



Annual Report

31 December 2022

ABN 48 002 678 640

cypriummetals.com

CONTENTS	PAGE
Corporate Directory	1
Chairman’s Letter	2
Overview	4
Strategy and Review of Operations	5
Directors’ Report	46
Consolidated Statement of Profit or Loss and Other Comprehensive Income	56
Consolidated Statement of Financial Position	57
Consolidated Statement of Changes in Equity	58
Consolidated Statement of Cash Flows	59
Notes to the Consolidated Financial Statements	60
Directors’ Declaration	83
Auditor’s Independence Declaration	84
Independent Auditor’s Report	85
ASX Additional Information	89
About Cyprium Metals Limited and Schedule of Tenements	92

CORPORATE DIRECTORY

Directors

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

Auditors

HLB Mann Judd
 Level 4, 130 Stirling Street
 Perth WA 6000

Company Secretary

Wayne Apted

Website

www.cypriummetals.com

Registered Office & Principal Place of Business

Level 1
 437 Roberts Road
 Subiaco WA 6008
 Telephone: +61 8 6374 1550

Share Registry

Automic
 Level 5, 191 St Georges Terrace
 Perth NSW 6000
 Telephone: 1300 288 664 or +61 2 8072 1400

Securities Exchange

Australian Securities Exchange
 ASX Code: CYM

CHAIRMAN'S LETTER

On behalf of the Board of Directors, I am pleased to present the 2022 Annual Report for Cyprium Metals Limited ("CYM", "Cyprium" 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 for development into production of copper metal on site.

Progress has continued to be achieved during the year in the execution of our strategy, including:

- completion of the Nifty Copper Project Restart Study, released during the first quarter of 2022;
- obtaining all of the approvals required at present for the Nifty Copper Project restart;
- completion of further metallurgical optimisation testwork during 2022 to improve the robustness of the Nifty Copper Project Restart Study;
- completion of pre-development refurbishment, infrastructure upgrades, site clean-up and operational readiness activities at Nifty;
- increasing the Nifty mineral resource estimate to over 940,000 tonnes contained copper, which excludes the copper contained within the existing heap leach pads and extensional drilling results;
- release of the Nanadie Well mineral resource estimate of over 160,000 tonnes contained copper;
- expand CYM's mineral resource inventory to over 1.6 million tonnes of contained copper;
- continuation of drilling programmes at Nifty, Maroochydore, and Murchison Copper Projects;

Following the completion of the Nifty Copper Project Restart Study, the independent technical expert reports, and the receipt of all necessary regulatory approvals, the Company focused on the Nifty financing process, targeting a total of AUD240 million to AUD260 million debt funding package.

Considerable global market volatility was experienced from mid-2022 which resulted in significant declines in commodity prices (including copper), weaker AUD/USD exchange rates, increased inflationary pressures and rising interest rates, adversely affecting global debt and equity markets. The unfavourable market conditions inevitably led to a deterioration in investment market sentiment, which consequently delayed the Nifty financing process during the second half of 2022. While global market prices have begun to trend upward from the beginning of 2023, including improved copper prices, the global investment market still exhibits heightened concerns about price and market volatility, Reserve Bank possible actions, and the resultant World economic outlook.

The terms of a Copper Cathode Offtake Secured Prepayment Facility of USD35.0 million was agreed by the end of 2022 whilst due diligence activities and documentation were completed in respect to a USD denominated Senior Secured Bond Issue during 2022, for the debt funding package to finance the restart of the Nifty Copper Project.

Fixed income investor calls with international debt capital market investors for the contemplated Senior Secured Bond Issue were conducted in January and February 2023. The Company also received firm commitments for AUD35 million through a two-tranche placement of fully paid ordinary shares to sophisticated and institutional investors, that was conditional on the Senior Secured Bond Issue. Ultimately, the elevated levels of concern by the investment market resulted in the proposed terms for the USD denominated Senior Secured Bond Issue being so conservatively revised, that they were ultimately deemed not commercially satisfactory to the Company.

As a consequence of the Placement to support Nifty Project Restart and the Senior Secured Bond Issue not proceeding, the Company requested the ASX for a voluntary suspension of CYM securities whilst it evaluates alternative Nifty Copper Project restart financing arrangements and undertakes a strategic review on all of Cyprium's assets.

Copper is an essential component in the clean energy transition and is essential to modern life, with no available substitutes. The global market outlook for copper remains very favourable, with demand expected to be in excess of supply in the medium to long term, leading to a widening supply net deficit.

In March 2023, the Company entered into an AUD6 million Secured Loan Deed to support Cyprium's near-term funding to allow the development of a new strategic plan. The strategic plan will involve the short medium- and long-term opportunities for the company in light of the positioning of copper in the critical metals supply chain.



Gary Comb

Chairman

OVERVIEW

Cyprium Metals Limited (ASX: CYM) (“Cyprium”, “CYM” or the “Company”) was formed in June 2019 with the strategy of developing copper projects in Australia.

Cyprium’s first transaction in 2019 was an earn-in and Joint Venture of the Hollandaire Copper Project, a shallow high grade copper sulphide resource. This was followed in 2020 by the purchase of the nearby shallow Nanadie Well Copper Gold Project, which combined with Hollandaire forms the Murchison Copper Gold Project.

Cyprium then acquired a portfolio of assets in 2021 which included the Nifty Copper Project (in care and maintenance), the large Maroochydore Copper-Cobalt deposit and a regional exploration earn-in and Joint Venture with IGO Limited (ASX: IGO).

The Nifty Copper Project already has in place an open pit oxide heap leach solvent extraction electrowinning (“SX-EW”) operation, an underground sulphide mine, 2.8 Mtpa sulphide concentrator and associated infrastructure, all on care and maintenance.

Nifty is ranked 6th largest copper development project in Australia by copper metal and the highest grade of the top group whilst Maroochydore is ranked 8th. Cyprium now has a near term production project from an Australian based long-life mine, to produce copper metal onsite, a critical metal in the global transition to a clean and sustainable energy base.

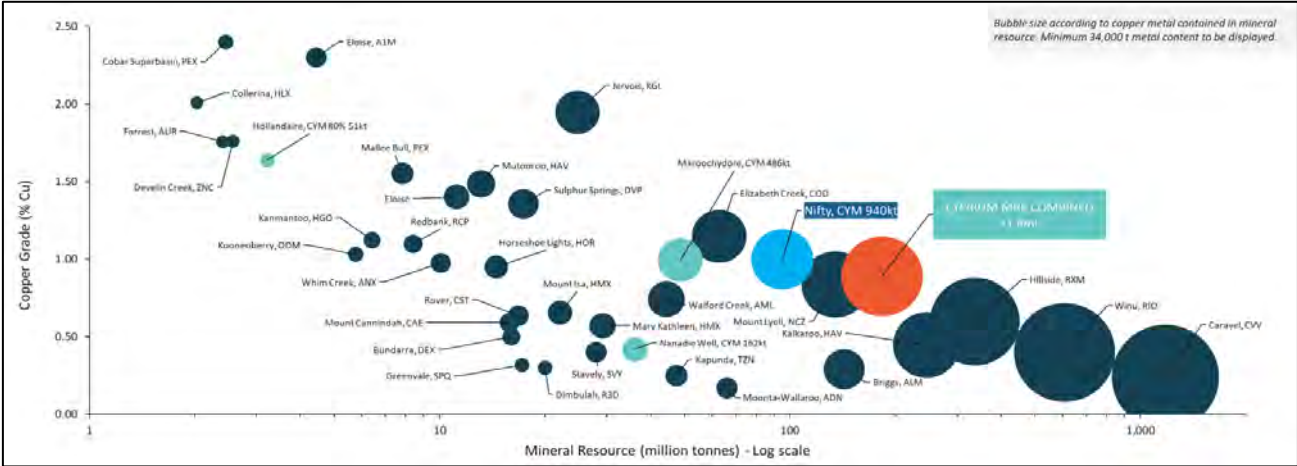


Figure 1 / – Australian Copper Projects Mineral Resource Benchmarking¹
 (S&P Global, Evolution Capital)

The Cyprium Metals portfolio includes 4 of the 26 largest Australian primary copper resources, being the Nifty, Maroochydore, Nanadie Well and Hollandaire deposits (refer to OZ Minerals Limited (ASX: OZL), 26 August 2022, “Strategy, Aspirations & Province Potential Presentation”). Cyprium’s total combined JORC 2012 mineral resource estimate (MRE) inventory has increased from nil at the end of 2019 to over 1.6 million tonnes of contained copper that is currently reported and illustrated in Figure 1.

The updated Nifty mineral resource estimate is to be included in the optimisation which will add further copper tonnes (and cashflow) as well as mine life to the Phase 1 oxide schedule. The copper tonnes added come from the conversion of inferred to indicated resources and the increase in resource by the drilling that has been undertaken. Due to JORC 2012 reporting restrictions that prevent the existing heap leach pads at Nifty from being included in the reported mineral resource estimates, a further estimated 17.16 Mt @ 0.53%Cu (~91Kt tonnes of copper metal) is contained within the existing heap leach pads for retreatment at Nifty (refer to CYM ASX release dated 11 March 2022, “Nifty Copper Project Restart Study”).

1. Evolution Capital, 6 June 2022, “Cyprium Metals Limited, Right Plan – Right Team – Right Time for Nifty (update)”, <https://cypriummetals.com/wp-content/uploads/EvolutionCapitalEquityResearch06Jun22.pdf>

STRATEGY

Core Purpose

To grow 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 2 | Location of Murchison and Paterson Projects

Nifty Copper Project

Brief History of Nifty

Nifty commenced as an open pit, oxide heap leach SX-EW operation, producing copper cathode from 1993-2009 under Western Mining Corporation (up to 1998), Straits Resources who increased the production capacity from 16,000 tonnes to 25,000 tonnes per annum (1998-2003) and Aditya Birla Minerals (2003-2009).

Aditya Birla Minerals constructed a flotation concentrator and underground sulphide mine. First sulphide concentrate was produced in March 2006. Open pit operations ceased in 2006 with heap leaching operations ceasing in 2009.

Metals X acquired the operation via an on-market takeover of Aditya Birla Minerals in September 2016. Following operational difficulties and declining production levels from the underground mine, Metals X placed the operation on care and maintenance in November 2019.

The re-start opportunity for Nifty:

- The oxide open pit was stopped prematurely to access the underground sulphide ore to produce a clean copper concentrate to feed Aditya Birla Minerals India-based smelters
- Cyprium will restart the open pit oxide mine and re-treat the existing heap leach pads in Phase 1 of the Nifty Copper Project restart
- Phase 2 will continue the open pit into the sulphide portion of the orebody for a +20-year mine life

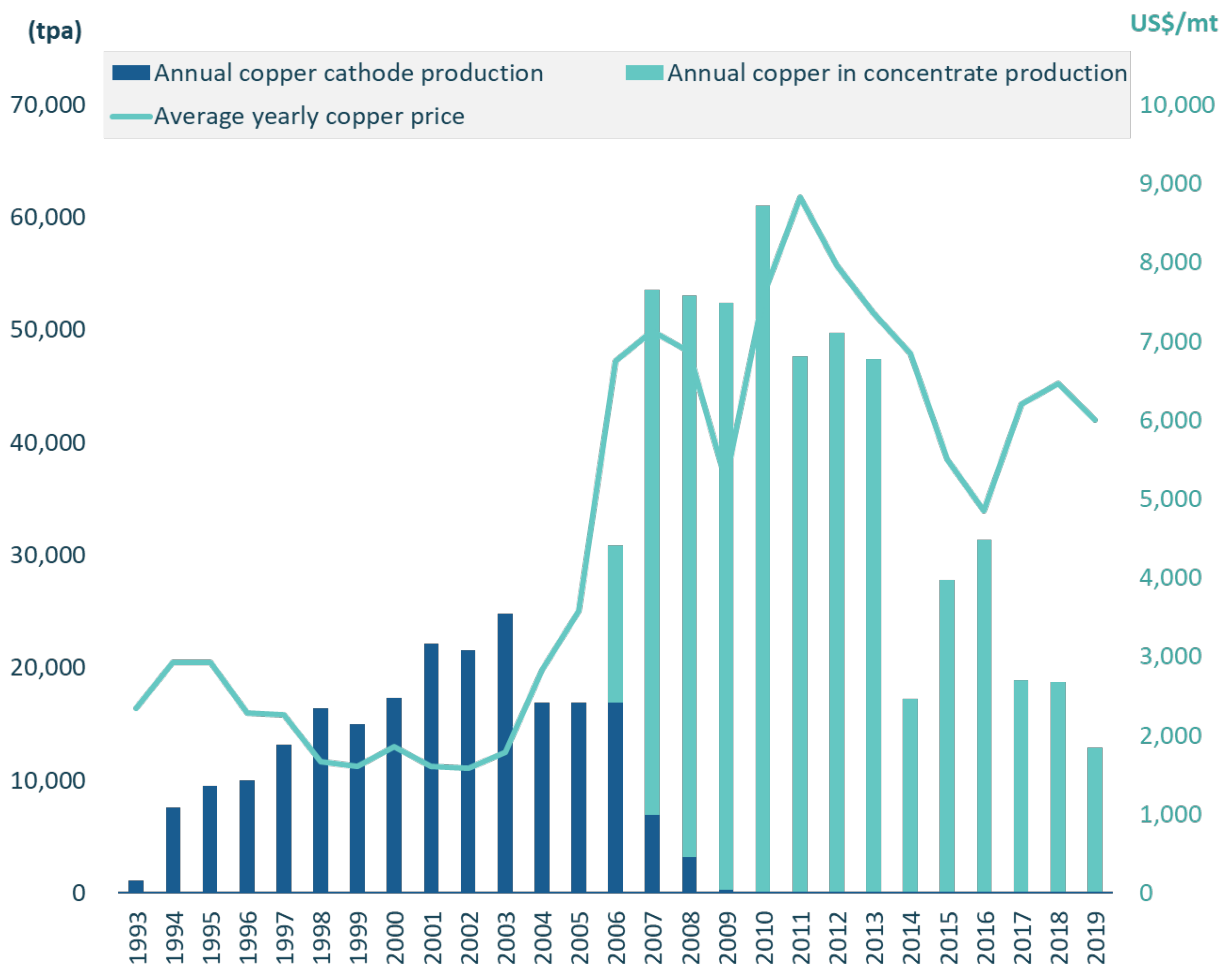


Figure 3 / Historical production and copper prices

Heap Leaching, SX-EW Operations

Heap leaching is a flexible and constantly improving mineral processing and extraction technology that commenced from the 1960's and now represents ~20% of global production. Heap leaching has operational advantages over traditional flotation concentrate processing methods, where economically feasible options are becoming limited.

Main advantages of heap leaching technology:

- Lower operating and capital costs due to inter alia:
 - Reduced transport costs and no downstream treatment and refining charge deductions from sales revenue
 - Simplified process with reduced reagent requirements
- Less environmental concerns – lower energy and water requirements
 - Closed-loop circuit, eliminating the need for a tailings dam
- Lower operating and capital costs enables the extraction of minerals from lower grade ores that otherwise would not be economically viable to extract
- At Nifty from the resumption of mining of the existing oxide open pit, production of a final LME Grade A copper metal (>99.99%) cathode onsite

Typical heap leaching process involves the following steps:

- Mine, crush and agglomerate the ore
- Stack the ore on a lined leach pad
- Irrigate the ore with the appropriate lixiviant to dissolve the metals (leachate)
- Collect the leachate in a pond or tank (pregnant or value bearing solution)
- Process the pregnant leach solution to recover the metals
- Recycle the raffinate solution (with additional lixiviant) back to the heap

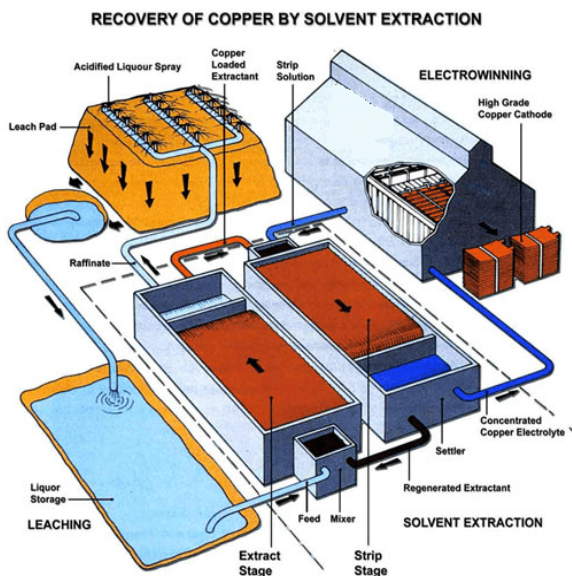


Figure 4 / Heap Leach, SX-EW Process

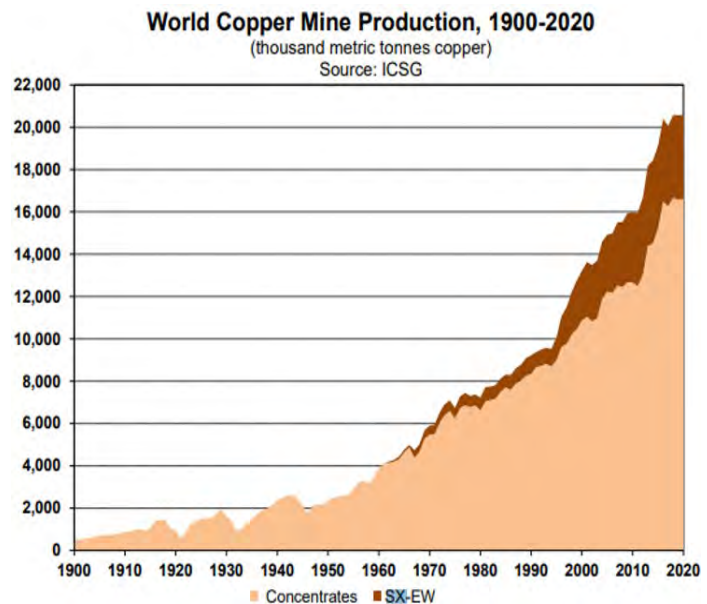


Figure 5 / 1900-2020 World Copper Mine Production



Figure 6 / Nifty Copper Mine Site Layout

Nifty Copper Project Restart Study

The results of the Restart Study for the Nifty Copper Project were released during 2022 (refer to CYM ASX announcements dated 11 March 2022, “Nifty Copper Project Restart Study” and “CYM Restart Study Presentation”). The study demonstrates a robust heap leach SX-EW operation in the initial stage of the project. The Restart is focused on 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 was also commenced with design optimisation and metallurgical testwork being undertaken.

The study did not include any inferred mineral resources, nor the drilling undertaken to the west and east of the mineralisation, of which the results of the Nifty west drilling programme has been subsequently included in the updated mineral resource estimate. The study also did not include the large sulphide resource which has the potential to increase the mine life by over 20 years (the study included less than 10% of the total May 2022 Nifty Resource Estimate).

The results of the Nifty Phase 1 Restart Study included:

- C1 costs of USD1.91/lb and C3 costs of USD2.82/lb
- Average production of 25,000 tonnes p.a. copper cathode
- Cathode production 146,100 tonnes copper metal
- Pre-production capital AUD149 million
- NPV @7% of AUD277M with an IRR of 37% (post tax)
- Oxide mine life 2023-29 at ~6.3 years (based on pre-MRE upgrade of 732kt contained Cu) with sulphide potential +20-years
- Free cashflow AUD544 million
- Payback in 3 years

The pricing of a number of components of the project such as freight have reduced considerably since the release of the study maintaining the project as a robust development project.

There is already substantial infrastructure in place at the Nifty Copper Project, including:

- 2.8 Mtpa sulphide concentrator (care & maintenance since November 2019)
- 25 ktpa copper cathode heap leach SX-EW facility (care & maintenance since January 2009)
- 21 MW gas turbine power station, gas pipeline and power distribution systems
- Water supply and reticulation systems, including multiple bore fields
- Full heavy vehicle workshops and mine village with a capacity of approximately 400 persons
- Extensive stores inventory, mobile equipment, offices, paste and other fixed plant
- Sealed all weather airstrip
- Upgraded network and communications infrastructure

The restart of the heap leach SX-EW facility at the Nifty Copper Project 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 on which to stack new oxide material 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 and utility systems

The pit optimisation is based on only the material from the measured and indicated category of the November 2021 Nifty Mineral Resource Estimate with contained copper metal of 732,200 tonnes (refer to Table 1 and CYM ASX announcement dated 17 November 2021, “Updated Nifty Copper Mineral Resource Estimate”), which does not include any of the existing heap leach pad retreat material.

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

Mining operations for Phase 1 at Nifty will involve resumption of open pit operations and no underground mining, reaching a depth of 10,085mRL or approximately 225m below surface. The Nifty orebody mineralisation is well understood and there will be a staged approach to mining via an initial oxide open pit that targets oxide and transitional copper mineralisation.

Total ore mined from Phase 1 is 8.8Mt at 0.87% copper (representing ~10% of 732t of contained copper in November 2021 MRE and ~8% of 940t contained copper in May 2022 MRE). Total waste mined is 52.9Mt for a strip ratio of 6:1. Ore will be crushed and screened, agglomerated, and stacked onto the heap leach pads.

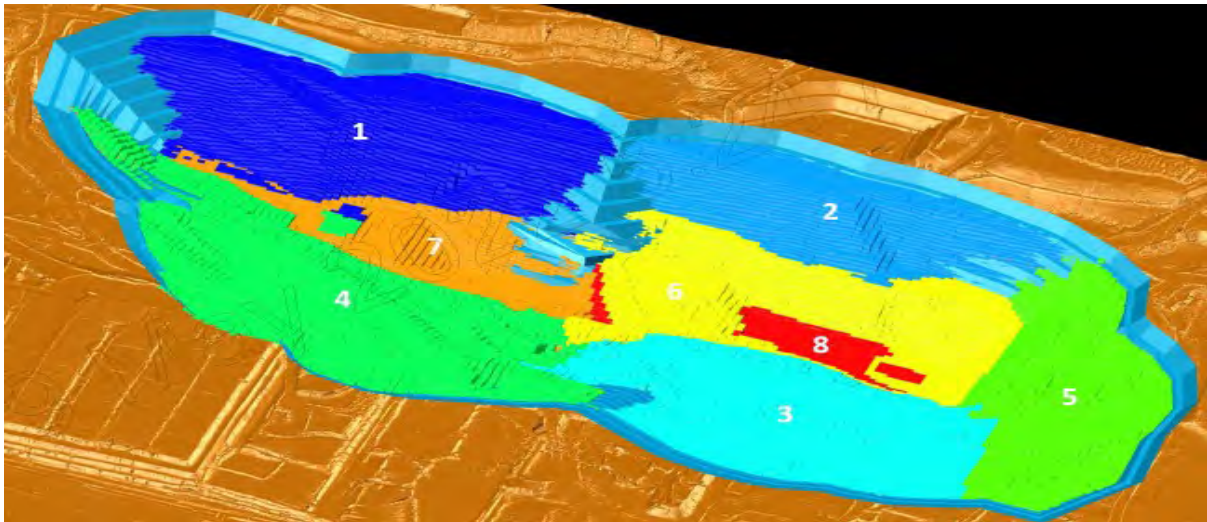


Figure 7 / Open pit – Stage 1-8 sequencing

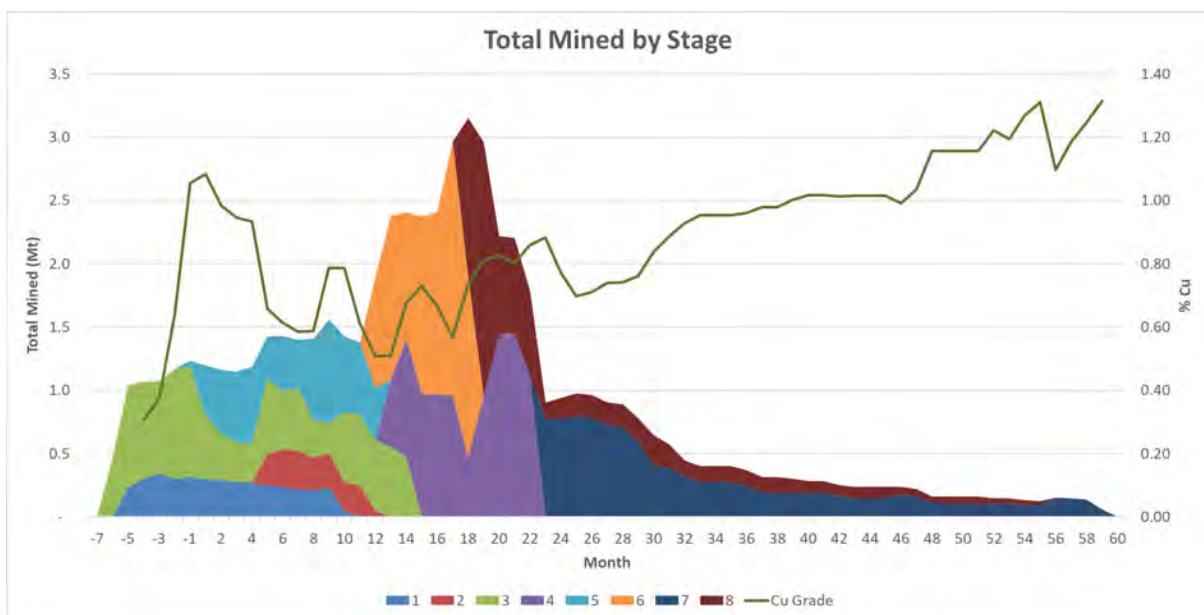


Figure 8 / Open pit – Total material mined and copper grade by Stage 1- 8

Overview of Phase 1 – Open Pit Mining Operations:

- The mining sequence for the open pit divides the open pit into east and west cutbacks
- The eastern cutback will be developed first to access higher grade ore near surface
- In Phase 1, oxide and transitional mineralisation will be mined through stages 1-8
- The planned operating areas are large enough to support two mining fleets, with the mined ore being hauled to the ROM pad located adjacent to the west of the open pit. Waste will be hauled to an expanded waste dump to the north of the pit

Heap leach operations commenced at Nifty in 1993 and ceased in 2009 due to the site focus changing to the large and rapidly developing underground sulphide operation. The existing heap leach pads still contain a substantial amount of copper. Results from metallurgical accounting figures have reconciled the historic heap leach pads to have a mineral inventory of ~17Mt @ 0.53% Cu (approximately 91kt of copper metal). Cyprium plans to retreat the historic heaps, by relocating the material to newly constructed heap leach infrastructure to the south of the existing heap leach pads.

The new leach pad facility will be constructed including leach pads and Pregnant Leach Solution (“PLS”), Intermediate Leach Solution (“ILS”), Raffinate and Environmental storage ponds. Retreated material will be screened and crushed to P80 20mm, and then continue to an agglomeration unit to improve percolation rates to aid leaching, facilitating the recovery of copper into solution. The agglomerated material is then stacked on the new heap leach pads.

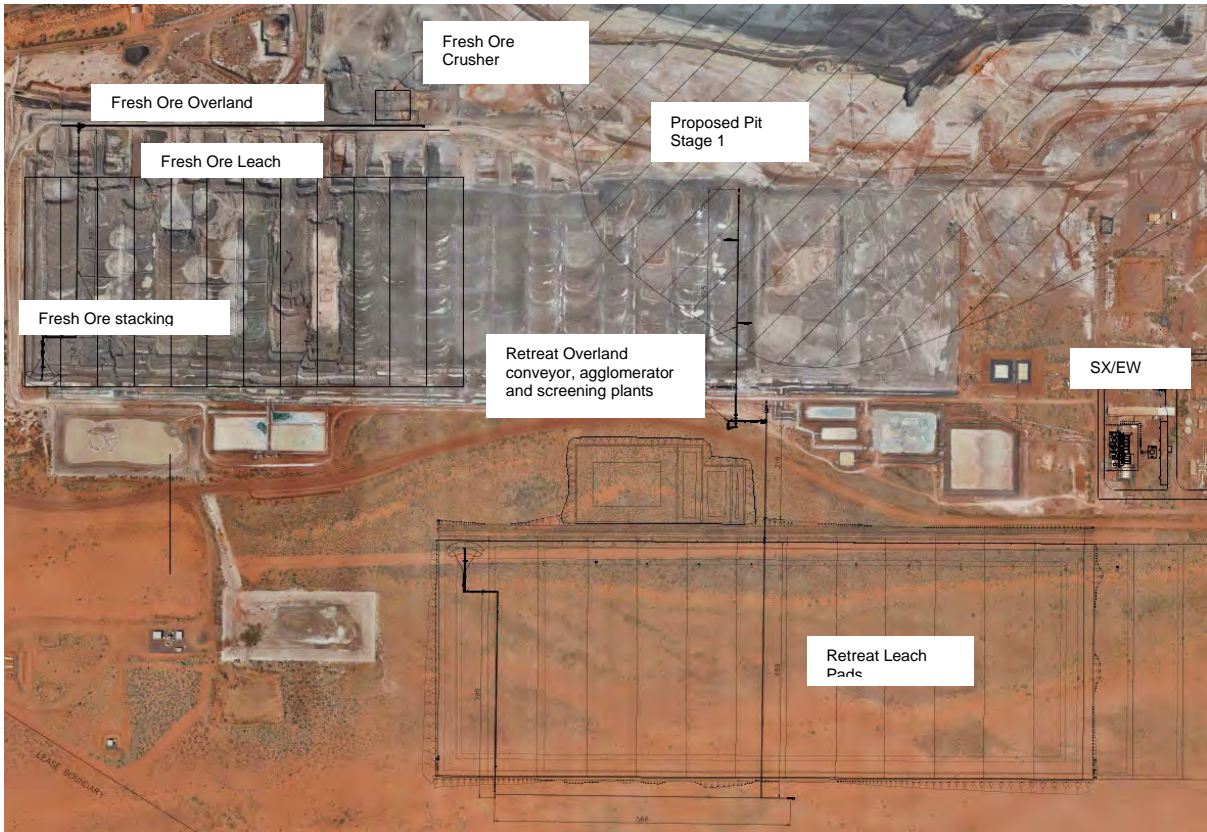


Figure 9 / Nifty Heap Leach Retreatment

Over time, Nifty was established as a robust oxide and secondary sulphide heap leach operation capable of producing approximately 25,000tpa of copper metal as cathodes (LME Grade A with a purity of more than 99.999% copper metal) via SX-EW processing. The metallurgical testwork used in the Nifty Copper Project Restart Study targeted copper recoveries of 85% with reduced acid consumption and reduced polymer agglomerant consumption.

Optimisation testwork has enabled a scalable solution to be designed for the agglomeration, curing, stacking and irrigation of the historic heap leach material based on this work.

Numerous Government approvals are required for the restart project scope. Nifty is located on a State Agreement Act tenement and Ministerial Approval is required to amend the project size and its operating life.

Clearing permits are required for the new heap leach pads and an amendment to a current approval for the extension to the waste rock landform. There is an amended Mining Proposal required for the restart of the open 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 smaller permits required around the restart of the mining operation, that require reactivation or renewal.

All of the numerous Government approvals required up to the final investment decision (“FID”) stage have been received for the restart project scope. As Nifty is located on a State Agreement Act tenement, Ministerial Approval to amend the project size and its operating life can only be submitted once the FID has been made.

NIFTY COPPER PROJECT APPROVALS					
Department	Permit / Item	Description	Status	Date Lodged	Approved
Department of Water & Environmental Regulation (DWER)	Works Approval and Licence	Amended Prescribed Activities Licence to enable processing	Approved	8 Mar 2022	4 Aug 2022
	26D Licence to Alter Water Abstraction Methods of an Existing Licence	Change in abstraction mechanism under the existing water license	Approved	25 Feb 2022	9 Jun 2022
Department of Mines Industry Regulation & Safety (DMIRS)	Native Vegetation Clearing Permit x 2	Authorises the clearing of native vegetation for project development	Approved	14 Nov 2021	25 Aug 2022 6 Sep 2022
	Mining Proposal	Approval for mining activities and construction of mine infrastructure	Approved	21 Feb 2022	10 Oct 2022
	Mine Closure Plan	Defines rehabilitation and closure accompanying the Mining Proposal	Approved	21 Feb 2022	10 Oct 2022
	Project Management Plan	Project safety plan approval	Approved	20 Jan 2022	22 Mar 2022
Department of Jobs, Tourism, Science and Innovation (JTSI)	State Agreement – Additional Proposal	Proposal to modify, expand, or vary Nifty Copper’s activities beyond the existing State Agreement approvals	Lodged post finance		

Table 2 / Government Approvals Status

Since acquiring the Nifty copper project, Cyprium instituted a site maintenance and refurbishment programme that was specifically targeted at key components of the SX-EW process and associated infrastructure required to support the recommissioning of the heap leach SX-EW operation. This programme included the refurbishment of the camp facilities and an upgrade to the communications infrastructure to meet the immediate and future needs of the site.

Pre-operations capital expenditure is estimated at AUD149 million, and including working capital and other site costs, the project funding required is estimated at AUD193 million. The SX-EW annual production capacity is 25,000 tonnes per annum copper cathode metal and the oxide heap leach operation post construction life of mine is 6.3 years.

C1 operating costs are USD1.91/lbs and all in C3 costs are USD2.82/lbs, to provide a post capital free cash flows of AUD544 million, a post-tax Net Present Value of AUD277 million, an internal rate of return of 37% and a project payback of 3 years.

Open Cut Ore mined	Mt	8.8
Re-treat ore tonnes stacked	Mt	17.1
Total ore stacked	Mt	25.9
Average Grade	%	0.65
Average Recovery	%	87.3
Copper Metal Cathode Production Capacity	ktpa	25.0
Copper Metal Cathode Produced	Kt	146.1
Copper Metal Cathode Produced	Mlbs	322.0
Life of Oxide Heap Leach Operation (post construction)	Years	6.3
Revenue	USD/lb	4.08
C1 Costs	USD/lb	1.91
C2 Costs	USD/lb	2.56
C3 Costs	USD/lb	2.82
Pre-production Capital Expenditure	AUDM	149.3
Operating Cash Flows (EBITDA)	AUDM	822.8
Free Cash Flows (EBIT)	AUDM	543.7
NPV Pre-Construction (after tax) @7% discount rate	AUDM	277.3
IRR (after tax)	%	37
Project payback post construction	Years	3.0

Table 3 / Nifty Copper Project Restart Study Economic Analysis Summary

The project cash flows and forecast returns are sensitive to the movement in the LME Copper price and AUD/USD FX rate which has been based on an LME Copper price of USD9,000 per tonne (USD4.08/lb) and an AUD/USD FX rate of 0.75, equating to AUD12,000 per tonne, compared to current copper prices which are over AUD13,000 per tonne.

Sensitivities	Base Case	Sensitivity	Cash Flow ¹	NPV ²	IRR ²
Cu Price	USD9,000/t	USD1,000	AUD195m	AUD101m	+12%
Cu Price		USD10,000/t	AUD1,947m	AUD379m	49%
AUD/USD FX	0.75	5%	AUD92m	AUD48m	+6%
AUD/USD FX		0.7125	AUD1,845m	AUD325m	43%
C1 Costs	USD1.91/lbs.	10%	AUD (82)m	AUD (61)m	(7) %
C1 Costs		USD2.10/lb.	AUD903m	AUD216m	30%
Capital Costs	AUD279m	10%	AUD (28)m	AUD (25)m	(4) %
Capital Costs			AUD307m	AUD252m	33%

¹ Pre-tax cash flows
² After tax cash flows

Table 4 / Nifty Copper Project Restart Study Sensitivities

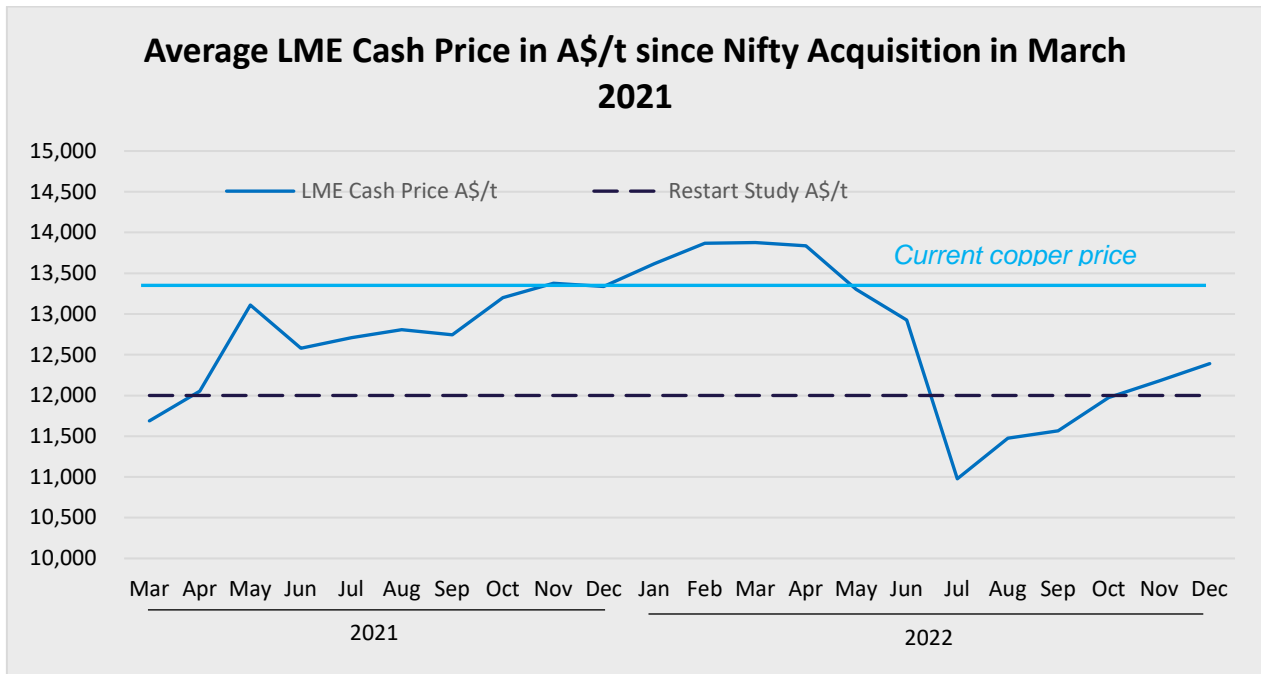


Figure 10 / LME Cash Price in AU\$/t since Nifty Acquisition March 2021
 (Source: LME USD Cash Price and RBA AUD/USD FX rates)

There are a number of opportunities at the Nifty Copper Project, including:

1. Significant near-term brownfield copper development project located in the Tier 1 mining jurisdiction of Western Australia, with only 12 months to re-start the copper mine as there is extensive infrastructure in place and start production of LME A Grade copper cathode metal (99.99% copper) on site.
2. The open pit shape contains 1.2MT at 0.8% copper of inferred resources (9,600 copper metal tonnes insitu) that have the potential to provide additional copper tonnes to the heap leach. The material in this study classifies and costs that material as waste.
3. The drilling conducted by Cyprium and released to the market in late 2021 and early 2022 has not been included in the November 2021 Mineral Resource Estimate that was used for the Nifty restart study and the results of this drilling will add further copper tonnes to the inventory and convert existing copper metal classifications to higher confidence. An updated Mineral Resource Estimate that included the results from the Nifty West drilling programme was released in May 2022 (refer to CYM ASX announcement dated 16 May 2022 “28.4% increased Nifty Copper MRE to 940,200t copper metal”) with further Mineral Resource Estimates to follow.
4. Reagent consumptions are continually being optimised in the laboratory, with good results to date. The optimisation tests have been undertaken on a representative trench sample and composite sonic drilling samples. A chalcopyrite sample is also to be tested under the proposed regime. Further optimisation testwork will be conducted on new ore from the oxide pit via diamond core currently in the laboratory.
5. The sulphide project will considerably extend the mine life, as either a sulphide heap leach operation or a concentrator operation. These studies have commenced and include design optimisation and a metallurgical test work phase.
6. Copper has a very favourable market outlook as it is viewed as a critical component in the energy transition, being used in electrical motors, batteries, inverters, wiring and charging stations and there is no current substitute for copper in electrical applications. Demand growth is expected to be solid going forward, while supply is expected to be impacted by various issues such as declining ore grade, resource depletion, cost inflation, and sovereign risk.

Project Progress

Site Clean Up and Inventory

Since taking control of the site in April 2021, CYM has undertaken a significant clean-up of the mine site, including the rectification of a number of outstanding safety and environmental legacy issues.

There has been significant sorting of equipment, parts, critical spares, and supplies. Required equipment has been recredited to inventory and that which is not required was collated for sale as surplus. The process has revealed the significant inventory of spares that was included in the Nifty acquisition.

Work has been completed on the concrete batching plant so that it is ready for refurbishment activities, significantly improving project cost efficiencies during the construction phase.

SX-EW Refurbishment

Work continued on the preparation for refurbishment of the SX-EW plant. This included clean up around the facility, stripping out tanks, pumps and pipes for assessment and refurbishment, pressure, and condition testing of tanks.

The clean-up of the SX has been completed to a stage where it is ready for refurbishment tasks to commence.

The EW clean-up has proceeded very well with stripping of anodes and cathodes from cells. Many cathodes still had copper attached which has been stripped and placed on pallets (refer to image 3). The dried solids have been collected from the cells for return to the circuit for when the refurbishment commissioning commences.

Once the solids are removed, the pipework is taken out and the tanks cleaned. The tanks are then filled and hydrotested for any leakage. The tanks are then emptied and await a reline and leak repair when refurbishment commences.

The tank strip out includes hydrotesting to allow repair assessment:



Image 1 / SX Mixer Settler cleanout lower level



Image 2 / EW - Removal of Cathodes

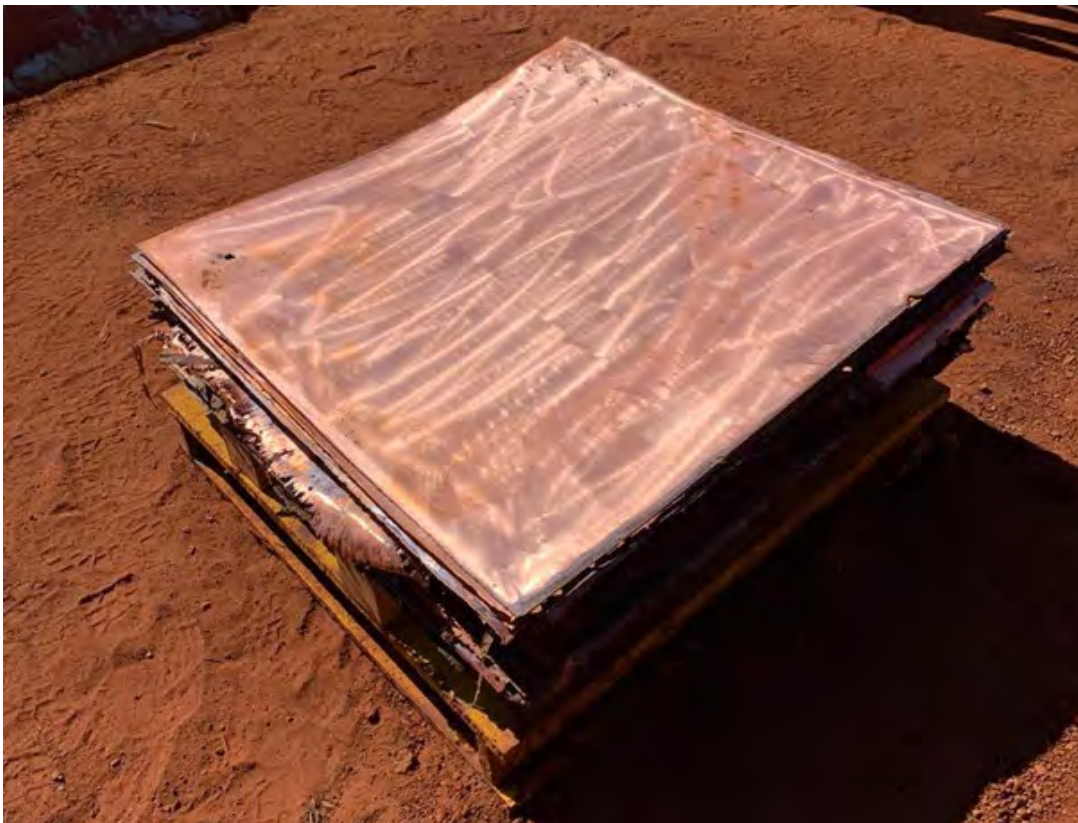


Image 3 / Copper Cathodes Removed



Image 4 / Cleaned EW Cells ready for condition inspection

Accommodation Refurbishment

The refurbishment of the accommodation consisted of a full strip out and refit to each unit, including wet area upgrade to bring the units up to current expected standards for on-site accommodation.



Image 5 / Refurbished accommodation

Refurbishment has also included areas in the dry mess and dining area, as well as upgrading of laundry facilities in the refurbished areas. The remaining rooms will be completed concurrently as the project ramps up.



Image 6 / Refurbished Bathroom

Operational Readiness

The mobile communications tower has been significantly upgraded to enable 4G services once available with communications and data capacity across site improved, allowing high definition calling and streaming services, as well as vastly improved cloud/business capabilities.

There are also geological, mining and survey systems that have been completed.

Site control systems have been commissioned and made operational, including Safety and ERP systems. The Safety systems are being reviewed and updated in line with Nifty's approved Project Management Plan.

The ERP system has an embedded budget and project cost tracking process.



Image 7 / Copper rich solution flowing out of the heaps following recent rainfall at Nifty

Work around the heap leach pads has involved trenching and drilling to obtain samples for assay and testing. Drainage has been re-established to direct leach solutions to the collection ponds and prevent overflowing during rain events. Access has also been re-established to the top of the heap for transport and placement of residue from the collection ponds. Image 8 shows where leach solution exits and collects after each significant rain event. The blue colour is the copper sulphate in the leach solution and the copper can be seen precipitating on the bottom lift of the heap in the background. This photograph was taken on the 25 September 2022 and clearly demonstrates that the heap pads continue to leach copper.

The solution from the heap has been directed to collect in the drains at the heap front. To achieve this, repairs had been undertaken to some liners and material has been cleaned out of a number of areas from these drains. Image 9 shows where these drains have collected the solution and flows into the PLS pond.



Image 8 / Copper Leaching from Heaps – blue is copper sulphate

Over time, the collection ponds have filled up with residue, limiting storage freeboard. The residue is a mixture of ore fines, precipitated solids, and solution. The team has been pumping solution from these ponds and have established access so that the ponds can be dried out and the material excavated back up to the heap leach. Once the ponds have been emptied, they are able to be inspected, refurbished, and relined. Pond capacities have also been improved so that in rainfall events, the solution is retained within the ponds, which has previously been restricted due to being filled with solids. Image 10 shows this solution at the pump outlet being discharged to the PLS pond (relatively clean and free of solids). The solution has a grade of +10 gpl copper when compared to a usual solvent extraction (“SX”) feed grade of 3 to 4 gpl copper. This significant solution inventory of over 500 tonnes of copper is available for project commissioning.



Image 9 / Leach Solution from Heap Drains – twin drains of copper sulphate solution

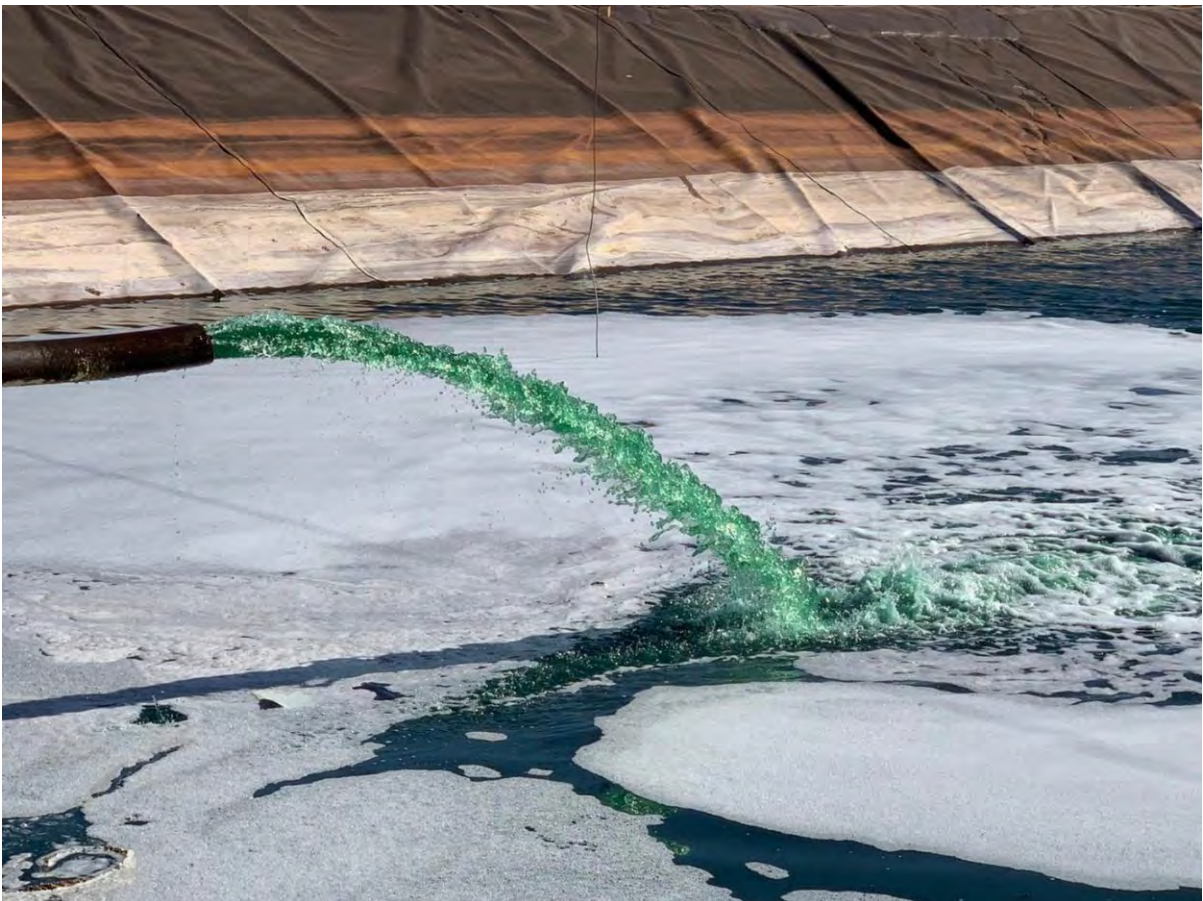


Image 10 / Copper rich solution being pumped to PLS pond for future solution inventory



Image 11 | Nifty 6m high metallurgical test work column

Nifty Metallurgy

Over 200,000 tonnes of copper has been produced as copper metal cathode from the SX-EW plant that is on site at Nifty. The historical testwork demonstrates that recoveries of +90% are achievable. The heap leach pads as treated had variable results, depending on the methodology used to treat the material. CYM has made improvements to the process by focussing testwork on the practical parameters of the leach.

The first stage was to run 4 columns, including a 6-metre column, on heap leach retreat material to investigate a number of parameters around crush size, copper recovery and agglomeration. Results to date have been very good, with crush size being optimised and recovery of copper being as expected from the historical testwork. The improved agglomeration is proving successful in allowing good solution flows right through the 6-metre column.

The second stage has been to run 6 columns of heap leach material from various locations (via trench samples and sonic drill holes) to reduce reagent consumption, particularly acid consumption. The results were very good and confirm the reagent consumptions and recoveries that CYM anticipated for the retreat material and hence fresh material from the oxide open pit.

Mineralogical reports have shown leaching of the full suite of copper minerals from the retreat material, including minerals in the various rock types, and including secondary and primary sulphide minerals such as covellite, digenite, bornite and chalcopyrite.

The next stage of testing, to be undertaken during the Nifty SX-EW refurbishment phase, will focus on a suite of core samples taken from the open pit mineral resource. Although it is the same rock types and orebody as mined and treated historically, Cyprium is ensuring that the leach process is tested on individual ore types to determine if there are any further optimisation work that can be undertaken, if the material to be mined is not as uniformly distributed as the retreat material. This stage of testing will also look at the recovery of the thin native copper that has been identified historically in the Nifty orebody and has been seen in the footwall of the mineral resource during diamond drilling.

Resource Definition Drilling

The Nifty mineral resource remains open both up and down plunge of the host syncline. The resource drilling at Nifty West and East undertaken in 2021 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.

Western drilling

The RC drilling programme targeted lightly drilled areas up-plunge of the former underground mine in the keel area of the Nifty Syncline below the western end of the Nifty open pit (Figure 11).



Figure 11 / Nifty Copper Project showing location of Nifty West drill program (local grid)

Wide intervals of ~70m to ~115m thick zones of significant copper mineralisation intersected in the keel zone of the Nifty Syncline, up-plunge of the former underground mine, have been consistently encountered from the drilling below the western end of the open pit. These wide intervals are ideal for a large-scale open pit development.

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. Excellent potential remains to outline further copper mineralisation extending into the southern limb and up-plunge of the Nifty syncline, in a future phase of drilling.

The remaining assays for the Nifty West RC drilling programme were received during 2022. Significant results included:

Hole 21NRWP064 – copper mineralisation extends over 92m downhole, including:

- **20m at 0.70% Cu** from 210m, including:
 - **1m at 1.04% Cu** from 210m
 - **4m at 1.29% Cu** from 214m
 - **1m at 1.23% Cu** from 221m
 - **1m at 1.42% Cu** from 225m
- **31m at 1.61% Cu** from 234m, including:
 - **14m at 2.72% Cu** from 235m
- **13m at 0.55% Cu** from 268m, including:
 - **1m at 1.14% Cu** from 271m
 - **1m at 1.26% Cu** from 273m

Hole 21NRWP047 – copper mineralisation extends over 69m downhole, including:

- **57m at 1.01% Cu** from 224m, including:
 - **5m at 1.38% Cu** from 225m
 - **3m at 1.61% Cu** from 232m
 - **2m at 1.95% Cu** from 244m
 - **2m at 1.86% Cu** from 267m
 - **8m at 2.65% Cu** from 270m, including:
 - **2m @ 6.29% Cu** from 274m

Hole 21NRWP048 – copper mineralisation extends over 115m downhole, including:

- **19m at 0.66% Cu** from 186m, including:
 - **2m at 1.64% Cu** from 191m
 - **1m at 1.28% Cu** from 202m
- **10m at 0.49% Cu** from 218m
- **17m at 1.19% Cu** from 232m, including:
 - **2m at 1.39% Cu** from 234m
 - **2m at 1.51% Cu** from 238m
 - **2m at 4.03% Cu** from 241m
- **11m at 0.53% Cu** from 271m, including:
 - **2m at 1.08% Cu** from 272m

Hole 21NRWP049 – copper mineralisation extends over 82m downhole, including:

- **5m at 1.96% Cu** from 221m, including:
 - **1m at 4.11% Cu** from 225m
- **22m at 0.88% Cu** from 227m, including:
 - **4m at 1.96% Cu** from 233m
 - **1m at 1.88% Cu** from 238m
 - **1m at 1.03% Cu** from 243m

- 17m at 1.39% Cu from 265m, including:
 - 8m at 2.65% Cu from 266m

Hole 21NRWP051 – copper mineralisation extends over 88m downhole, including:

- 1m at 1.16% Cu from 238m
- 20m at 0.85% Cu from 258m, including:
 - 5m at 1.96% Cu from 270m
- 13m at 1.14% Cu from 288m, including:
 - 9m at 1.47% Cu from 288m

Hole 21NRWP052 – copper mineralisation extends over 93m downhole, including:

- 30m at 1.12% Cu from 234m, including:
 - 2m at 4.02% Cu from 237m
 - 4m at 1.62% Cu from 240m
 - 3m at 2.32% Cu from 253m
 - 2m at 1.94% Cu from 259m
- 41m at 0.91% Cu from 265m, including:
 - 3m at 1.92% Cu from 277m
 - 2m at 3.17% Cu from 286m
 - 1m at 1.38% Cu from 295m
 - 4m at 1.36% Cu from 297m

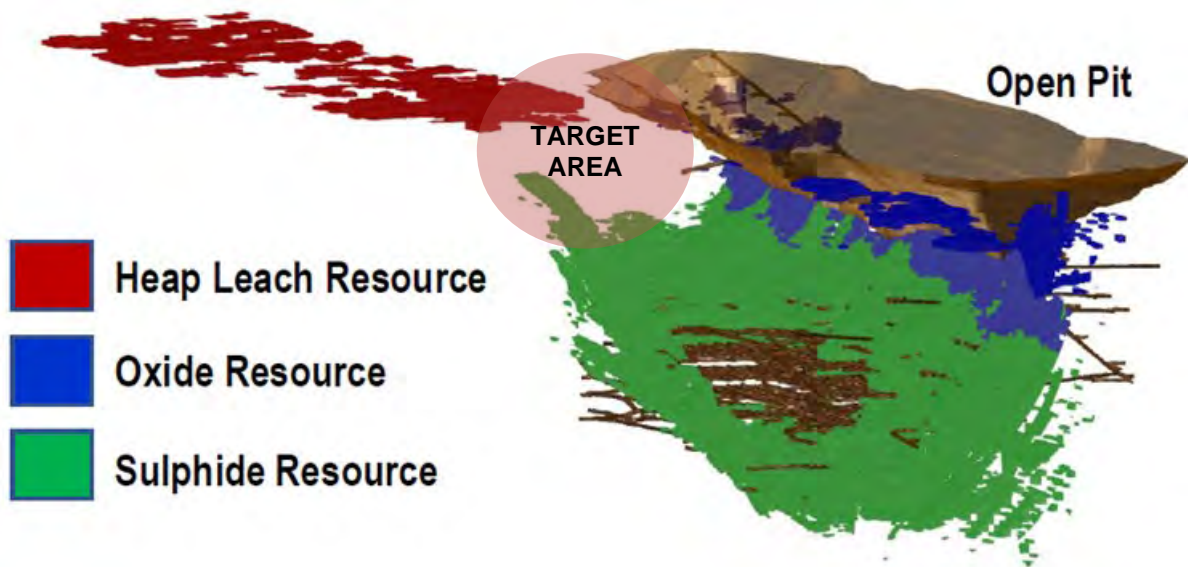
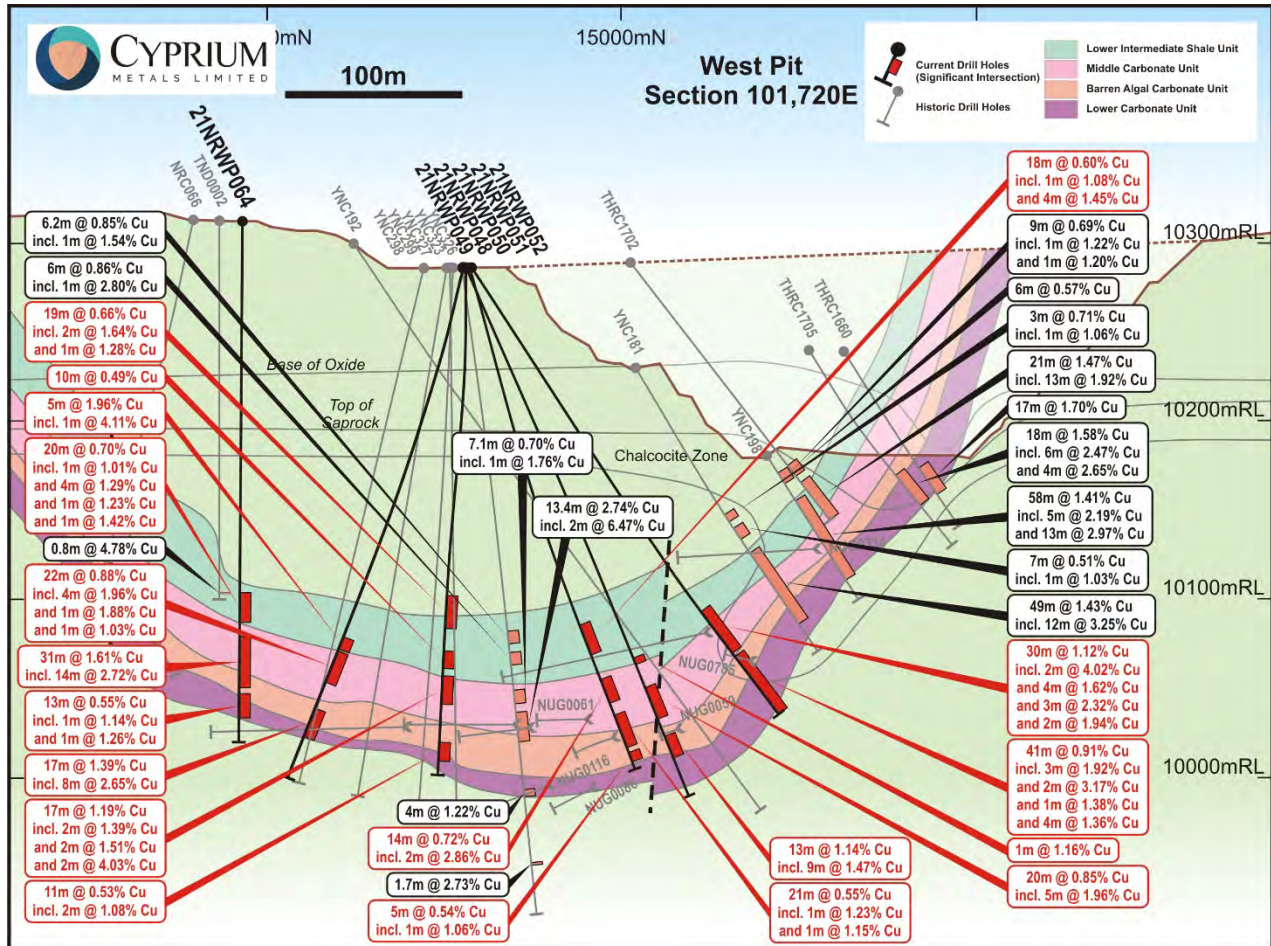


Figure 12 / Nifty West target area

Section 101,720E

Hole 21NRWP064 successfully confirmed the continuity of the thick zone of copper mineralisation returning **20m at 0.70% Cu** from 210m, **31m at 1.61% Cu** from 234m, including **14m at 2.72% Cu** from 235m, and **13m at 0.55% Cu** from 268m, which remains open to the south. Five holes (21NRWP048 to 52) drilled along this previously untested section line all returned significant widths of low to medium grade copper mineralisation consistent with the historic holes (refer to Section 1).

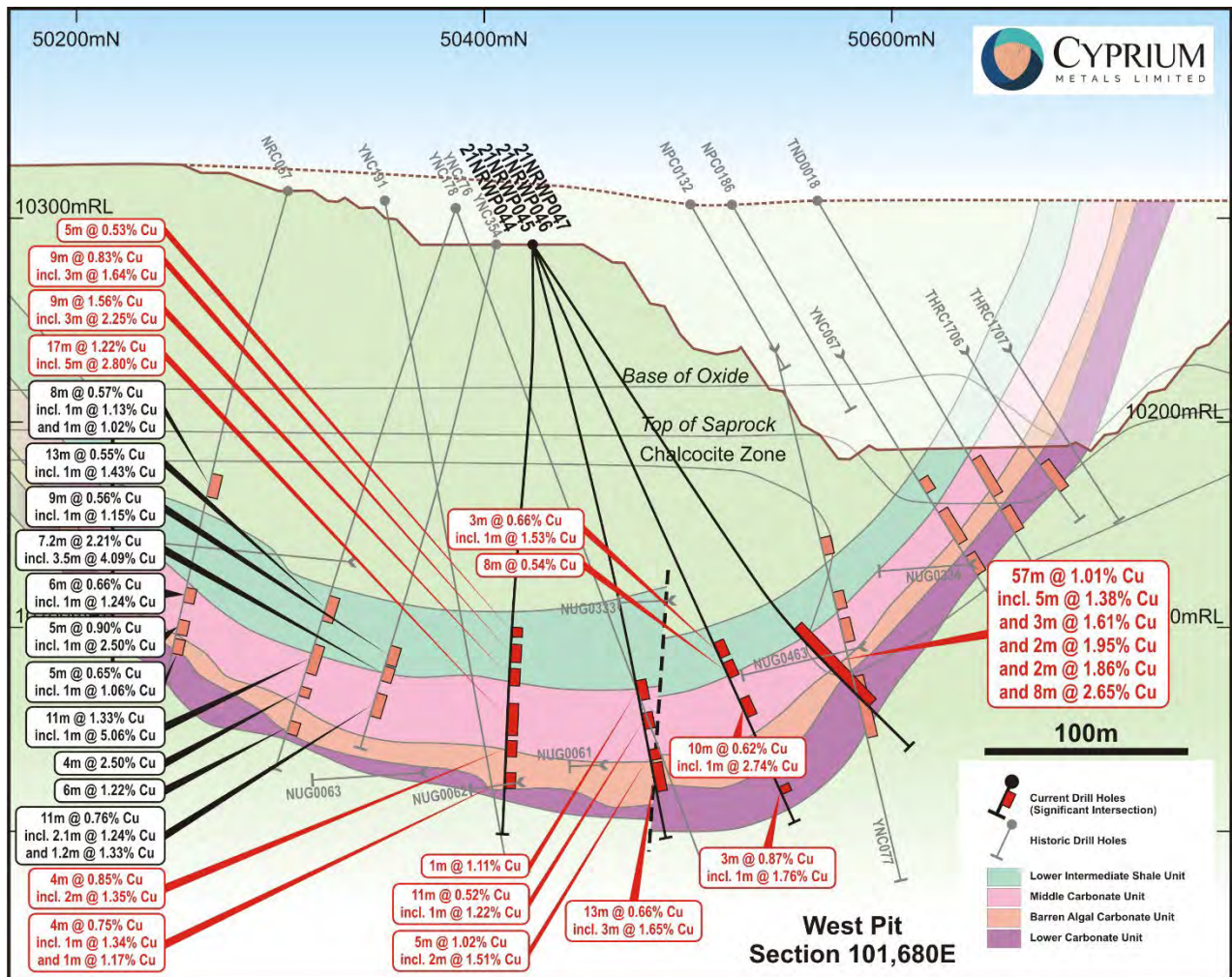


Section 1 / Nifty West drill hole section 101720E

(Note: underground holes were drilled sub-parallel to the mineralisation and are displayed for information purposes only. Intersections for historic holes not displayed if superseded by current drilling)

Section 101,680E

A single infill hole (21NRWP047) drilled on this section confirmed the integrity of historic hole (YNC077), returning an impressive **57m at 1.01% Cu** from 224m, including **5m at 1.38% Cu** from 225m, **3m at 1.61% Cu** from 232m, **2m at 1.95% Cu** from 244m, **2m at 1.86% Cu** from 267m and **8m at 2.65% Cu** from 270m (refer to Section 2).



Section 2 / Nifty West drill hole section 101,680E

(Note: underground holes were drilled sub-parallel to the mineralisation and are displayed for information purposes only. Intersections for historic holes not displayed if superseded by current drilling)

Eastern drilling

The Nifty East infill extensional drilling program was designed to increase the density of drilling over the sparsely tested eastern extension of the existing resource and comprised 21 RC holes for 5,725m. This drilling programme targeted areas from the previous program which identified encouraging widths of oxide/transitional mineralisation extending east and sulphide mineralisation extending east at depth beneath the former Nifty open pit (refer to Figure 13).

The assay results demonstrate potential to define additional shallow mineralisation for the planned heap leach restart and grow the latest 940,200t contained copper Mineral Resource Estimate, including the total oxide measured and indicated category, which is expected to increase the Phase 1 open pit mine life of the Nifty Copper Project restart.

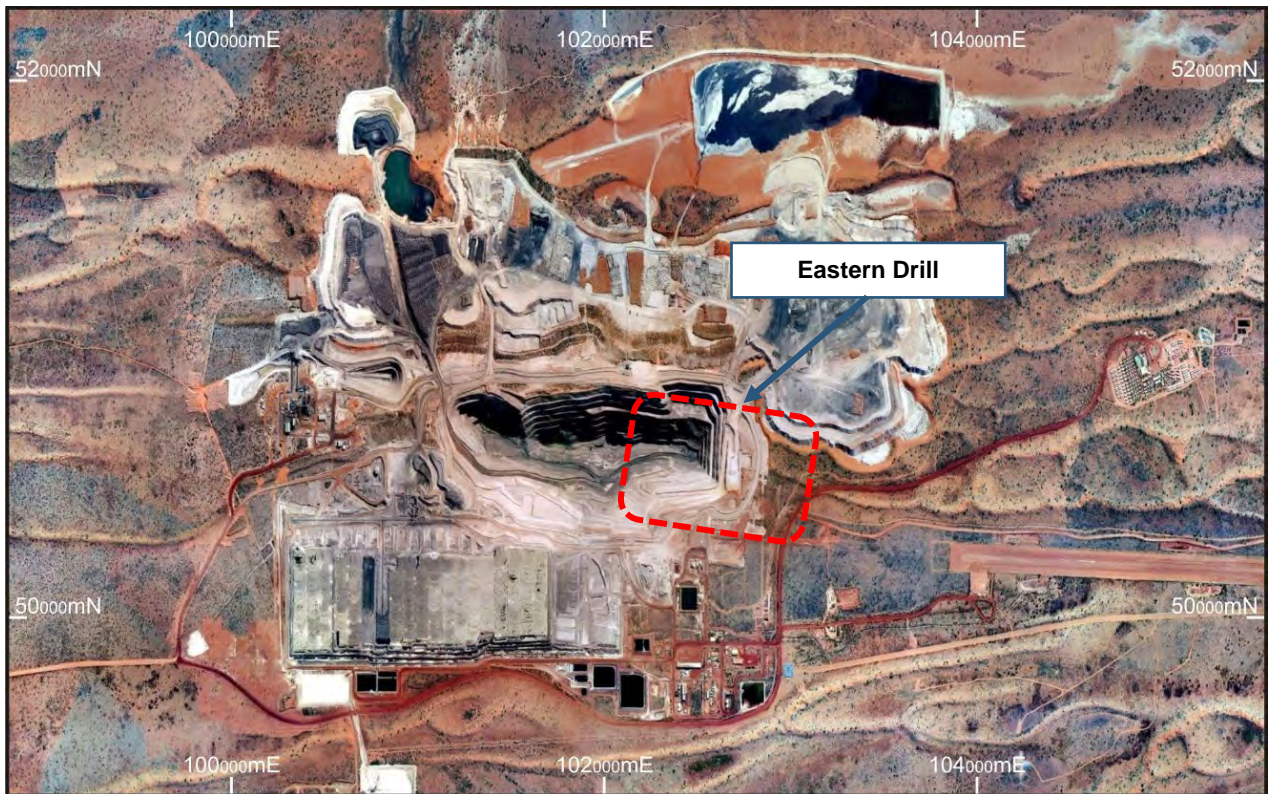


Figure 13 / Nifty Copper Project showing location of eastern extension drilling (local grid)

Significant widths of copper mineralisation intersected included:

18m at 0.45% Cu from 65m in hole 21NRSP021 including:

- **1m at 2.35% Cu** from 67m
- **17m at 0.52% Cu** from 248m including:
 - **2m at 1.14% Cu** from 255m
- **11m at 0.66% Cu** from 326m in hole 21NRSP022 including:
 - **2m at 1.57% Cu** from 332m
 - **5m at 0.51% Cu** from 354m including:
 - **1m at 1.40% Cu** from 354m
- **12m at 0.74% Cu** from 234m in hole 21NRSP023 including:
 - **2m at 1.20% Cu** from 236m
 - **1m at 1.50% Cu** from 239m
 - **1m at 1.26% Cu** from 241m
- **5m at 0.47% Cu** from 72m in hole 21NRSP024 including:
 - **1m at 1.36% Cu** from 73m
 - **13m at 1.08% Cu** from 314m including:
 - **1m at 1.12% Cu** from 316m
 - **3m at 3.10% Cu** from 321m
- **13m at 0.52% Cu** from 242m in hole 21NRSP025 including:
 - **1m at 1.48% Cu** from 243m
 - **1m at 2.13% Cu** from 246m
- **7m at 1.14% Cu** from 196m in hole 21NRSP031 including:
 - **4m at 1.76% Cu** from 196m
- **4m at 0.70% Cu** from 128m in hole 21NRSP034 including:
 - **2m at 1.17% Cu** from 129m
- **3m at 0.69% Cu** from 188m in hole 21NRSP039 including:
 - **1m at 1.21% Cu** from 189m
 - **3m at 1.18% Cu** from 255m including:
 - **2m at 1.38% Cu** from 256m

Nifty Mineral Resource Estimate

The Company released an updated Mineral Resource Estimate (“MRE”) for the Nifty copper deposit following completion of the successful Nifty west pit drilling program in 2021, which is outlined as follows:

- Nifty is the 6th largest development project in Australia¹, ranked by contained copper metal, but has the highest grade and is the only project capable of being developed in the near term
- 208,000t (28.4%) increase in the contained copper metal to 940,200t in the updated Nifty Copper MRE
- Total oxide MRE increased to 16.1Mt at 0.9% Cu for 144,300t of contained copper metal, providing further near surface copper inventory for the Nifty Phase 1 oxide copper project
- Nifty East drilling will be included in the next Nifty Copper deposit MRE update (primarily targeted further oxide extension)
- Drilling programmes confirmed copper mineralisation still open to the east and west
- Copper metal contained in existing restart heap leach pads is in addition to the MRE

The Nifty copper deposit is a structurally and lithological controlled strata bound 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 current Nifty MRE of 95.1Mt at 1.0% copper for a total contained copper inventory of 940,200t (refer to Table 5) is the result of the completion of the successful Nifty west pit drilling program and Nifty Copper Project Restart Study. The Nifty west drilling program consisted of 71 RC holes for a total of 18,867 metres.

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	0.25	1.6	0.9	13,600	0.7	0.7	4,700	0.3	0.7	2,200	2.6	0.8	20,600
Lower Saprolite	0.25	2.0	0.7	13,900	0.6	0.6	3,800	0.3	0.5	1,600	2.9	0.7	19,200
Transition	0.25	0.4	0.5	1,700	0.4	0.5	1,800	0.1	0.5	600	0.9	0.5	4,200
Chalcocite	0.25	4.9	1.1	52,300	3.0	1.0	30,200	1.8	1.0	17,800	9.8	1.0	100,300
Total Oxide	0.25	8.8	0.9	81,500	4.7	0.9	40,500	2.6	0.9	22,300	16.1	0.9	144,300
Sulphide	0.25	39.9	1.1	443,200	22.9	1.0	222,900	16.2	0.8	129,800	79.0	1.0	795,900
TOTAL		48.7	1.1	524,700	27.6	1.0	263,400	18.8	0.8	152,100	95.1	1.0	940,200

Table 5 / May 2022 Mineral Resource Estimate – Nifty Copper Deposit

The Nifty Copper Project Restart Study (which is based on the MRE of 732,200t of contained copper, refer to CYM ASX release, 17 November 2021, “Updated Nifty Copper Mineral Resource Estimate”) is focussed on the development of the first phase of the project that involves a return to heap leaching and SX-EW to produce copper metal cathode on site. The significant inventory and increase of heap leachable oxide mineralisation confirmed by this MRE (16.1Mt at 0.9% copper for approximately 144,300t of contained copper metal) presents additional upside opportunity on project economics. The drilling programmes completed at Nifty West and East were designed primarily to confirm the mineralisation and to improve the confidence, hence classification of inferred resource, plus possible extension of mineralisation.

¹ Evolution Capital Equity Research dated 6 June 2022, available at <https://cypriummetals.com/investor-centre/analyst-research-reports/>

Maroochydore Copper 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”). An RC drilling campaign was completed by the end of 2021, which 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 15.

The RC drill holes 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.

The oxide mineralisation currently extends over a strike length of 3,000 metres, has a width of up to 500 metres and thicknesses up to 100 metres, as modelled in the existing JORC 2012 mineral resource estimate. The sulphide copper - cobalt mineralisation currently extends over a strike length of 2,500 metres long (still open), up to 500 metres wide and up to 50 metres deep (still open). The resource shapes are outlined in Figure 14 and sections 3 and 4.

Significant results included:

- **11m @ 2.27% Cu & 429 ppm Co** from 65m in 21MDRC015, including:
 - **8m @ 2.95% Cu Ag & 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
- **38m @ 1.04 % Cu & 508 ppm Co** from 82m in 21MDRC027 including:
 - **20m @ 1.60 % Cu & 794 ppm Co** from 86m
- **61m @ 0.92% Cu & 543 ppm Co** from 71m in 21MDRC030 including:
 - **5m @ 1.39 % Cu & 795 ppm Co** from 73m
 - **4m @ 1.92 % Cu & 794 ppm Co** from 90m
 - **13m @ 1.77 % Cu & 818 ppm Co** from 96m

- **61m @ 0.35 % Cu & 203 ppm Co** from 56m in 21MDRC033 including:
 - **2m @ 0.45 % Cu & 146 ppm Co** from 62m
 - **5m @ 0.46 % Cu & 244 ppm Co** from 69m
 - **4m @ 1.27 % Cu & 212 ppm Co** from 88m
 - **6m @ 0.46 % Cu & 342 ppm Co** from 102m

Significant Cobalt results include:

- **22m @ 0.19 % Cu & 529 ppm Co** from 25m in 21MDRC022 including:
 - **4m @ 0.16 % Cu & 1,659 ppm Co** from 42m
- **35m @ 0.31 % Cu & 743 ppm Co** from 39m in 21MDRC024 including:
 - **7m @ 0.48 % Cu & 1,775 ppm Co** from 48m
 - **6m @ 0.54 % Cu & 1,186 ppm Co** from 60m

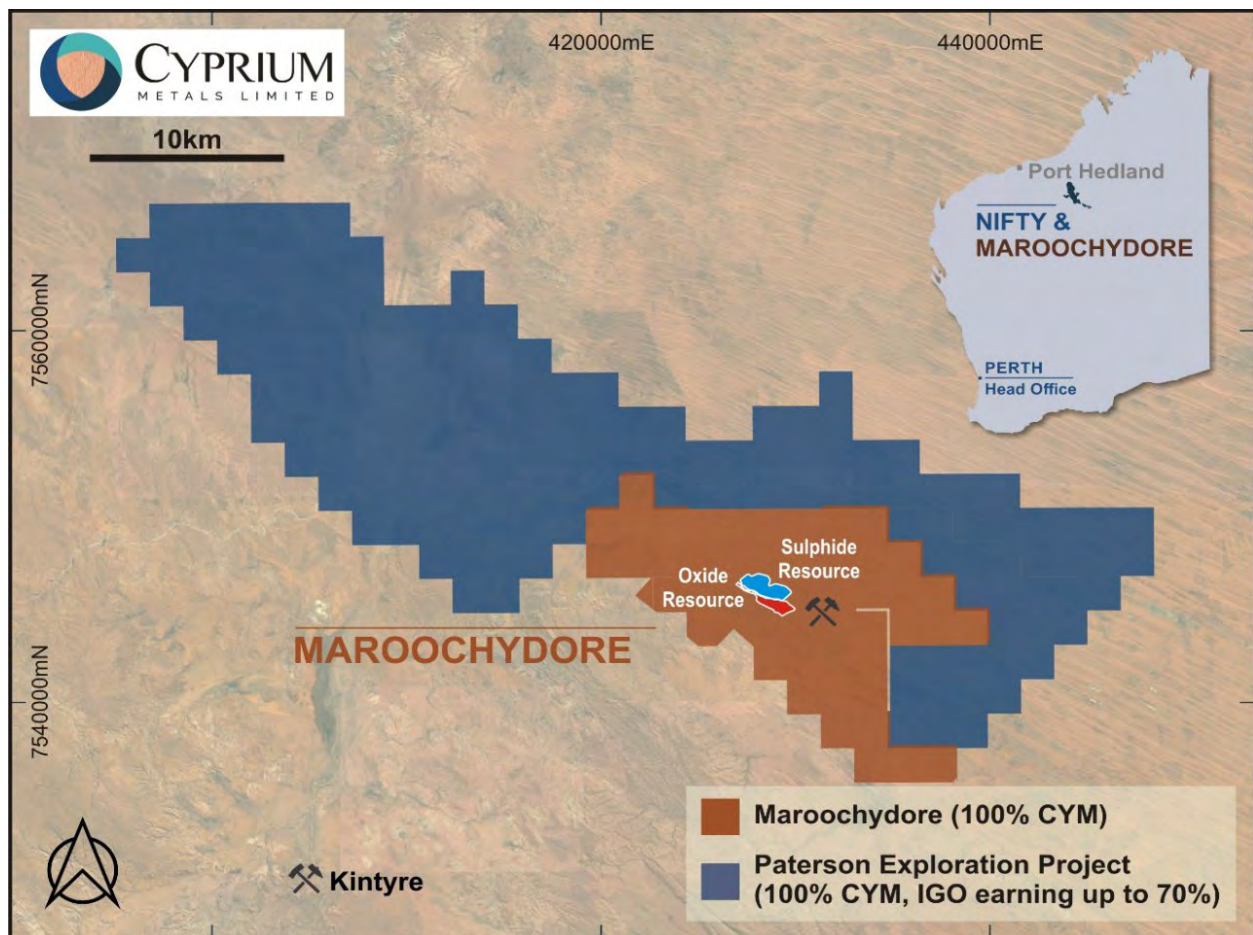


Figure 14 / Maroochydore Copper – Cobalt Project location plan

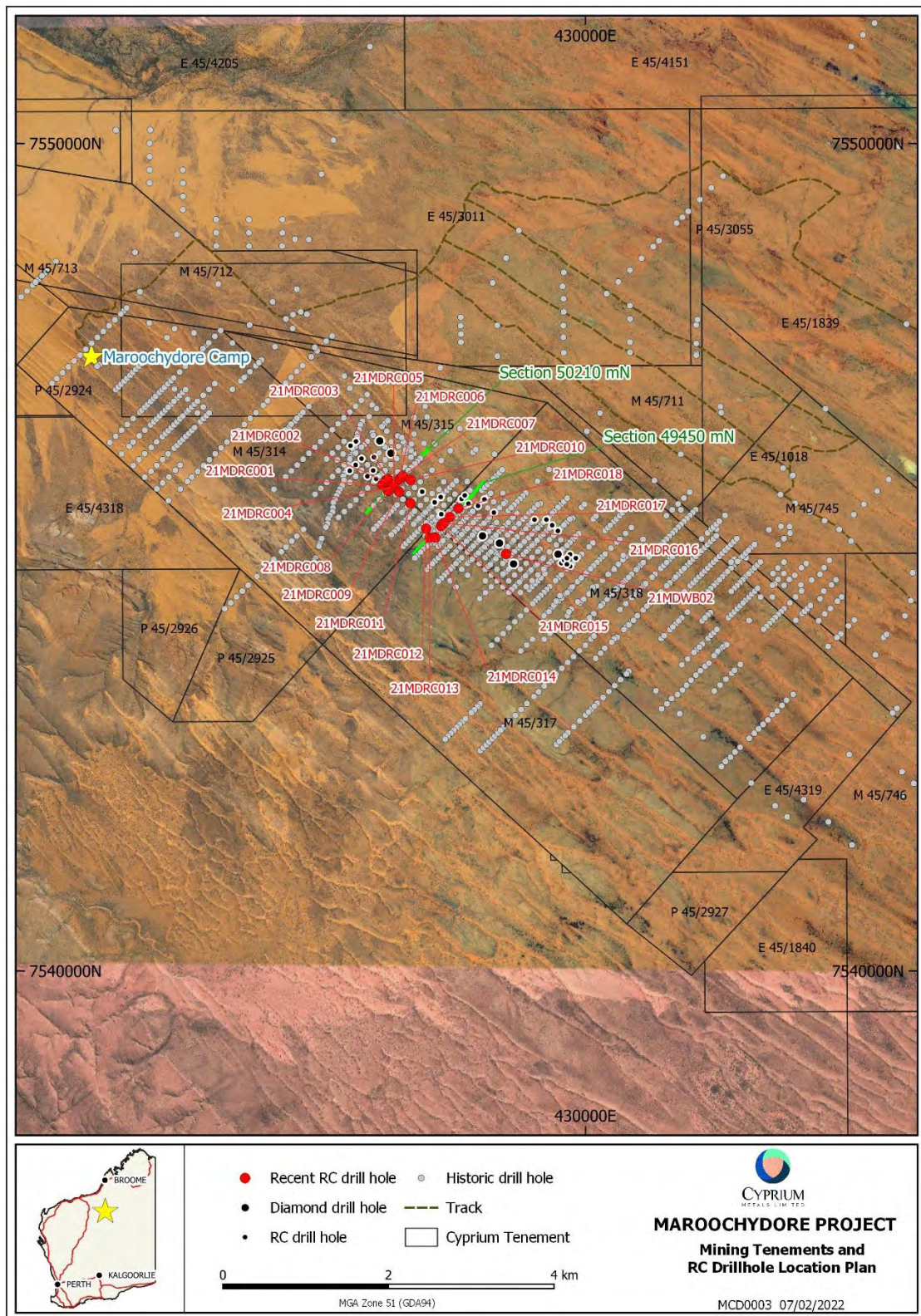
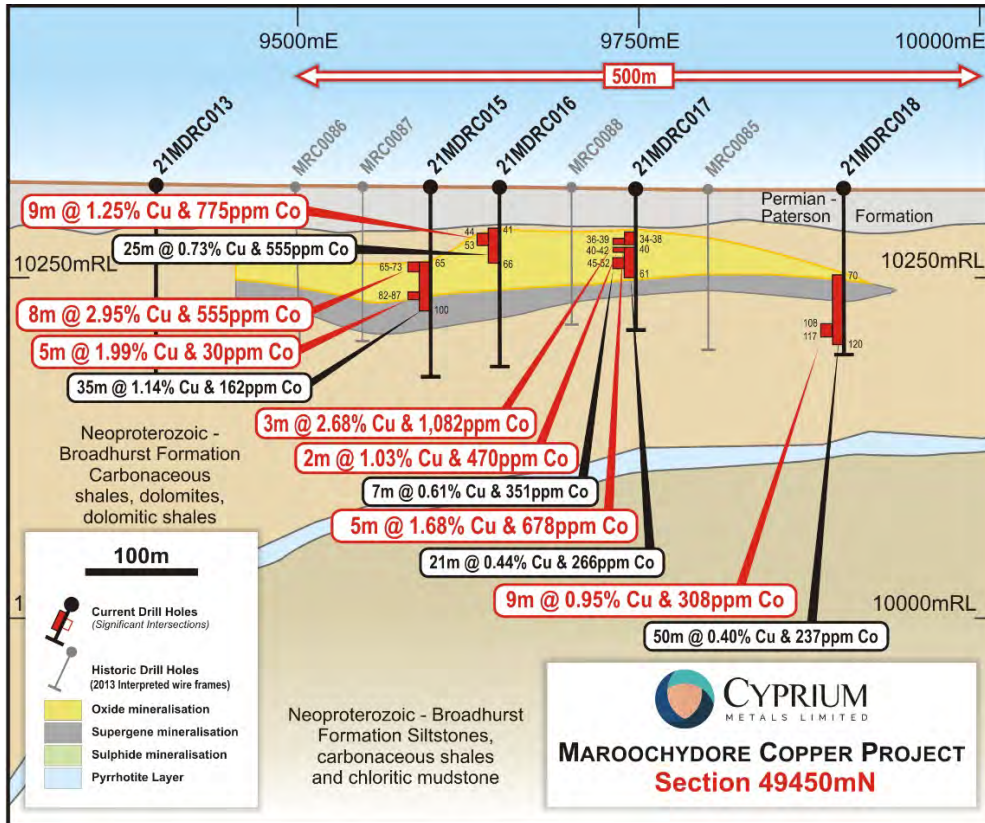
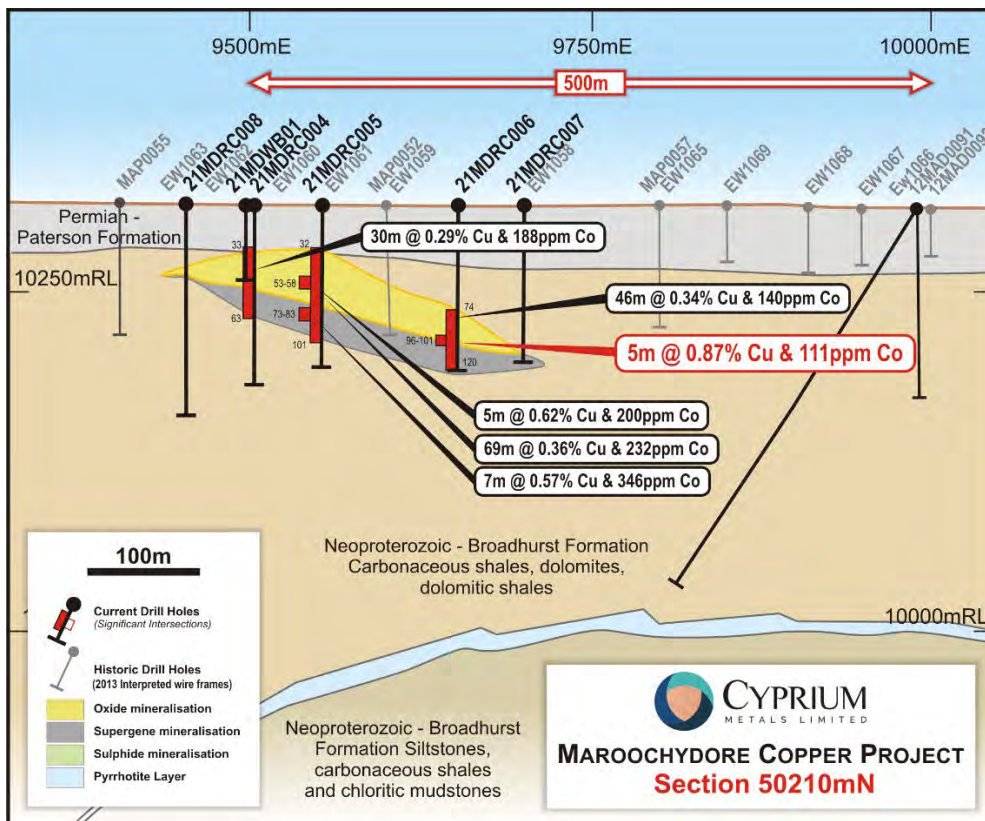


Figure 15 / Maroochydore Copper – Cobalt Project RC drillhole collar location plan



Section 3 / 49450mN mine grid Maroochydore Project drilling and interpreted mineralisation outlines¹



Section 4 / 50210 mN mine grid Maroochydore Copper Project drilling and interpreted mineralisation outlines¹

¹ Note sections are drawn looking towards the northwest

Murchison Copper-Gold Project

Nanadie Well Mineral Resource Estimate

Cyprium's maiden Mineral Resource Estimate for the Nanadie Well deposit to a JORC 2012 standard, is outlined as follows:

- Nanadie Well polymetallic orebody, preliminary Mineral Resource Estimate contains:
 - Copper 162,000 tonnes
 - Gold 130,000 ounces
 - Silver 1,364,000 ounces
 - Cobalt 2,200 tonnes
 - Nickel 11,900 tonnes
 - Zinc 6,500 tonnes
- Nanadie Well extends to within one metre of surface
- Mineralisation is shallow and broad, remaining open at depth and along strike to the north
- Significant potential for extension

The Nanadie Well Copper-Gold Mineral Resource Estimate (refer to Table 6) forms part of the Murchison Copper-Gold Project. The broader Nanadie Well model further highlights the potential to expand the known resource both along strike and down dip. The current resource tapers with depth and the potential exists to expand this laterally at depth with further deeper drilling. In addition, the current resource is modelled from near surface to a nominal depth of 220mRL (255m from surface) but potential exists to increase the depth extents to beyond the limits of the deepest drilling which is currently down to 160mRL (315m from surface).

The deeper holes that extend beyond the lower limits of the modelled 2022 resource have intersected mineralisation with similar down hole mineralised widths and grades as those included in the modelled resource. This further highlights the potential to identify additional mineralisation within the layered intrusive body at depth. The model also highlighted trends in the mineralisation with Nickel and Cobalt grades increasing towards the northern end of the current Inferred Resource. There is also potential to expand the known resource along strike with further closer spaced drilling.

The Nanadie Well block model extends from 6993900mN to 6995350mN and 692600mE to 693600mE and from 160mRL to the topographic surface nominally around 475mRL. The Inferred Resource is confined to the more densely drilled area between 6994040mN and 6995120mN and 692800mE and 693180mE (refer to Figure 16). A broader block model has been generated to aid future drill planning and identify structural trends in the mineralisation.

The Nanadie Well MRE currently extends from the base of the Quaternary surface cover sands and clays from only 0.5m to 6m below surface, down to a maximum depth of 220mRL (255m from surface). The bulk of the currently defined resource lies above 250mRL (above a depth of 225m from surface, refer to Figures 16 to 17 and Sections 5 to 6). The mineralisation remains open at depth.

The resource is estimated 60m beyond the last fence of drilling at the north end and 100m beyond the last fence of drill holes at the southern end (Figure 17). The current drilling extends beyond the base of the estimated resource (Figure 16, sections 5 to 6). The wireframe models that were used to generate the model domains extend a further 140m to the south and 230m to the north of the reported resource limits.

Resource Category	Material type	Volume	Tonnes	Grade Cu%	Metal t Cu	Grade Au g/t	Au Oz	Grade Ag g/t	Ag Oz
Inferred	Oxide	1,300,000	3,500,000	0.44	16,000	0.12	2,000	0.7	74,000
	Transitional	200,000	600,000	0.45	3,000	0.12	13,000	1.5	31,000
	Fresh	11,700,000	36,300,000	0.39	143,000	0.10	115,000	1.1	1,259,000
Total		13,200,000	40,400,000	0.40	162,000	0.10	130,000	1.0	1,364,000
				Grade Co ppm	Metal t Co	Grade Ni ppm	Metal t Ni	Grade Zn ppm	Metal t Zn
Inferred	Oxide	1,300,000	3,500,000	70	200	350	1,200	160	600
	Transitional	200,000	600,000	60	40	310	200	140	100
	Fresh	11,700,000	36,300,000	50	1,900	290	10,500	160	5,800
Total		13,200,000	40,400,000	50	2,200	290	11,900	160	6,500

Table 6 / Nanadie Well 2012 JORC Mineral Resource Estimate

Note: Differences in sum totals of tonnages and grades may occur due to rounding
 Cut-off at 0.25% Cu
 Reported Grades and tonnages for all metals are estimated top-cut grades and tonnages

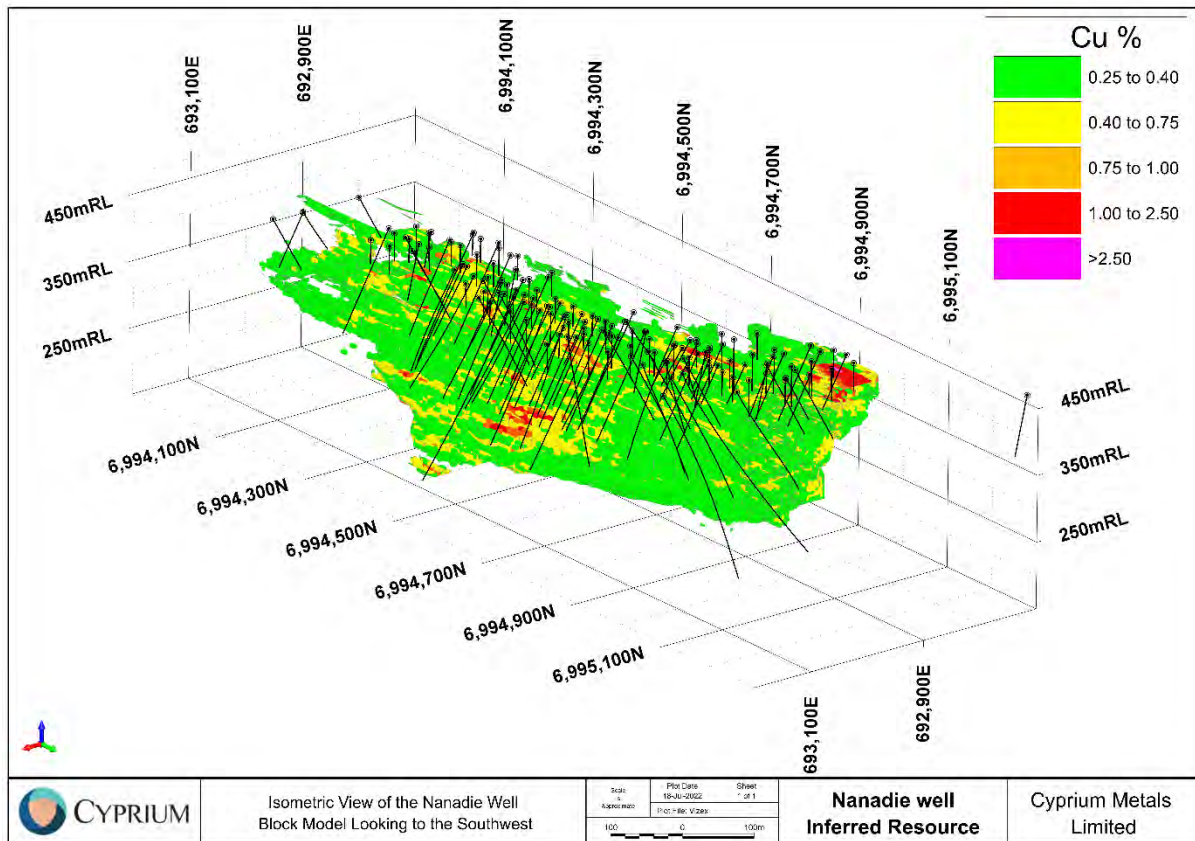


Figure 16 / Isometric View of the Nanadie Well Block Model for Cu ≥ 0.25%

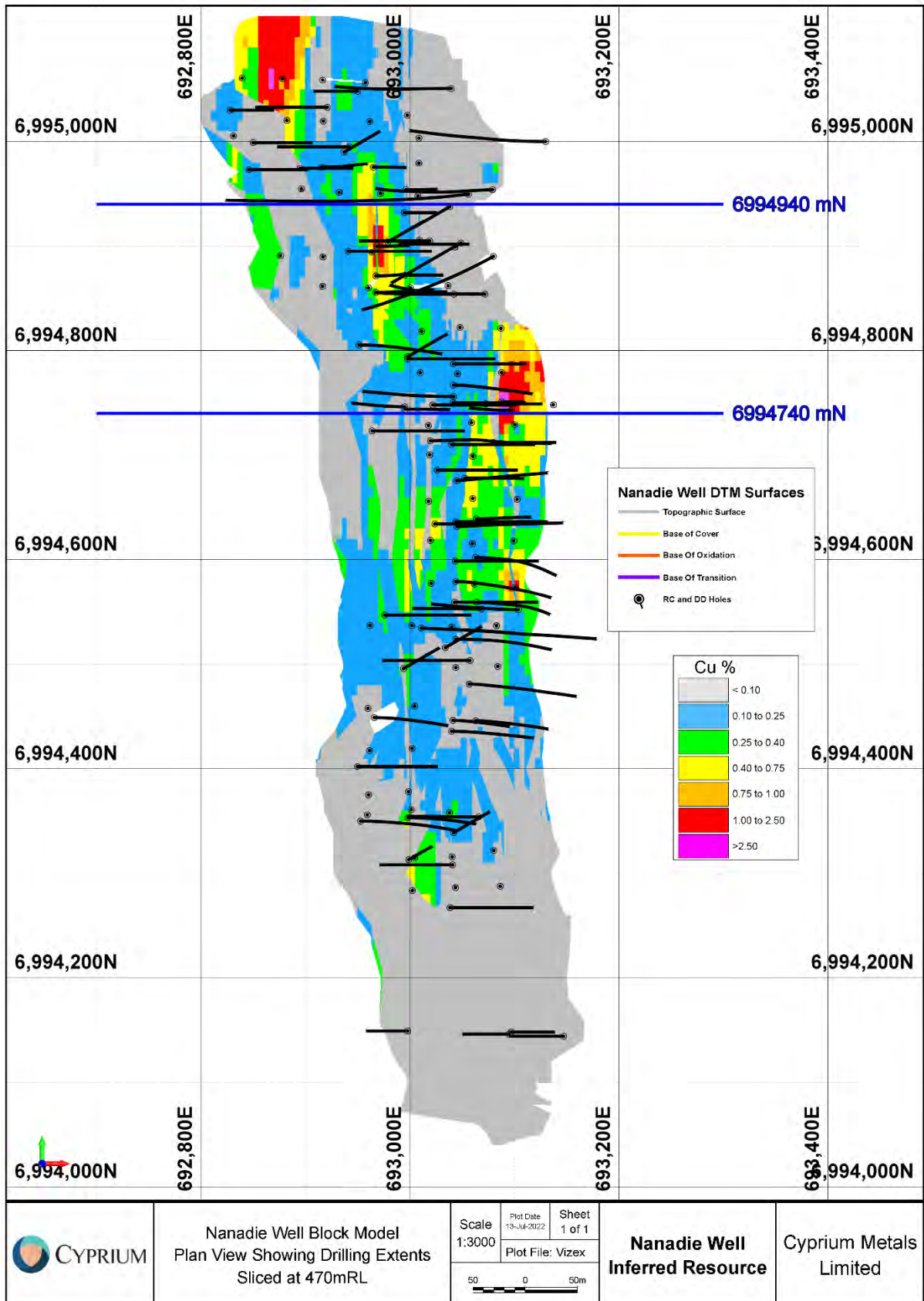
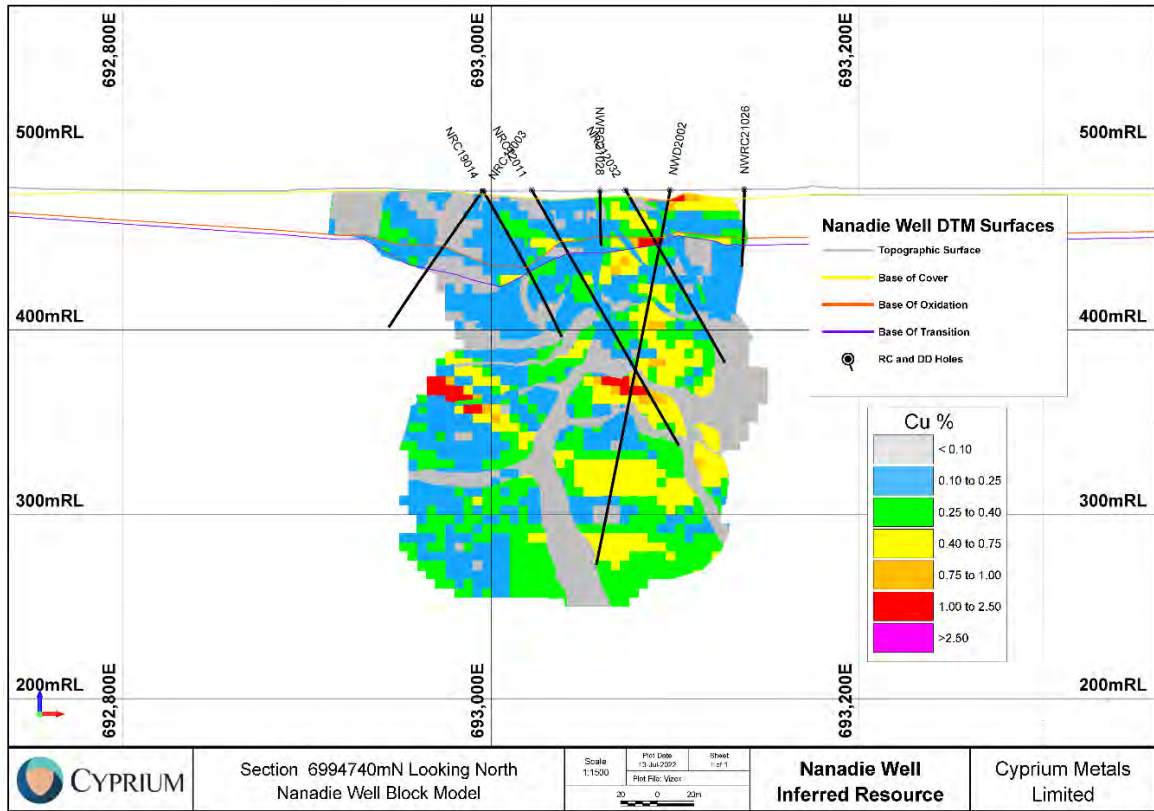
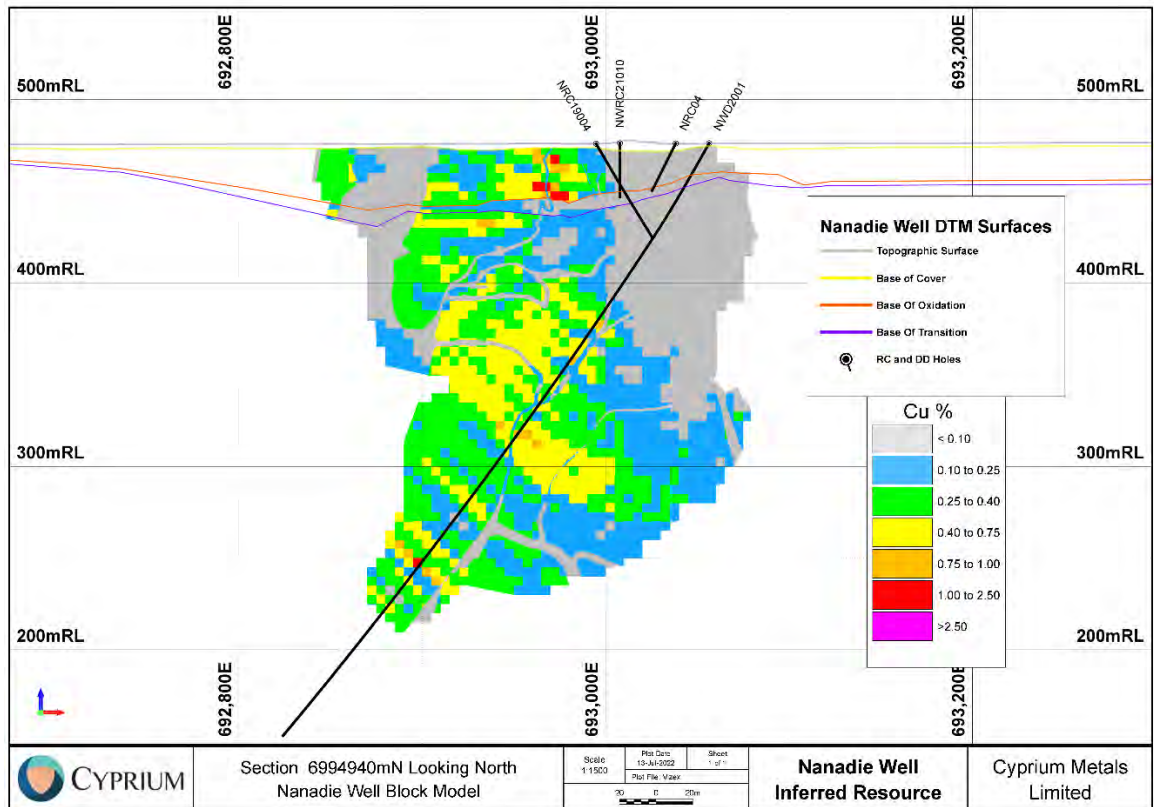


Figure 17 / Plan View of the Nanadie Well Block Model at 470mRL Showing Drill Collars & Section Locations



Section 5 / Section 6994740mN through the Nanadie Well Block Model



Section 6 / Section 6994940mN through the Nanadie Well Block Model

Nanadie Well RC Drilling Programme

An RC drilling campaign was completed at the Nanadie Well Project during 2022.

The Highlights of the drilling programme were:

- RC drilling at the Nanadie Well Project has identified broad anomalous zones copper–nickel-PGE mineralisation 1.6 kilometres north of the Nanadie Well deposit
- RC drilling on the 10 kilometre long layered magmatic/greenstone-metasediment basal contact has identified further copper-nickel-PGE mineralisation
- RC drilling has successfully tested the Nanadie mineralisation a further 1.6km along strike to the north
- These encouraging results have been prioritised for follow up geophysical and drilling programmes

The RC drilling assay results included:

- 4m @ 746 ppm Cu & 0.11 ppm Pd from 100m in 22NWRC002
- 16m @ 2,325 ppm Cu & 0.06 ppm Au from 88m in 22NWRC003A, including:
 - 4m @ 6,250 ppm Cu & 0.15 ppm Au from 92m
- 68m @ 2,305 ppm Cu, 0.09 ppm Pd & 0.05 ppm Pt from 36m in 22SKRC001
- 56m @ 3,337 ppm Cu, 0.14 ppm Pd & 0.06 ppm Pt from 116m in 22SKRC001 including:
 - 24m @ 5,002 Cu, 1,294 ppm Ni, 0.23 ppm Pd & 0.11 ppm Pt from 140m
- 4m @ 4,720 ppm Cu, 1,330 ppm Ni, 0.28 ppm Pd & 0.11 ppm Pt from 68m in 22SKRC002
- 12m @ 3,620 ppm Cu, 0.09 ppm Pd & 0.06 ppm Pt from 116m in 22SKRC002

The 6 RC drillhole programme tested a variety of exploration targets in the Nanadie Well Project for a total of 918 metres as detailed in Figure 18 and Long section 1.

The Stark basal contact target consists of magmatic Cu-Ni-PGE mineralisation associated with the Barrambie Igneous Complex (“BIC”), a layered mafic-ultramafic intrusive complex that extends for 75 kilometres along a major NNW-SSE striking crustal boundary – the Youanmi Shear Zone. Mineralisation observed by previous operators and Cyprium consists of disseminated, stringer, matrix, semi-massive and massive sulphides – primarily chalcopyrite with lesser pyrrhotite, pyrite and pentlandite – located at or near the base of some intrusions within the complex.

Outcropping Cu-Ni gossan and sulphide mineralisation was discovered in and around shallow historic workings at the Stark prospect in 2014. Mineralisation is hosted by gabbro on or near its basal contact with banded iron formation (“BIF”) and plunges gently south. Limited historical exploration at the prospect has included geological mapping and surface sampling, geophysics and drilling.

Two holes were drilled at Stark as part of the recent program, with one drillhole testing a SQUID EM anomaly and the other one testing up plunge of previous drill intercepts. Both drillholes hit sulphide mineralisation in gabbro above the basal BIF contact:

- 22SKRC001 intersected a wide interval of disseminated, matrix and semi-massive chalcopyrite and pyrrhotite from 36m within an embayment in the basal gabbro contact, and returned:
 - 68 m @ 2,305 ppm Cu from 36m;
 - 56 m @ 3,337 ppm Cu from 116m including:
 - 24m @ 5,002 ppm Cu, 1,294 ppm Ni, 0.23 ppm Pd & 0.11 ppm Pt from 140m
- 22SKRC002 intersected disseminated to splashy pyrrhotite and chalcopyrite towards the base of the gabbro, returning an intercept of 12 m @ 3,620 ppm Cu from 116m

Cyprium tenements partly cover 12 kilometres of the BIC and 10 kilometres of lightly explored prospective basal contacts. Cyprium considers that potential for polymetallic sulphide mineralisation has already been demonstrated. Geophysical and drilling programmes are currently being designed to follow up this prospective magmatic intrusive basal contact.

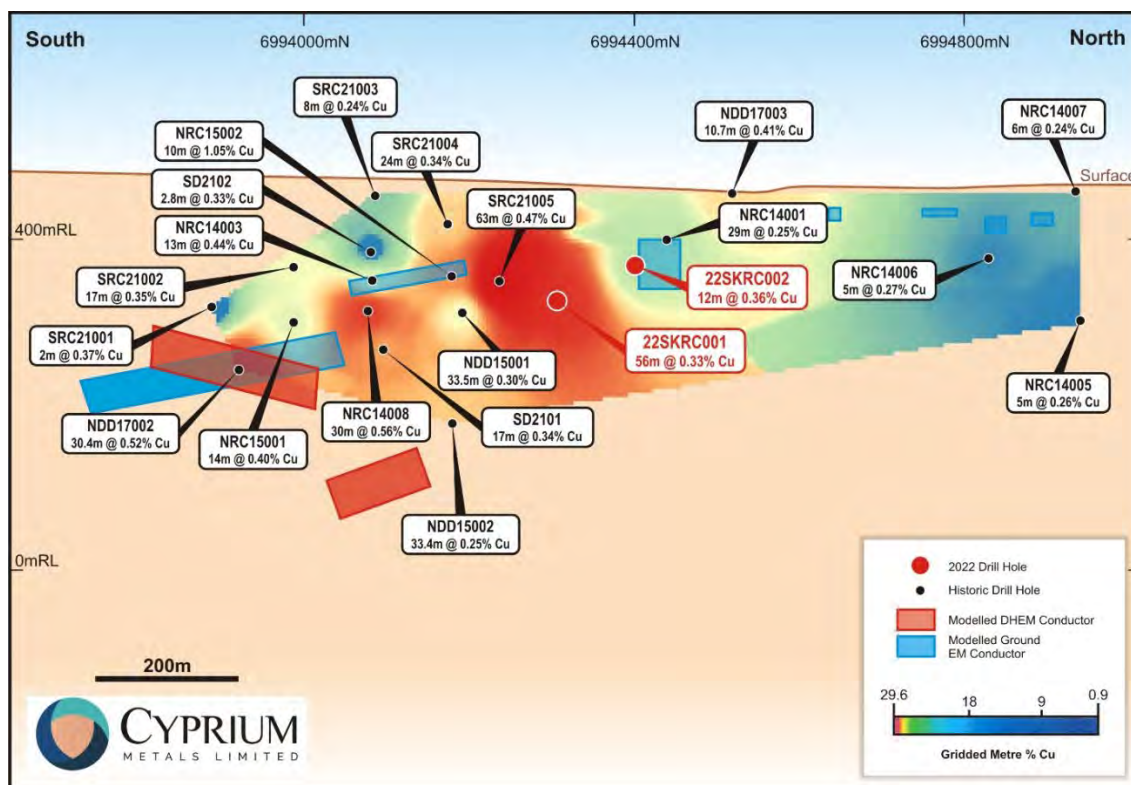
A line of four holes was drilled to test 1.6km along strike north of the Nanadie Well Inferred Mineral Resource (40.4 Mt @ 0.40 % Cu, 0.10 g/t Au, refer to CYM ASX announcement: 19 July 2022, “Nanadie Well Mineral Resource Estimate”) in the vicinity of anomalous intercepts in historic drillholes. Transported overburden up to 50m thick presented drilling challenges, which meant that drillhole 22NWRC003 had to be abandoned at 66m and redrilled nearby as 22NWRC003A. Finely disseminated chalcopyrite was logged sporadically throughout the holes, with the greatest volume between 86 m and 98 m in 22NWRC003A returning:

- 16 m @ 2,325 ppm Cu from 88 m including:
 - 4 m @ 6,250 ppm Cu & 0.15 ppm Au from 92m

The RC drilling was designed to test the northern extents of the Nanadie Well layered magmatic intrusive polymetallic mineralisation. The 16m zone of copper/gold mineralisation intersected in 22NWRC003A, 1.6 km north of the current Nanadie Well mineral resource, demonstrates the extensional potential of the system and follow up geophysical and drilling programmes are being designed by Cyprium geologists to further test this potential.

The drilling has successfully tested the extensional potential of the current Nanadie Well mineralisation to the north. The results open up a further 1.6km of potential strike for the current mineralisation. Cyprium is planning the next stage of work programmes to target the potential mineralised corridor.

Analytical samples for the Nanadie Well extensional and Stark basal contact investigation programmes were collected as 4 m scoop split composites. Cyprium geologists will select and submit for assay 1 m splits from the mineralised composites to gain a full understanding of the grade distributions and to assist in the design of follow up geophysical and drilling programmes for both exploration programmes.



Long Section 1 / Stark RC drilling 2022

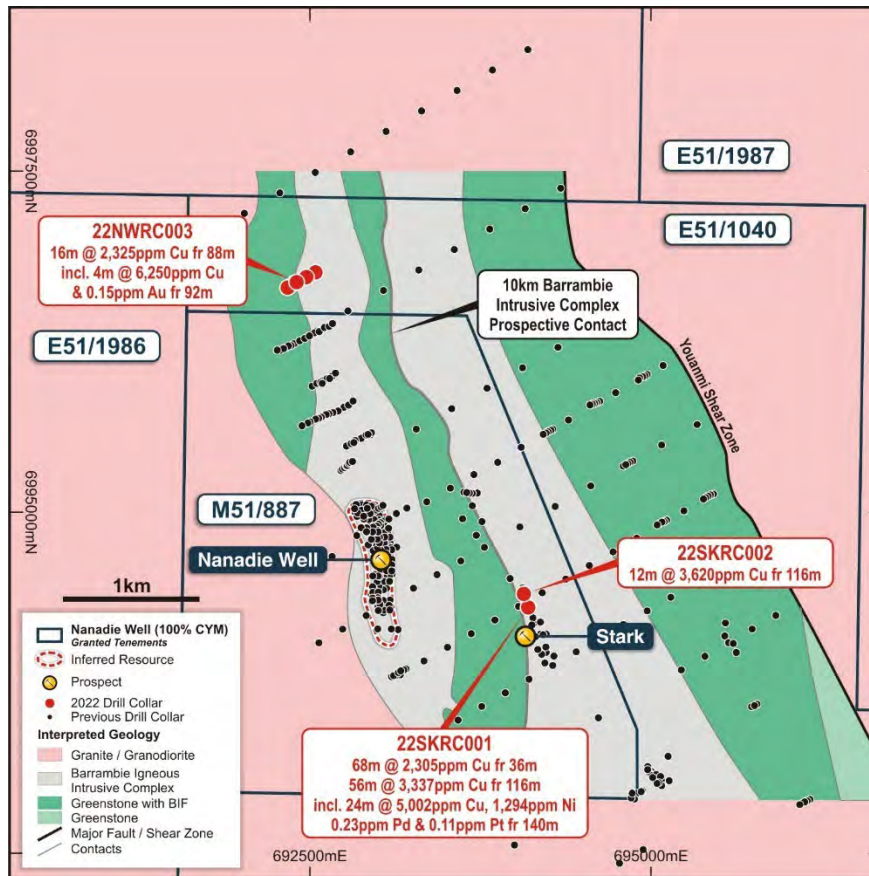


Figure 18 / Nanadie Project RC drillhole collar location plan

Cue RC Drilling Programme

Cyprium completed an RC drilling campaign during 2022 at the Cue Copper Project.

The Highlights of the drilling programme were:

- RC drilling of targets at Cyprium’s Cue Copper Project has returned anomalous results at 5 of 7 targets tested
- RC drilling is targeted at discovering syngenetic-structural base metal deposits
- RC drilling on E20/630, under the northern half of an extensive soil anomaly returned elevated copper and gold values from 3 of the 4 drillholes the first completed under this untested soil anomaly
- RC drilling at Mt Eelya under outcropping gossan intersected anomalous levels of copper, zinc, and gold

The RC drilling assay results included:

- 4m @ 746 ppm Cu & 0.11 ppm Pd from 100m in 22NWRC002
- 16m @ 2,325 ppm Cu & 0.06 ppm Au from 88m in 22NWRC003A, including:
 - 4m @ 6,250 ppm Cu & 0.15 ppm Au from 92m
- 68m @ 2,305 ppm Cu, 0.09 ppm Pd & 0.05 ppm Pt from 36m in 22SKRC001
- 56m @ 3,337 ppm Cu, 0.14 ppm Pd & 0.06 ppm Pt from 116m in 22SKRC001 including:
 - 24m @ 5,002 Cu, 1,294 ppm Ni, 0.23 ppm Pd & 0.11 ppm Pt from 140m
- 4m @ 4,720 ppm Cu, 1,330 ppm Ni, 0.28 ppm Pd & 0.11 ppm Pt from 68m in 22SKRC002
- 12m @ 3,620 ppm Cu, 0.09 ppm Pd & 0.06 ppm Pt from 116m in 22SKRC002

The 26 RC drillhole programme tested targets on seven Cue exploration licences for a total of 3,441 metres as detailed in Figures 19 - 21.

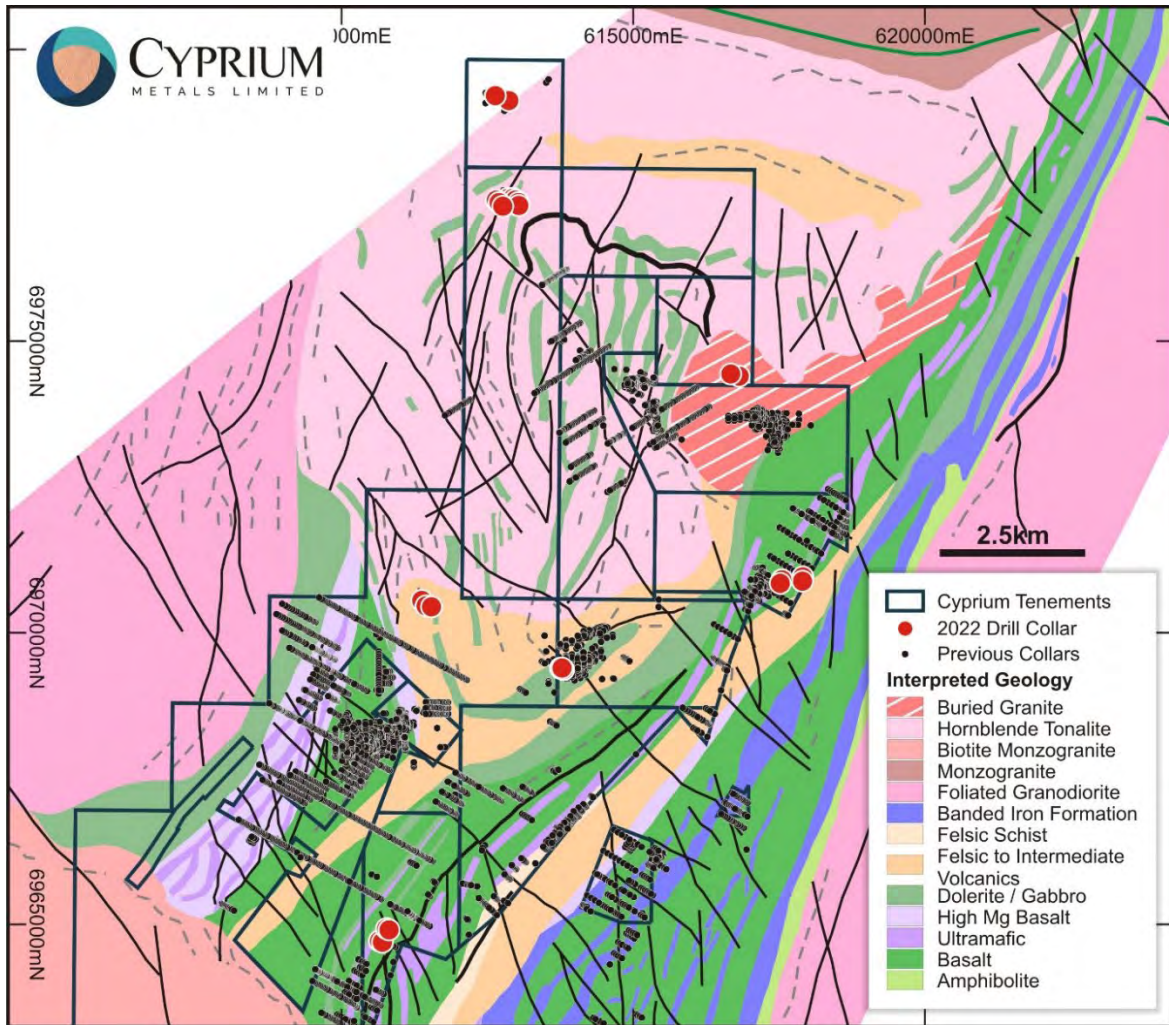


Figure 19 / RC drillhole collar location plan

The Cue tenements cover 180 square kilometres of volcano-sedimentary and intrusive rocks prospective for syngenetic-structural base metal deposits comprised of disseminated, stringer, semi-massive and massive sulphides – dominantly pyrite/pyrrhotite with associated chalcopyrite/chalcocite and minor bornite/sphalerite. Weathering of primary sulphides has resulted in oxide mineralisation at Hollandaire with development of oxide and supergene material noted but not fully defined at the Eelya South and Mount Eelya deposits.

Historic exploration in the area has predominately focussed on gold. The Hollandaire copper/gold deposit (Indicated and Inferred Resources of 2.78Mt @ 1.90% Cu & 0.32g/t Au) was discovered in 2011 and led to an exploration focus on base metal systems. Substantial datasets have been generated by previous owners of the tenements; Cyprium geologists are continuing to review and evaluate the historic and Cyprium generated data to identify potential base metal targets in the Cue Copper Project.

At Mt Eelya, 8 drillholes for 1,200m tested targets proximal to mineralisation intersected in historic drilling, airborne EM geophysical survey anomalies and outcropping gossans. Four drillholes returned elevated Cu or Zn values with associated anomalous Au in 22CURC004 as detailed in Figure 20.

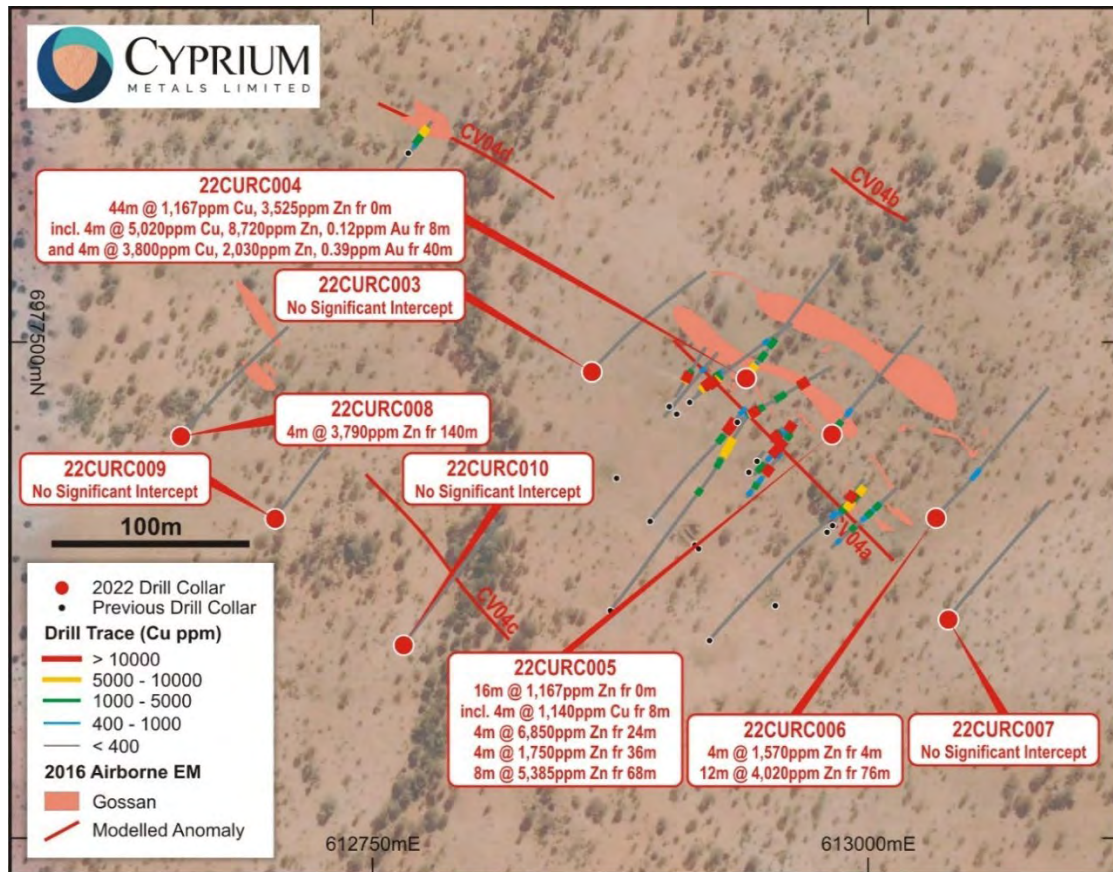


Figure 20 / Mt Elya gossans, VTEM anomalies and 2022 RC drilling results

- 22CURC004 returned an intercept of 44m @ 1,167 ppm Cu & 3,525 ppm Zn from surface, including:
 - 4m @ 5,020 ppm Cu, 8,720 ppm Zn & 0.12 g/t Au from 8m; and
 - 4m @ 3,800 ppm Cu, 2,030 ppm Zn & 0.39 g/t Au from 40m.
- 22CURC005 returned intercepts of 16m @ 1,549 ppm Zn from surface, including:
 - 4m @ 6,850 ppm Zn from 24m; and
 - 8m @ 5,385 ppm Zn from 68m.
- 22CURC006 returned an intercept of 12m @ 4,020 ppm Zn from 76m.
- 22CURC008 returned an intercept of 4m @ 3,790 ppm Zn from 140m.

A series of discontinuous linear magnetic highs concealed beneath transported overburden noted on E20/630 were interpreted by Cyprium geologists to be ultramafic horizons within a sequence of mafic rocks. A broad 200ppm Cu soil anomaly, with a peak of 1,384ppm coincides with one of the ultramafic units and extends for more than 2 kilometres onto adjacent tenement E20/606 as detailed in Figure 20. Two RAB holes were drilled in 2012 on the western edge of E20/630 as part of a larger programme, but final depths of 6m and 9m meant these holes did not test the soil anomaly effectively.

Cyprium geologists consider that the association of intrusive mafics with ultramafic rocks indicates potential for magmatic Cu-Ni mineralisation, particularly given it is unusual for unmineralized ultramafic rocks to be anomalous in Cu. The Ni/Cr ratio, which helps discriminate anomalous from background Ni values, was used to help define the drilling targets. Copper anomalies near terminations of magnetic features are of interest as Cu mineralisation was intersected in historic holes drilled immediately south of one such termination at the southern end of the Cu soil anomaly on E20/606.

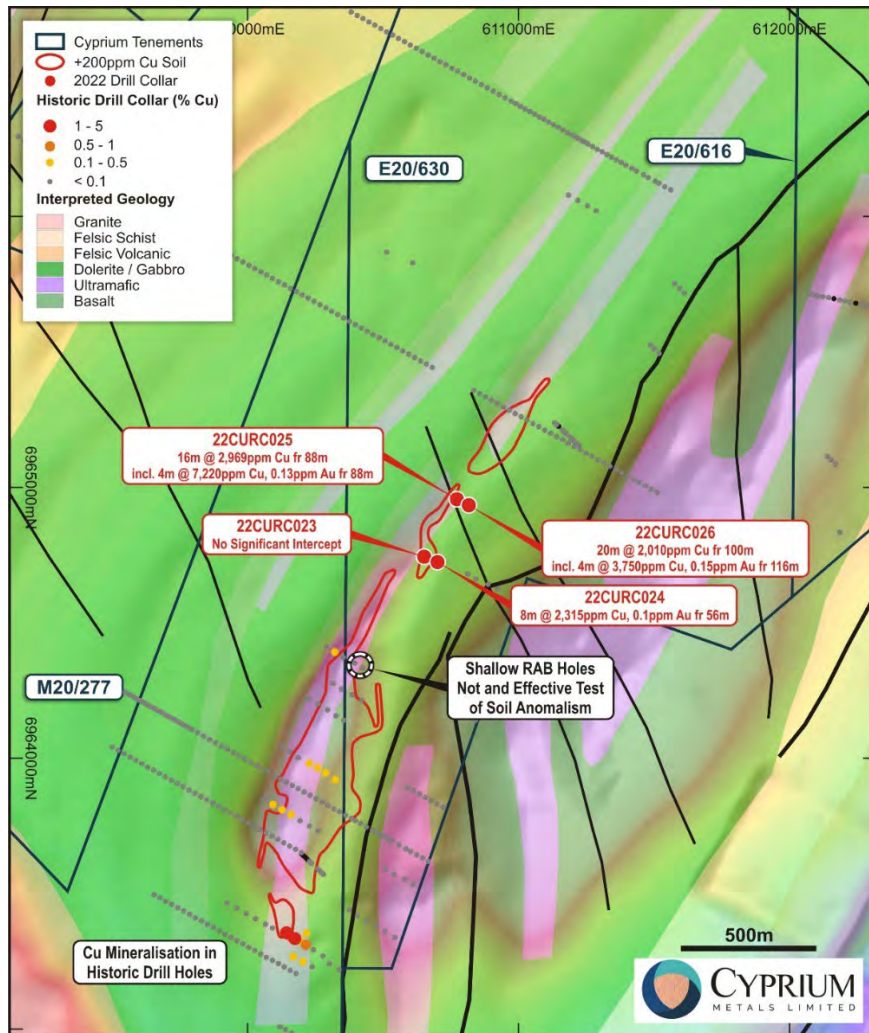


Figure 21 / E20/630 drillholes, soil anomalies and interpreted geology on RTP magnetic image

Four RC holes were drilled for 480m on two lines across an area of interest where the Cu soil anomaly (local peak value of 1,085 ppm), with at least one sample of +0.5 Ni/Cr, coincides with the termination of a magnetic high. Drill results are encouraging, with three of the four holes returning elevated Cu and Au values, Cyprium geologists will design follow up drill programmes.

- 22CURC024 returned an intercept of 8m @ 2,315 ppm Cu & 0.10 g/t Au from 56m.
- 22CURC025 returned an intercept of 16m @ 2,969 ppm Cu from 88m, including:
 - 4m @ 7,220 ppm Cu & 0.13 g/t Au from 88m.
- 22CURC026 returned an intercept of 20m @ 2,010 ppm Cu from 100m to EOH at 120m, including:
 - 4m @ 3,750 ppm Cu and 0.15 g/t Au from 116m to EOH.

Intercepts of note from holes drilled during the May 2022 campaign as detailed on Figure 11 include:

- 8m @ 1,435 ppm Ni from 68m in 22CURC014 on E20/616;
- 16m @ 1,160 ppm Ni & 102 ppm Co from 52m in 22CURC015 on E20/616; and
- 12m @ 1,937 ppm Cu & 0.12 g/t Au from 72m in 22CURC022 at Eelya South on E20/659.

Analytical samples for all Cue drillholes were collected as 4m scoop split composites. CYM geologists will select and submit for assay 1m splits through mineralised intervals to gain a full understanding of grade distribution and to assist in the design of follow up drill programmes. Work is being planned to further investigate the potential of these encouraging anomalous results.

Nifty Project Financing

The Nifty financing process has been a key focus for Cyprium since the release of the Nifty Copper Project restart study, targeting a total of AUD240 million to AUD260 million debt funding package.

Offtake Prepayment Facility

By the end of 2022, Cyprium signed an exclusive Term Sheet with Transamine SA for USD35.0 million following completion of due diligence activities, in respect of a Copper Cathode Offtake Secured Prepayment Facility as part of the debt funding package to finance the restart of the Nifty Copper Project. The terms of the Offtake agreement include all the Copper Cathode produced during Phase 1 of the Nifty Copper Project Restart and pricing of Copper Cathode shipments is to be determined by reference to average market rates.

Senior Secured Bond Issue

Due diligence activities and documentation were completed during 2022 to enable the commencement of fixed income investor calls with international debt capital market investors for a contemplated Senior Secured Bond Issue, with a five-year tenor during January and February 2023, which was subject to inter alia market conditions.

The net proceeds from the contemplated bond issue together with the Offtake Prepayment Facility comprised the targeted AUD240 million to AUD260 million debt funding package to finance the restart of the Nifty Copper Project.

Significant Events after the Reporting Date

Placement to Support Nifty Project Restart

During February 2023, the Company received firm commitments for AUD35 million through a two-tranche placement ("the Placement") of fully paid ordinary shares to sophisticated and institutional investors at \$0.11 per share. Each participant in the Placement was to receive 1 free attaching option exercisable at \$0.15 per option for every 1 share to be issued under the Placement. From the Placement proceeds, AUD20 million was to be applied as part of the Company's funding strategy to finance the restart of the Nifty Copper Project.

The settlement of the Tranche 1 Placement was conditional upon receipt of binding commitments in relation to the Senior Secured Bond Issue whilst settlement of the Tranche 2 Placement was subject to shareholder approval at the General Meeting following settlement of the Tranche 1 Placement.

Senior Secured Bond Issue

During January and February 2023, the Company undertook fixed income investor calls with international debt capital market investors for a proposed issue of a USD denominated Senior Secured Bond Issue with a five-year tenor, subject to inter alia market conditions. The terms proposed for the USD denominated senior secured bond were revised and deemed not commercially satisfactory to the Company.

Voluntary Suspension

As a consequence of the Placement to Support Nifty Project Restart and the Senior Secured Bond Issue not proceeding, the Company requested the ASX for a voluntary suspension of CYM securities whilst the Company evaluates possible alternative financing arrangements for the Nifty Copper Project restart and the Company has completed a strategic review.

Secured Loan Deed

In March 2023, the Company entered into a AUD6 million Secured Loan Deed to support Cyprium's near-term funding whilst the Company undertakes a strategic review. The strategic plan will involve the short medium- and long-term opportunities for the Company.

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 2022.

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 a mechanical 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 has a Bachelor of Commerce and holds a graduate diploma of Applied Finance and Investment. 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	Boab Metals Limited	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	7,856,806
Barry Cahill	9,299,665
Nicholas Rowley	2,860,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Cyprium Metals Limited for the year ended 31 December 2022 was \$27.5 million (2021: \$26.7 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 July and August 2022, CYM received \$16.8 million (after costs) through an oversubscribed placement from sophisticated, professional, and institutional investors of 139,130,435 fully paid ordinary shares in the Company at \$0.115 per Share and 16,748,651 shares issued from an Entitlements Issue at \$0.115 per Share.

During 2022, the Company issued 2.5 million performance rights to Directors and 12.25 million performance rights to employees and contractors.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

As a consequence of a Placement as part of the Nifty Project restart and the Senior Secured Bond Issue not proceeding, the Company requested the ASX for a voluntary suspension of CYM securities whilst the Company evaluates possible alternative financing arrangements for the Nifty Copper Project restart. The Company entered into a \$6.0 million Secured Loan Deed in March 2023 (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 and the remaining 20.3 million options lapsed on 30 March 2023.

6,000,000 unlisted share options exercisable at 30 cents each expired on 11 December 2022.

As at the date of this report, there were no outstanding options.

PERFORMANCE RIGHTS

The Company issued 2.5 million performance rights to Directors and 12.25 million performance rights to employees during 2022, 9.5 million performance rights vested and were exercised, and 4.0 million performance rights lapsed. A further 7.0 million performance rights have lapsed to the date of this report.

As at the date of this report there were 51.25 million performance rights on issue, expiring in June and July 2024, May and June 2026, and July 2027. 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	8,500,000
Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP	8,500,000
Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper mine; or a minimum 47.5 cent 20-day VWAP	8,500,000
Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP	8,500,000
Total expiring in May and June 2026	34,000,000

Performance Condition	Number
Commence mining of the Nifty Copper open pit	2,350,000
Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP	2,350,000
Expand Cyprium's copper equivalent resource inventory to 2.0mt contained copper metal; or a minimum 45 cent 20-day VWAP	2,350,000
Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper mine; or a minimum 47.5 cent 20-day VWAP	2,350,000
Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP	2,350,000
Total expiring in July 2027	11,750,000

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 2022. 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 \$60,000 - \$90,000 per annum during 2022. 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.

Employee Securities Incentive Plan

The Employee Securities Incentive Plan of Cyprium Metals Limited was last approved by Shareholders at the 2022 Annual General Meeting.

Directors, full and part time employees and contractors of Cyprium Metals Limited are eligible to participate in the Employee Securities Incentive Plan. Any issue of Employee Securities Incentives 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 Employee Securities Incentive 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 - 2022 Annual General Meeting

The Company received approximately 99.81% of "yes" votes on its remuneration report for the year ended 31 December 2021.

Loans to Directors and Executives

There were no loans to Directors and KMP during the financial year ended 31 December 2022.

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 2022 are as follows:

2022	Salary or			Total	Performance related
	Consulting Fees	Share Based Payments ¹	Other Benefits ²		
	\$	\$	\$	\$	%
Directors					
Gary Comb	90,000	387,475	9,225	486,700	80%
Barry Cahill	420,301	909,038	43,007	1,372,346	66%
Nicholas Rowley	60,000	31,922	-	91,922	35%
	570,301	1,328,435	52,232	1,950,968	68%

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			Total	Performance related
	Consulting Fees	Share Based Payments ¹	Other Benefits ²		
	\$	\$	\$	\$	%
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%

¹ These values relate to non-cash performance rights issued during 2019, 2020, 2021 and 2022 years and have been derived using valuation techniques and inputs as set out in Note 17. The 2022 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.

2022	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	6,094,940	-	1,000,000	761,866	7,856,806
Barry Cahill	6,266,370	-	2,250,000	783,295	9,299,665
Nicholas Rowley	2,585,000	-	-	275,000	2,860,000

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 2022 and outstanding as at 31 December 2022:

2022	Vesting Conditions					Total
	1	2	3	4	5	
Barry Cahill	500,000	500,000	500,000	500,000	500,000	2,500,000
Total	500,000	500,000	500,000	500,000	500,000	2,500,000

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 2.0mt 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 mine; 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 2022:

2021	Vesting Conditions					Total
	1	2	3	4	5	
Barry Cahill	2,250,000	2,250,000	-	2,250,000	2,250,000	9,000,000
Gary Comb	1,000,000	1,000,000	-	1,000,000	1,000,000	4,000,000
Total	3,250,000	3,250,000	-	3,250,000	3,250,000	13,000,000

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 mine; 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

2019	Vesting Conditions				Total
	1	2	3	4	
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 2022 (2021: \$nil).

Additional Information

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

	2022	2021	2020	2019	2018
Loss attributable to owners of the company (\$'000)	(27,474)	(26,672)	(997)	(2,354)	(5,892)
Dividends paid (\$)	-	-	-	-	-
Share price at financial year end (\$)	0.105	0.165	0.205	0.245	0.185

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 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	2022 \$'000	2021 \$'000
Continuing Operations			
Interest income		183	139
Other income		-	24
Employee expenses		(11,859)	(8,233)
Management and administrative expenses		(3,360)	(3,591)
Travel and accommodation expenses		(3,493)	(3,469)
Power and gas expenses		(2,254)	(2,564)
Corporate advisory and consulting fees		(1,480)	(2,332)
Repair and maintenance expenses		(1,759)	(1,628)
Share-based payments – performance rights		(3,216)	(3,907)
Depreciation and amortisation		(1,662)	(1,522)
Acquisition costs		-	(152)
Interest expense on lease liabilities		(49)	(22)
Loss before income tax		(28,949)	(27,257)
Income tax benefit	4	1,475	585
Net loss for the year from continuing operations		(27,474)	(26,672)
Other comprehensive income		-	-
Total comprehensive loss for the year		(27,474)	(26,672)
Loss per share			
Basic loss per share (cents per share)	23	(4.29)	(5.98)
Diluted loss per share (cents per share)	23	(4.29)	(5.98)

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 2022

	Note	31-Dec-2022 \$'000	31-Dec-2021 \$'000
Current Assets			
Cash and cash equivalents	5	1,694	25,474
Receivables	6	459	1,073
Inventories	7	6,606	6,951
Other assets	8	1,375	1,429
Total Current Assets		10,134	34,927
Non-Current Assets			
Right-of-use asset	9	236	484
Property plant and equipment	10	105,282	102,789
Deferred exploration and evaluation expenditure	11	31,995	28,763
Other non-current financial assets	12	6,855	6,949
Total Non-Current Assets		144,368	138,985
Total Assets		154,502	173,912
Current Liabilities			
Trade and other payables	13	6,190	13,948
Lease liabilities	14	341	301
Total Current Liabilities		6,531	14,249
Non-Current Liabilities			
Lease liabilities	14	710	255
Convertible notes	15	31,700	29,705
Provisions	16	35,181	42,381
Total Non-Current Liabilities		67,591	72,341
Total Liabilities		74,122	86,590
Net Assets		80,380	87,322
Equity			
Issued capital	17	271,685	251,993
Reserves	18	6,086	8,321
Convertible borrowings - equity component	19	8,748	8,748
Accumulated losses		(206,139)	(181,740)
Total Equity		80,380	87,322

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 2022

	Issued capital	Accumulated losses	Convertible borrowings-equity component	Reserves	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
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	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
Balance at 1 January 2022	251,993	(181,740)	8,748	8,321	87,322
Loss for the year	-	(27,474)	-	-	(27,474)
Total comprehensive loss for the year	-	(27,474)	-	-	(27,474)
Transactions with owners in their capacity as owners					
Shares issued	17,926	-	-	-	17,926
Share based payments	-	-	-	3,723	3,723
Transfer from reserves	2,883	3,075	-	(5,958)	-
Cost of Issues	(1,117)	-	-	-	(1,117)
Balance at 31 December 2022	271,685	(206,139)	8,748	6,086	80,380

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 2022

	Note	31-Dec- 2022 \$'000	31-Dec- 2021 \$'000
Cash flows from operating activities			
Payments to suppliers and employees – continuing operations		(25,282)	(19,838)
Interest paid on lease liabilities		(49)	(22)
Interest paid on convertible notes		(1,440)	-
Interest received		296	139
Other Income		-	24
Research and development allowance received		1,475	1,239
Net cash (used in) operating activities	5	(25,000)	(18,458)
Cash flows from investing activities			
Acquisition of plant and equipment		(11,377)	(9,282)
Acquisitions of projects	3	(300)	(24,350)
Payments for exploration expenditure		(3,948)	(5,150)
Proceeds from the sale of plant and equipment		117	-
Payments for security deposits		94	(6,825)
Net cash used in investing activities		(15,414)	(45,607)
Cash flows from financing activities			
Proceeds from issue of shares		17,926	90,000
Payments for share issue costs		(1,117)	(5,564)
Payment of lease liabilities		(174)	(274)
Net cash provided by financing activities		16,635	84,162
Net decrease/increase in cash and cash equivalents		(23,780)	20,100
Cash and cash equivalents at the beginning of the year		25,474	5,374
Cash and cash equivalents at the end of the year	5	1,694	25,474

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 2022

1. Corporate Information

The financial report of Cyprium Metals Limited (“Cyprium Metals” or “the Company”) for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 31 March 2023.

Cyprium Metals is a 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 25.

(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. Unrealized 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 2022

(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 recognized 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 2022

(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 recognized 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 recognized 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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

Deferred tax assets and liabilities are recognized 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 recognized 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 recognized for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize 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 realize 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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.

(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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 Profit or Loss and after 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 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 recognized as an expense in the period in which the event or condition that triggers the payment occurs.

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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

Diluted earnings per share is calculated as net profit/loss attributable to members, adjusted for:

- a) costs of servicing equity (other than dividends) and preference share dividends.
- b) the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses, and
- c) 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.

(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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 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 notes 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 2022 on the basis that the ability to utilise these temporary differences and tax losses cannot yet be regarded as probable.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 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 realizable 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 recognized 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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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.

(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 \$1.7 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.

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

There were no acquisitions during the year.

Prior Year 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 Mine;
- 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	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>

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 year ended 31 December 2021. Security deposits of \$6,730,000 were also established in relation to the Nifty Copper mine.

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).

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 (refer to note 19).

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 which expired on 30 March 2023.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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.

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

4. Income Tax

	2022	2021
	\$'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 before income tax expense	(28,949)	(27,257)
Tax at the Australian rate of 25% (2021: 26%)	(7,237)	(7,087)
Share issue costs	(375)	(336)
Share based payments	804	1,016
Movement in unrecognised temporary differences	192	-
Other assessable income	1	-
Non-deductible expenses	33	88
Research and development allowances	1,475	585
Income tax benefit not brought to account	6,582	6,319
Income tax benefit	1,475	585

(b) Recognised tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Exploration and evaluation expenditure	(7,472)	(6,586)
Property, plant and equipment	(2,375)	(1,649)
Convertible note	(2,547)	-
Other	(45)	(123)
Tax losses recognised	12,439	8,358
Net deferred tax asset/(liability)	-	-

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

	2022 \$'000	2021 \$'000
(c) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Accruals and other payables	304	239
Other	3	-
Share issue costs	1,116	1,211
Tax losses Cyprium Metals Limited	10,973	7,778
Net deferred tax asset not recognised	12,396	9,228

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.

	31-Dec-2022 \$'000	31-Dec-2021 \$'000
5. Cash and Cash Equivalents		
Cash comprises:		
Cash at bank and on hand	496	179
Short term deposits	1,198	25,295
	1,694	25,474
Reconciliation of operating loss after tax to net cash from operations		
Loss after tax	(27,474)	(26,672)
Research and development allowance	-	1,239
Non-cash and non-operating items		
Share based payments	3,216	3,907
Interest paid - convertible notes	(1,440)	-
Depreciation	1,662	1,522
Change in assets and liabilities		
(Increase) /decrease in receivables	363	(337)
(Increase)/decrease in other assets	400	(1,477)
Increase/(decrease) in trade and other payables	(1,787)	3,360
Net cash (used in) operating activities	(25,000)	(18,458)

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

	31-Dec-2022	31-Dec-2021			
	\$'000	\$'000			
6. Receivables – Current					
Diesel Fuel Rebate receivable	-	142			
GST receivable	245	873			
Other receivable	214	58			
	459	1,073			
7. Inventories					
Stores & Spares	6,606	6,951			
	6,606	6,951			
8. Other assets					
Prepayments	1,375	1,429			
	1,375	1,429			
9. Right-of-use asset					
Leased Premises	236	484			
	236	484			
Movements in right-of-use asset:					
Opening balance	484	58			
Acquisitions	-	633			
Amortisation for the year	(248)	(150)			
Adjustment - transfer to lease liabilities	-	(41)			
Other transfers	-	(17)			
Closing balance	236	484			
10. Property, Plant and Equipment					
	Land and buildings	Mining properties and leases	Plant and equipment	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1-Jan-2022	1,122	87,437	6,461	7,769	102,789
Transfers – Provisions (note 16)	-	(8,605)	-	-	(8,605)
Additions	226	4,841	8,827	(1,382)	12,512
Depreciation	(343)	-	(1,071)	-	(1,414)
Balance at 31-Dec-2022	1,005	83,673	14,217	6,387	105,282
Cost	1,673	83,673	16,337	6,387	108,070
Accumulated depreciation	(668)	-	(2,120)	-	(2,788)
Balance at 31-Dec-2022	1,005	83,673	14,217	6,387	105,282

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

	31-Dec-2022 \$'000	31-Dec-2021 \$'000
11. Deferred Exploration and Evaluation Expenditure		
Opening balance	28,762	7,107
Acquisition of exploration properties ¹	-	15,387
Exploration and evaluation expenditure incurred during the year	3,233	6,269
Closing balance	31,995	28,762
<p>¹ In March 2021, Cyprium acquired 100% of the Patterson Copper Project, which is located approximately 85km southeast of Nifty (refer to note 3). Refer to note 2 (y) for conditions under which deferred exploitation and evaluation expenditure if carried forward.</p>		
12. Other non-current financial assets		
Security deposits and bank guarantees	6,855	6,949
	6,855	6,949
13. Trade and other payables		
Current:		
Trade payables and accrued expenses	4,439	12,775
Other consumption taxes payable	1,751	873
Deferred consideration	-	300
	6,190	13,948
14. Lease Liabilities		
Leased premises - current	341	301
Leased premises - non-current	710	255
	1,051	556
<i>Movements in lease liabilities</i>		
Opening balance	556	61
Additions	865	633
Acquisitions (refer to note 3)	-	176
Adjustment - transfer to right-of-use asset	-	(41)
Principal repayments	(370)	(274)
Closing balance	1,051	556
15. Convertible notes		
Opening balance	29,705	-
Issued as consideration for acquisitions (refer to note 3)	-	27,252
Unwinding of discounting	3,435	2,453
Interest on Convertible Notes	(1,440)	-
Closing balance	31,700	29,705

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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.

	31-Dec-2022 \$'000	31-Dec-2021 \$'000
16. Provisions		
Provision for Rehabilitation	35,181	42,381
	35,181	42,381
<i>Movements in Provision</i>		
Opening balance	42,381	-
Transfer – PPE (note 10)	(8,605)	-
Acquisition	-	41,841
Unwinding of discounting	1,406	540
Closing balance	35,181	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.

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

(a) Issued and paid-up capital

Issued and fully paid	271,685	251,993
-----------------------	----------------	----------------

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

	31-Dec-2022		31-Dec-2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
(b) Movements in ordinary shares on issue				
Opening Balance	564,819	251,993	98,569	164,980
Shares issued and fully paid	155,879	17,926	450,000	90,000
Shares issued - vesting of performance rights	9,500	2,883	16,250	2,577
Transaction costs on share issues	-	(1,117)	-	(5,564)
	730,198	271,685	564,819	251,993

(c) Performance Rights

As approved at the Company's Annual General Meeting on 31 May 2022, 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 July 2027:

	Vesting Conditions					
	1	2	3	4	5	Total
Barry Cahill	500,000	500,000	500,000	500,000	500,000	2,500,000
Total	500,000	500,000	500,000	500,000	500,000	2,500,000

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 2.0mt 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 mine; 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 \$0.165 each, being the Company's share price at the date of the Company's Annual General Meeting held on 31 May 2022. 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 \$0.134, \$0.129, \$0.127, and \$0.125 each respectively. These valuations are based on a binomial valuation model using the following major inputs:

- Share price at date of approval \$0.165
- Risk free interest rate 3.1%
- Volatility 77.3%
- Expiry date July 2027

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

The total value of these rights will be brought to account over the vesting period. A total of 14,750,000 performance rights (2,950,000 for each vesting condition 1 to 5 outlined above) were issued on the same terms to Directors, employees, and contractors during August 2022. A total of 3,000,000 performance rights (600,000 for each vesting condition 1 to 5 outlined above) have lapsed to the date of to the date of this report.

	31-Dec-2022 \$'000	31-Dec-2021 \$'000
18. Reserves		
Foreign exchange translation reserve	778	778
Share-based payment reserve	5,308	7,453
	6,086	8,231
<i>Share-based payment reserve</i>		
Opening balance	7,543	2,530
Allocation to Issued Capital – vesting of performance rights	(2,883)	(2,577)
Allocation to Accumulated Losses	(3,076)	(1,149)
Capitalised to exploration	508	795
Acquisition of Paterson Copper Pty. Ltd.	-	4,037
Share-based payments expensed	3,216	3,907
Closing balance	5,308	7,543

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

Issued as consideration for acquisitions (refer to notes 3 and 15)	8,748	8,748
	8,748	8,748

20. Directors and Key Management Personnel Disclosures

Short term employee benefits	570	558
Share-based payments	1,329	1,614
Other benefits	52	51
Total Remuneration	1,951	2,223

21. Related Party Disclosures

a) Key management personnel

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

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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	
		2022	2021
Cyprium Australia Pty Ltd	Australia	100%	100%
Cyprium Services Pty Ltd	Australia	100%	100%
Paterson Copper Pty Ltd	Australia	100%	100%
Nifty Copper Pty Ltd	Australia	100%	100%
Maroochydore Copper Pty Ltd	Australia	100%	100%
Cyprium Metallurgy Australia Pty Ltd	Australia	100%	-%
PT Indonusa Mining Services	Indonesia	100%	100%

	31-Dec-2022	31-Dec-2021
	\$'000	\$'000

22. Auditor's Remuneration

Audit Services:

Amounts received or due and receivable by the auditors of the parent company

HLB Mann Judd:

Audit and review of financial reports

95

56

Total Remuneration

95

56

23. Loss per Share

Loss used in calculating basic and diluted EPS:

From continuing operations

(27,474)

(26,672)

(27,474)

(26,672)

	Number of Shares \$'000	Number of Shares \$'000
Weighted average number of ordinary shares to calculate basic loss per share	641,097	446,340
Basic loss per share (cps) from continuing operations	(4.29)	(5.98)
Weighted average number of ordinary shares to calculate diluted loss per share	641,097	446,340
Diluted loss per share (cps) from continuing operations	(4.29)	(5.98)

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.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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 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.

	2022 \$'000	2021 \$'000
Cash and cash equivalents	1,694	25,474

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.

	2022		2021	
	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)
Change in Basis Points				
Increase 75 basis points	13	13	191	191
Decrease 75 basis points	(13)	(13)	(191)	(191)

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.

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.

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 2022, 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 2022.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

d) Fair value measurement

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

25. Parent Entity Information

The following details information related to the parent entity, Cyprium Metals Limited, at 31 December 2022. The information presented has been prepared using consistent accounting policies with those presented in note 2.

	2022	2021
Current Assets	713	25,998
Total Assets	159,055	140,958
Current Liabilities	1,650	1,204
Total Liabilities	33,388	31,092
Net Assets	125,667	109,865
Issued Capital	271,685	251,993
Reserves	5,308	7,544
Convertible borrowings- equity component	8,748	8,748
Accumulated losses	(160,073)	(158,419)
Total Equity	125,667	109,865
Loss of the parent entity	(4,730)	(4,141)
Total comprehensive loss of the parent entity	(4,730)	(4,141)

Other Commitments

The Company had no commitments as at 31 December 2022.

Contingent Liabilities

The Company had no contingent liabilities as at 31 December 2022.

26. Contingent Assets and Liabilities

There are no known contingent assets or liabilities as at 31 December 2022 (2021: nil).

27. Commitments

The Group had no commitments as at 31 December 2022 (2021: \$0.5 million).

28. Dividends

No dividend was paid or declared by the Company in the year ended 31 December 2022 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 2022.

Notes to the Consolidated Financial Statements

for the year ended 31 December 2022

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.

30. Significant Events after the Reporting Date

Placement to Support Nifty Project Restart

During February 2023, the Company received firm commitments for AUD35 million through a two-tranche placement ("the Placement") of fully paid ordinary shares to sophisticated and institutional investors at \$0.11 per share. Each participant in the Placement was to receive 1 free attaching option exercisable at \$0.15 per option for every 1 share to be issued under the Placement. From the Placement proceeds, AUD20 million was to be applied as part of the Company's funding strategy to finance the restart of the Nifty Copper Project.

The settlement of the Tranche 1 Placement was conditional upon receipt of binding commitments in relation to the Senior Secured Bond Issue whilst settlement of the Tranche 2 Placement was subject to shareholder approval at the General Meeting following settlement of the Tranche 1 Placement.

Senior Secured Bond Issue

The net proceeds from the contemplated Senior Secured Bond Issue together with a USD35 million Offtake Prepayment Facility comprised the targeted AUD240 million to AUD260 million debt funding package to finance the restart of the Nifty Copper Project.

During January and February 2023, the Company undertook fixed income investor calls with international debt capital market investors for a proposed issue of a USD denominated Senior Secured Bond Issue with a five-year tenor, subject to inter alia market conditions. The terms proposed for the USD denominated senior secured bond were revised and deemed not commercially satisfactory to the Company.

Voluntary Suspension

As a consequence of the Placement to Support Nifty Project Restart and the Senior Secured Bond Issue not proceeding, the Company requested the ASX for a voluntary suspension of CYM securities whilst the Company evaluates possible alternative financing arrangements for the Nifty Copper Project restart and the Company has completed a strategic review.

Secured Loan Deed

In March 2023, the Company entered into a AUD6 million Secured Loan Deed to support Cyprium's near-term funding whilst the Company undertakes a strategic review. The strategic plan will involve the short medium- and long-term opportunities for the company.

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 2022 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 2022 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 2022.

On behalf of the Board

A handwritten signature in black ink, appearing to read "Gary Comb".

Gary Comb
Chairman, Non-Executive Director

Perth, WA
31 March 2023

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 2022, 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 2023



L Di Giallonardo
Partner

hlb.com.au

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

INDEPENDENT AUDITOR'S REPORT

To the members of Cyprium Metals Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cyprium Metals Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Group's financial position as at 31 December 2022 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 2(z) in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the Group'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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

hlb.com.au

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

Key Audit Matter	How our audit addressed the key audit matter
-------------------------	---

<p>Carrying value of Deferred Exploration and Evaluation Expenditure Refer to Note 11</p>	
--	--

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.

Our procedures included but were not limited to the following:

- We obtained an understanding of the key processes associated with management's review of the carrying values of 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 2023 for planned exploration expenditure 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.

<p>Provision for Rehabilitation Refer to Note 16</p>	
---	--

The Group has a provision for rehabilitation of \$35.2 million as at 31 December 2022.

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 provision for rehabilitation 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.

Our procedures included but were not limited to the following:

- 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 evaluations carried out by the Group to determine whether sufficient supporting evidence was available to support the cost estimates.

<p>Accounting for, and Valuation of, the Convertible Notes Refer to Note 15</p>	
--	--

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

Our procedures included but were not limited to the following:

- We read the most up-to-date agreements between the Group and its financiers to understand the terms associated with the facility;

Accounting for, and Valuation of, the Convertible Notes

Refer to Note 15

<p>The carrying value at 31 December 2022 is \$31.7 million.</p>	<p>– We considered the valuation of the equity component of the accounting for this transaction;</p>
<p>The accounting for, and valuation of, the convertible notes 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.</p>	<p>– We assessed the eligibility of capitalising the borrowing costs against the acquired qualifying asset; and</p> <p>– We reviewed management's recalculation of the loan balance and assessed it for reasonableness.</p>

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 2022, 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 2022.

In our opinion, the Remuneration Report of Cyprium Metals Limited for the year ended 31 December 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2023



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 31 March 2023.

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	315	91,126
1,001 - 5,000	552	1,817,873
5,001 - 10,000	526	4,224,574
10,001 - 100,000	1,665	69,759,413
100,001 - and over	791	654,305,314
TOTAL	3,849	730,198,300

There were 749 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	108,298,544	14.83%
PRCM	30,474,619	4.17%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	28,994,906	3.97%
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	26,210,580	3.59%
CITICORP NOMINEES PTY LIMITED	19,768,401	2.71%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	16,372,227	2.24%
PERTH SELECT SEAFOODS PTY LTD	13,000,000	1.78%
UBS NOMINEES PTY LTD	8,096,061	1.11%
OMNI INVESTMENTS PTY LIMITED <BRADY FAMILY A/C>	7,175,000	0.98%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	7,030,973	0.96%
MR RAM SHANKER KANGATHARAN	6,956,522	0.95%
MR WAYNE FRANK APTED	6,750,000	0.92%
EST MR PETER PIOTR MACKOW	5,700,000	0.78%
NEWECOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	4,887,297	0.67%
OMNI INVESTMENTS PTY LTD <OMNI SUPER FUND A/C>	4,404,521	0.60%
MR VAUGHAN THALES KENT	4,239,155	0.58%
MR RAM SHANKER KANGATHARAN	3,919,478	0.54%
THE GOOD LUCK FAMILY PTY LTD	3,768,760	0.52%
SHARESIES NOMINEE LIMITED <CHILD A/C>	3,695,829	0.51%
BLUEDALE PTY LTD <COMB SUPER FUND A/C>	3,621,093	0.50%
Total	313,363,966	42.91%

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
Paradise Investment Management Pty Ltd	46,730,940	8.52%	27.05.2021

* 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 2022.

Share Options

On 11 December 2022, 6,000,000 Unlisted share options exercisable at 30 cents each, expired.

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

On 30 March 2023, 20,274,755 Unlisted share options exercisable at 35.51 cents each, expired.

As at the date of this report, there were nil share options.

Performance Rights

As at the date of this report, there were 51,250,000 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; orThe 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; orThe 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	8,500,000
Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP	8,500,000
Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper mine; or a minimum 47.5 cent 20-day VWAP	8,500,000
Cyprium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP	8,500,000
Total expiring in May and June 2026	34,000,000

ASX Additional Information

Performance Condition	Number
Commence mining of the Nifty Copper open-pit	2,350,000
Commissioning of the SX-EW processing plant at Nifty; or a minimum 40 cent 20-day VWAP	2,350,000
Expand Cyprrium's copper equivalent resource inventory to 2.0mt contained copper metal; or a minimum 45 cent 20-day VWAP	2,350,000
Copper production exceeding 25,000 tonnes of contained copper metal after commencement of mining of the Nifty Copper mine; or a minimum 47.5 cent 20-day VWAP	2,350,000
Cyprrium's quarterly production of at least 50,000 tonnes per annum copper equivalent; or a minimum 50 cent 20-day VWAP	2,350,000
Total expiring in July 2027	11,750,000

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 Mine, Maroochydore Copper Project, and Paterson Exploration Project.

The Nifty Copper Mine ("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 940,200 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. Aeris 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, includes the Nanadie Well Copper-Gold Mineral Resources of 162,000 tonnes contained copper^{iv}, which is open at depth and along strike to the north.

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 16 May 2022 "28.4% increased Nifty Copper MRE to 940,200t copper metal"

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"

^{iv} Refer to CYM ASX announcement: 19 July 2022, "Nanadie Well Mineral Resource Estimate"

Disclaimer

References may have been made in this report to certain ASX announcements, including references regarding exploration results, mineral resources, and ore reserves. For full details, refer to said announcement on said date. The Company is not aware of any new information or data that materially affects this information. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target(s) or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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 Mine 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, P45/3177, P45/3150, P45/3151, L45/102, L45/128, L45/143, L45/148, L45/74, L45/91, M271SA, E45/4319, E45/5705, E45/6263, M45/752, M45/753, M45/754, M45/711, M45/712, M45/713, M45/745 and M45/746</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 and M45/1114</p>	Paterson Province, WA	100%