifiable assets and liabilities on the basis of their respective fair values.

It is due to the size of the acquisition and the estimation process involved in accounting for it that this is a key area of audit focus.

Provision for Rehabilitation

Refer to Note 16

The Group has a site restoration provision of \$42,381,000 as at 31 December 2021.

The Group has obligations to restore the land on which it has conducted drilling activities and remove the operating plant. The provision is for the expected future costs associated with the rehabilitation activities.

The site restoration provision was a key audit matter due to the significant judgement involved in estimating costs which are planned to be incurred in future years and the related timing of incurring those costs.

- We assessed the expertise of the valuers in making an assessment of the restoration obligations;
- We considered provision movements during the year to ensure that they were consistent with our understanding of the Group's activities during that period; and
- We assessed the valuations obtained by the Group to determine whether sufficient supporting evidence was available to support the cost estimates.

Accounting for, and valuation of, the convertible note

Refer to Note 15

As part of the acquisition of Paterson Copper Pty Ltd during the year, \$36M of the consideration paid was settled through convertible notes, with a 4 year maturity and annual coupon rate of 4%.

The carrying value at 31 December 2021 is \$29,705,000.

The accounting for, and valuation of, the convertible note was a key audit matter due to the significance of this liability to the Group and the judgement involved in determining the equity component of this transaction.

- We read the most up-to-date agreements between the Group and its financiers to understand the terms associated with the facility;
- We considered the valuation of the equity component of the accounting for this transaction;
- We assessed the eligibility of capitalising the borrowing costs against the acquired qualifying asset; and
- We reviewed management's recalculation of the loan balance and assessed for reasonableness.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Cyprium Metals Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2022



L Di Giallonardo
Partner

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 30 March 2022.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	315	94,044
1,001 - 5,000	506	1,554,833
5,001 - 10,000	371	2,940,597
10,001 - 100,000	1,302	54,177,931
100,001 - and over	612	506,051,809
TOTAL	3,106	564,819,214

There were 500 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

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

Name	Shares	%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	89,917,244	15.92%
CITICORP NOMINEES PTY LIMITED	30,238,584	5.35%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	21,030,253	3.72%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	19,715,646	3.49%
PRCM NOMINEES PTY LIMITED	17,500,000	3.10%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	14,133,853	2.50%
UBS NOMINEES PTY LTD	12,440,428	2.20%
OMNI INVESTMENTS PTY LIMITED <BRADY FAMILY A/C>	6,705,000	1.19%
MRS MARISA MACKOW	6,650,000	1.18%
MR PETER PIOTR MACKOW	5,700,000	1.01%
PERTH SELECT SEAFOODS PTY LTD	4,600,000	0.81%
PRCM NOMINEES PTY LIMITED	3,997,882	0.71%
THE GOOD LUCK FAMILY PTY LTD	3,997,730	0.71%
MR WAYNE FRANK APTED	3,699,995	0.66%
BLUEDALE PTY LTD <COMB SUPER FUND A/C>	3,218,750	0.57%
ARALAD MANAGEMENT PTY LTD <THE TRK SUPER FUND A/C>	3,200,000	0.57%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	3,171,625	0.56%
BRAZIL FARMING PTY LTD	3,000,000	0.53%
MR CHRISTOPHER JAMES WEED & MRS JANET ELIZABETH BROCKMAN <BROCKMAN WEED FAMILY A/C>	2,810,555	0.50%
NATIONAL ENERGY PTY LTD	2,500,000	0.44%
Total	258,227,545	45.72%

Substantial Shareholders

The names of substantial Shareholders who have notified the Company in accordance with Section 671B of the Corporations Act are:

Beneficial Owner	# of Shares*	%*	Date
Paradice Investment Management Pty Ltd	46,730,940	8.52%	27.05.2021
Ilwella Pty Ltd	30,197,335	5.35%	06.12.2021

* Figures as reported on the last Substantial Shareholder notice received by the Company.

ASX Additional Information

On-Market Buy Back

There is no current on-market buy back.

Voting Rights

All ordinary shares carry one vote per share without restriction. Options have no voting rights.

Use of Proceeds

In accordance with listing rule 4.10.19, the Company confirms that it has used cash and assets in a form readily convertible to cash in a way consistent with its business objectives during the financial year ended 31 December 2021.

Share Options

As at the date of this report, there were the following share options:

- 6,000,00 Unlisted share options exercisable at 30 cents each, expiring 11 December 2022
- 20,274,755 Unlisted share options exercisable at 35.51 cents each, expiring 30 March 2023

On 30 March 2022, 20,274,755 Unlisted share options exercisable at 31.41 cents each, expired.

Performance Rights

As at the date of this report, there were 57,000,000 performance rights on issue. The details of the performance shares are as follows:

Performance Condition	Number
Each Performance Right will vest upon the earlier of: <ul style="list-style-type: none">▪ Announcement of a Scoping Study that confirms the positive economics of the Projects; or▪ The volume weighted average price of the Shares equals or exceeds \$0.35 per Share for 5 consecutive trading days	2,750,000
Each Performance Right will vest upon the earlier of: <ul style="list-style-type: none">▪ Board approval to Proceed with a Project Definitive Feasibility Study; or▪ The volume weighted average price of the Shares equals or exceeds \$0.40 per Share for 5 consecutive trading days	2,750,000
Total expiring in June and July 2024	5,500,000

Performance Condition	Number
Commence mining of the Nifty Copper open-pit	10,300,000
Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP	10,300,000
Expand Cyprium's copper equivalent resource inventory to 1.5mt contained copper metal; or a minimum 45 cent 20-day VWAP	10,300,000
Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper Project; or a minimum 47.5 cent 20-day VWAP	10,300,000
Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP	10,300,000
Total expiring in May and June 2026	51,500,000

About Cyprium Metals and Schedule of Tenements

About Cyprium Metals Limited

Cyprium Metals Limited (ASX: CYM) is an ASX listed company with copper projects in Australia. The Company has a highly credentialed management team that is experienced in successfully developing sulphide heap leach copper projects in challenging locations. The Company's strategy is to acquire, develop and operate mineral resource projects in Australia which are optimised by innovative processing solutions to produce copper metal on-site to maximise value.

The Company has projects in the Murchison and Paterson regions of Western Australia that is host to a number of base metals deposits with copper and gold mineralisation.

Paterson Copper Projects

This portfolio of copper projects comprises the Nifty Copper Project, Maroochydore Copper Project and Paterson Exploration Project.

The Nifty Copper Project ("Nifty") is located on the western edge of the Great Sandy Desert in the north-eastern Pilbara region of Western Australia, approximately 330km southeast of Port Hedland. Nifty contains a 2012 JORC Mineral Resource of 732,200 tonnes of contained copperⁱ. Cyprium is focussed on a heap leach SX-EW operation to retreat the current heap leach pads as well as open pit oxide and transitional material. Studies will investigate the potential restart of the copper concentrator to treat open pit sulphide material.

The Maroochydore deposit is located ~85km southeast of Nifty and includes a shallow 2012 JORC Mineral Resource of 486,000 tonnes of contained copperⁱⁱ. Aeric Resources Limited (ASX: AIS, formerly Straits Resources Limited) holds certain rights to "buy back up to 50%" into any proposed mine development in respect of the Maroochydore Project, subject to a payment of 3 times the exploration expenditure contribution that would have been required to maintain its interest in the project.

An exploration earn-in joint venture has been entered into with IGO Limited on ~2,400km² of the Paterson Exploration Project. Under the agreement, IGO is to sole fund \$32 million of exploration activities over 6.5 years to earn a 70% interest in the Paterson Exploration Project, including a minimum expenditure of \$11 million over the first 3.5 years. Upon earning a 70% interest, the Joint Venture will form and IGO will free-carry Paterson Copper to the completion of a pre-feasibility study (PFS) on a new mineral discovery.

Murchison Copper-Gold Projects

Cyprium has an 80% attributable interest in a joint venture with Musgrave Minerals Limited (ASX: MGV) at the Cue Copper-Gold Project, which is located ~20km to the east of Cue in Western Australia. Cyprium will free-carry the Cue Copper Project to the completion of a definitive feasibility study (DFS). The Cue Copper-Gold Project includes the Hollandaire Copper-Gold Mineral Resources of 51,500 tonnes contained copperⁱⁱⁱ, which is open at depth. Metallurgical test-work has been undertaken to determine the optimal copper extraction methodology, which resulted in rapid leaching times (refer to 9 March 2020 CYM announcement, "Copper Metal Plated", <https://cypriummetals.com/copper-metal-plated/>).

The Nanadie Well Project is located ~650km northeast of Perth and ~75km southeast of Meekatharra in the Murchison District of Western Australia, within mining lease M51/887.

The Cue and Nanadie Well Copper-Gold projects are included in an ongoing scoping study, to determine the parameters required to develop a copper project in the region, which provides direction for resource expansion work.

ⁱ Refer to CYM ASX announcement dated 17 November 2021 "Updated Nifty Copper Mineral Resource Estimate"

ⁱⁱ Refer to MLX ASX announcements: 10 March 2020, "Nifty Copper Mine Resource Update" and 18 August 2016, "Annual Update of Mineral Resources and Ore Reserves"

ⁱⁱⁱ Refer to CYM ASX announcement: 29 September 2020, "Hollandaire Copper-gold Mineral Resource Estimate"

About Cyprrium Metals and Schedule of Tenements

Tenement Information

Tenement	Location	Interest
<p>Cyprrium has an 80% joint venture interest in the Cue Copper-Gold project's copper, gold and silver mineralisation however Musgrave Minerals Limited (ASX Code: MGV) has a 100% interest in primary gold deposits that are not associated with copper-gold deposits, for the following tenements at the Cue Copper Project, WA:</p> <p>M20/0225, M20/0245, M20/0277, M20/526, E20/0606, E20/0608, E20/0616, E20/0629, E20/0630, E20/0659, E20/0698, E20/0700, E20/0836 and P20/2279</p>	Murchison region, WA	80%
<p>Cyprrium has a 100% interest in the Nanadie Well Copper-Gold Project, WA, which comprises the following tenements:</p> <p>M51/887, E51/1040, E51/1986 and E51/1987</p>	Murchison region, WA	100%
<p>Cyprrium has a 100% interest in the Paterson Copper Project (Nifty Copper Project and Maroochydore Copper Project), WA, which comprises the following tenements:</p> <p>E45/1018, E45/1840, E45/1841, E45/3011, E45/4318, M45/314, M45/315, M45/317, M45/318, M45/492, P45/2924, P45/2925, P45/2926, P45/2927, P45/3055, L45/102, L45/128, L45/143, L45/148, L45/74, L45/91, M271SA, E45/4319, E45/5705, M45/711, M45/712, M45/713, M45/745, M45/746, P45/3150, P45/3151, E45/3003, M45/752, M45/753 and M45/754</p>	Paterson Province, WA	100%
<p>Cyprrium has a 100% interest in the Paterson Exploration Project, WA (IGO earning up to 70%), which comprises the following tenements:</p> <p>E45/1839, E45/2280, E45/2415, E45/2771, E45/2772, E45/2773, P45/2792, P45/2793, P45/2794, P45/2801, P45/2802, P45/2803, P45/2804, P45/2805, P45/2806, P45/2807, P45/2808, E45/3573, E45/3574, E45/3575, E45/3576, E45/3577, E45/4151, E45/4205, E45/4234, E45/4862, E45/5199, E45/5300, M45/1109, M45/1110, M45/1111, M45/1112, M45/1113, M45/1114</p>	Paterson Province, WA	100%