

**IRIS Metals Limited**

**ABN 61 646 787 135**

**Annual Report - 31 March 2023**

## Chairman's Letter

Dear Shareholders,

The past year has seen your Company aggressively advance its lithium aspirations by increasing its footprint in the Tier-1 jurisdiction of the Black Hills of South Dakota, USA; culminating in the acquisition of patented claims with granted mining licenses. As a consequence of these acquisitions, your Company is currently the only Company with approvals to mine hard rock lithium spodumene in the USA.

IRIS is also the largest controller of known pegmatites in the Black Hills and is moving expeditiously, under the dedication and expertise of our Executive Technical Director, Head of Exploration, Chris Connell, to methodically explore its extensive landholdings and avail itself of any other opportunities in the area that we believe may be value accretive to the Company.

The USA is an outstanding sovereignty in which to be exploring for minerals, and South Dakota is among the most supportive jurisdictions within the US for mineral exploration. The invoking of the Defence Production Act and Inflation Reduction Act provides a strong tailwind for US-based lithium explorers.

The decision to diversify IRIS and its assets by jurisdiction and commodity, as well as the scope of these transactions was deemed a change in activities by the ASX, requiring the Company to undertake recompliance with Chapters 1 and 2 of the ASX Listing Rules. Notwithstanding the inconvenience to shareholders of not being able to trade their shares, we believe that the ultimate benefit of attaining the Black Hills Lithium Project far outweighs the complex recompliance process; the burden of which has been most ably handled by my co-directors, Tal Paneth and Peter Marks.


The overwhelming support for the capital raising that accompanied this recompliance is further testament to the repositioning of IRIS in the battery metals sector with a project that I believe will be looked back upon on as transformational for the Company.

With the recompliance now behind us, we can dedicate all our efforts to advancing our projects while being respectful of the local communities in which we operate and complying with our ESG obligations.

I would like to thank you, our loyal shareholders, for your patience and support, as well as our consultants and contractors. I will also take this opportunity to formally welcome our latest addition to the Board of Directors, Independent Non-Executive Director, Bruce Smith.

I will conclude with the following observation. I have been involved in the junior resources space for many decades. The IRIS team is as dedicated to the task of project building with the ultimate goal of increasing shareholder value as any I have encountered. Be it weekends, middle of the night Zoom sessions or family holidays; there is seemingly always someone working for the betterment of the Company. I believe the fruits from this work hard and dedication to turning IRIS into the success we believe it can be will become more apparent in the coming year.

Yours sincerely,



Simon Lill  
Non-Executive Chairman

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**Directors' report**  
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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of IRIS Metals Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 March 2023.

**Directors**

The following persons were directors of IRIS Metals Limited during the whole of the financial period and up to the date of this report, unless otherwise stated:

Simon Richard Lill  
Peter Ashley Marks  
Tal Paneth  
Christopher Alan David Connell  
Bruce Alexander Smith (appointed 15 June 2023)

**Principal activities**

The principal activities during the year of entities within the consolidated entity were the exploration and evaluation of mining tenements that make up the Kookynie and Leonora projects in Western Australia, Australia and the acquisition of, staking and exploration of Bureau of Land Management (BLM) mining claims in South Dakota, USA.

**Review of operations and significant changes in the state of affairs**

The loss for the consolidated entity after providing for income tax amounted to \$12,127,412 (31 March 2022: \$1,896,578).

The consolidated entity announced that it had expanded its exploration and development operations to the United States through the acquisition of White Rock, LLC on 23 May 2022, which involved the acquisition of 525 BLM claims located in South Dakota, considered highly prospective for Hard Rock Lithium. This acquisition was accompanied by a A\$2.0m capital raising at 40c. The Company acquired White Rock Minerals, LLC and through White Rock Minerals, LLC and Lotus Minerals, LLC.

Subsequently, the consolidated entity, together with the assistance of its in-country partner, continued to stake additional tenure in South Dakota, progressively building its South Dakota BLM claim portfolio to where it currently stands at 2,387 claims, positioning IRIS as one of the largest BLM claim holders in the region targeting lithium pegmatites.

The Company underwent ASX Chapters 1 and 2 re-compliance as required by the ASX, to enable IRIS the ability to focus on Lithium exploration and development, and to facilitate multiple transformational acquisitions, namely, Longview Minerals, LLC (comprising Longview and Beecher patented properties), Edison group patented properties, as well as a portfolio of additional BLM claims, thereby expanding IRIS' reach into the Keystone and Tinton districts respectively. The consolidated entity through its in-country partner holds mining permits over its patented claims, enabling IRIS the ability to commence production as, and when it decides.

During the period, the consolidated entity continued to expand its West Australia assets with the acquisition of additional tenure in Kookynie. Throughout the period, desktop geological studies, aeromagnetic interpretation and analysis, and planning of work programs were all undertaken, together with various forms of prospecting being conducted across IRIS tenure, by consolidated entity authorised prospectors.

Chris Connell, transitioned from his role as Non-Executive Director, to Technical Executive Director and head of Geology. Jason Ward was appointed as technical geological consultant. Ledger Holding's, and Jagen Business Services, were appointed respectively in the capacity of business development and corporate advisory. Ledger Holdings is a related party of Levi Mochkin (Business Development Manager) who is considered a related party due to significant shareholdings.

In December 2022, the Company entered into voluntary suspension to commence its re-compliance process, with AUD1.5m in pre-emptive capital raised at AUD\$1.0 per share with a 1:2 option. The Capital raise was led by NY based Jett Capital and 100% of the capital raise was taken by Waratah Capital's Electrification and Decarbonisation Fund.

The Company, undertook re-compliance with ASX Chapters 1&2 to enable it the ability to focus on Lithium exploration and Development.

As at the 31<sup>st</sup> of March 2023, the Company completed a corporate tax restructure of its Australian and USA entities.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

**Matters subsequent to the end of the financial period**

On 18 April 2023, the Company issued a prospectus (and supplementary prospectus 2 June 2023) where it intended to raise \$15,000,000 through the issuance of 15,000,000 shares at an issue price of \$1.00 per share and 7,500,000 options exercisable at \$1.50 per option expiring on 14 June 2025. The consolidated entity also intended to issue 5,500,000 shares to Jasdak in consideration for the acquisition of 100% of the issue capital in Longview LLC (which holds Longview and Beecher patented claims) in accordance with the Longview sale and purchase agreement and 4,000,000 shares to Schad in consideration for the acquisition of the Edison Patented Claim and 313 bureau of land management claims, in accordance with the Schad HOA.

On 5 May, 2023, the Company held an Extraordinary General Meeting (EGM) in which the following 16 resolutions were voted in favour by Iris Metals Limited shareholders:

1. Change in nature and scale of activities including proposed acquisitions.
2. Issuance of share and options to Jasdak Pty Ltd in consideration for proposed acquisition of Longview Minerals LLC.
3. Issuance of shares to Schad Investments llc for the proposed acquisition of the Edison Claim.
4. Issuance of shares to Cody Schad in consideration for the proposed acquisition of BLM claims.
5. Issuance of shares and options pursuant to the public offer.
6. Approval to issue options to the Lead Manager.
7. Appointment of director – Bruce Smith.
8. Issuance of performance rights to related party – Peter Marks.
9. Issuance of performance rights to related party – Simon Lill.
10. Issuance of performance rights to related party – Christopher Connell.
11. Issuance of performance rights to related party – Bruce Smith.
12. Issuance of performance rights to related party – Damien Henderson.
13. Ratification of prior issue of shares and options - pre-emptive raise.
14. Ratification of prior issue of lead manager options issued under pre-emptive raise.
15. Adoption of employee securities incentive plan.
16. Increase in total aggregate remuneration for non-executive directors.

On 15 June 2023, the Company appointed Bruce Smith as non-executive director.

On 14 June 2023, the consolidated entity raised \$15,000,000 pursuant to the offer under its prospectus dated 18 April 2023, as supplemented by the supplementary prospectus dated 2 June 2023, by the issue of 15,000,000 shares at an issue price of \$1.00 per share and 7,500,000 options exercisable at \$1.50 per option expiring on Saturday, 14 June 2025. The consolidated entity issued 750,000 options exercisable at \$1.50 per option expiring 14 June 2025 to Brokers to the capital raise.

On 14 June 2023, the Company completed the acquisition of Longview Minerals LLC following issuance of 5,500,000 shares and 2,500,000 options exercisable at \$1.50 per options expiring 14 June 2026 to Jasdak in consideration for the acquisition of 100% of the issue capital in Longview LLC.

On 14 June 2023, the Company completed the acquisition of the Edison patented claim and 313 BLM claims following issuance of 4,000,000 shares to Schad in consideration for the acquisition of the Edison Patented Claim.

On 14 June 2023, the consolidated entity issued 12,000,000 performance rights further to the 5 May 2023 EGM.

On 21 June 2023 the Company was re-quoted on the ASX following re-compliance with Chapters 1 & 2 of the ASX listing rules following its voluntary suspension on 23 December 2022.

On 29 June 2023, the consolidated entity announced the appointment of Harvis Advisers, led by Mr Kelvin Flynn, as strategic and corporate advisor to assist with the progression of its South Dakota lithium projects in the USA.

The main terms of the engagement are as follows:

- Incentive fee of 300,000 shares to be issued 18 months from commencement;
- Immediate issue of:
  - o 300,000 options exercisable at \$1.50 each on or before 36 months from issue and vesting once the 30 day VWAP exceeds \$2.00;
  - o 300,000 options exercisable at \$2.00 each on or before 36 months from issue and vesting once the 30 day VWAP exceeds \$2.50; and
  - o 300,000 options exercisable at \$2.50 each on or before 48 months from issue and vesting once the 30 day VWAP exceeds \$3.00.
- Either party can terminate by giving 30 days written notice;

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- No retainer or cash paid fees;
- Harvis and related entities have subscribed through the IPO Prospectus for 150,000 shares;

No other matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the consolidated entity.

**Likely developments and expected results of operations**

In 2023, the consolidated entity primarily intends to focus on the exploration and development of its South Dakota Lithium project, while undertaking a strategic review of its West Australian assets, to assess the most value accretive outcome for its shareholders.

Further details can be located in IRIS' recent prospectus, as released on the ASX platform 18 April 2023.

The consolidated entity will also continue to look for other complementary opportunities that will create value for its shareholders.

**Risks and Uncertainties**

The consolidated entity is subject to general risks as well as risks that are specific to the consolidated entity and the Consolidated entity's business activities. The following is a list of risks which the Directors believe are or potentially will be material to the consolidated entity's business, however, this is not a complete list of all risks which the consolidated entity is or may be subject to.

*Consolidated Entity Specific Risks*

*Dilution risk*

On an undiluted basis, following the issue of the securities under the Public Offer the existing Shareholders will retain approximately 79% of the Company's issued share capital and Jasdak, Schad Investments and Cody Schad (the Vendors) will be issued approximately 8% of the Company's issued share capital in aggregate.

*Tenure and Renewal*

Mining and exploration claims and licences are subject to periodic renewal. There is no guarantee that current or future claims or licences or future applications for production claims or licences will be approved. The mineral claims and licences are subject to the applicable mining acts and regulations in the United States, South Dakota and Western Australia. Renewal conditions may include increased expenditure and work commitments or compulsory relinquishment of areas of the claims and licences comprising the consolidated entity's Projects. The imposition of new conditions or the inability to meet those conditions may adversely affect the operations, financial position and/or performance of the consolidated entity.

*Rights of Indigenous and First Nations Peoples*

In relation to the claims which the consolidated entity has an interest in or will in the future acquire such an interest, there may be areas over which certain native title, heritage or cultural rights exist. If rights do exist, the ability of the consolidated entity to gain access to the claims (through obtaining consent of any relevant landowner) or to progress from the exploration phase to the development and mining phases of operations may be adversely affected.

It is noted that unpatented claims may be located in a part of South Dakota where Native Americans have historically lived and travelled. There are state and federal US laws that protect ancient artifacts and Native American remains. Discovery of such artifacts or remains triggers reporting requirements together with time for officials to assess, protect and remove such artifacts and remains. Care should be taken to comply with legal reporting and damage-avoidance obligations required by law. The National Historic Preservation Act also requires consultation with interested Native American Tribes be conducted by the BLM prior to approving any major federal action or authorisation. This may result in the BLM imposing certain monitoring and/or cultural resource mitigation within the Project areas.

The Directors will closely monitor the potential effect of native and heritage/cultural matters involving claims in which the consolidated entity has or may have an interest. Please refer to the Independent Technical Assessment Report in Annexure A for further details.

*Climate Risk*

There are a number of climate-related factors that may affect the operations and proposed activities of the consolidated entity. The climate change risks particularly attributable to the consolidated entity include:

(a) the emergence of new or expanded regulations associated with the transitioning to a lower[1]carbon economy and market changes related to climate change mitigation. The consolidated entity may be impacted by changes to local or international compliance regulations related to climate change mitigation efforts, or by specific taxation or penalties for

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carbon emissions or environmental damage. These examples sit amongst an array of possible restraints on industry that may further impact the consolidated entity and its profitability. While the Consolidated entity will endeavour to manage these risks and limit any consequential impacts, there can be no guarantee that the Consolidated entity will not be impacted by these occurrences; and

(b) climate change may cause certain physical and environmental risks that cannot be predicted by the consolidated entity, including events such as increased severity of weather patterns and incidence of extreme weather events and longer-term physical risks such as shifting climate patterns. All these risks associated with climate change may significantly change the industry in which the consolidated entity operates.

*Ukraine Conflict*

The current evolving conflict between Ukraine and Russia (Ukraine Conflict) is impacting global economic markets. The nature and extent of the effect of the Ukraine Conflict on the performance of the consolidated entity remains unknown. The Company's Share price may be adversely affected in the short to medium term by the economic uncertainty caused by the Ukraine Conflict.

The Directors are continuing to closely monitor the potential secondary and tertiary macroeconomic impacts of the unfolding events, including the changing pricing of commodity and energy markets and the potential of cyber activity impacting governments and businesses. Further, any governmental or industry measures taken in response to the Ukraine Conflict, including limitations on travel and changes to import/export restrictions and arrangements involving Russia, may adversely impact the consolidated entity's operations and are likely to be beyond the control of the consolidated entity. The consolidated entity is monitoring the situation closely and considers the impact of the Ukraine Conflict on the consolidated entity's business and financial performance to, at this stage, be limited. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain.

*COVID-19 Risk*

While to date COVID-19 has not had any material impact on the consolidated entity's operations, supply chain disruptions resulting from the COVID-19 pandemic, labour shortages and measures implemented by governmental authorities around the world to limit the transmission of the virus (such as travel bans and quarantining) may, in addition to the general level of economic uncertainty caused by the COVID-19 pandemic, also adversely impact the consolidated entity's operations, financial position and prospects.

The Directors are monitoring the situation closely and have considered the impact of COVID-19 on the consolidated entity's business and financial performance. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, the consolidated entity will continue to update the market regarding the impact of the coronavirus on its revenue channels and adverse impact on the consolidated entity.

*Foreign Jurisdiction Risk – United States Government Regulation*

The consolidated entity's operating activities will be subject to laws and regulations governing exploration of property, health and worker safety, employment standards, waste disposal, protection of the environment, land and water use, prospecting, taxes, labour standards, occupational health standards, toxic wastes, the protection of endangered and protected species and other matters. While the consolidated entity understands that it is in substantial compliance with all material current laws and regulations affecting its activities, future changes in applicable laws, regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the consolidated entity or its properties, which could have a material adverse impact on the consolidated entity's current operations or planned development projects.

Where required, obtaining necessary permits and licences can be a complex, time consuming process and the consolidated entity cannot be sure whether any necessary permits will be obtainable on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the consolidated entity from proceeding with any future exploration or development of its properties. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in interruption or closure of exploration, development or other activities and could result in material fines, penalties or other liabilities. Adverse changes in US government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the consolidated entity. It is possible that the current system of exploration and mine permitting in the US may change, resulting in impairment of rights and possibly expropriation of the consolidated entity's properties without adequate compensation.

## Industry Specific Risks

### *Exploration Costs*

The exploration costs of the consolidated entity as summarised in Section 5.8 are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainty, and accordingly, the actual costs may materially differ from the estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely impact the consolidated entity's viability.

### *Resource and Reserves and Exploration Targets*

The consolidated entity has identified a number of exploration targets based on geological interpretations and limited geophysical data, geochemical sampling and historical drilling. Insufficient data however, exists to provide certainty over the extent of the mineralisation. Whilst the consolidated entity intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource on any of the exploration targets identified. Even if a resource is identified no assurance can be provided that this can be economically extracted.

Reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when initially calculated may alter significantly when new information or techniques become available. In addition, by their very nature resource and reserve estimates are imprecise and depend to some extent on interpretations which may prove to be inaccurate.

### *Grant of future authorisations to explore and mine*

If the consolidated entity discovers an economically viable mineral deposit that it then intends to develop, it will, among other things, require various approvals, licence and permits before it will be able to mine the deposit. There is no guarantee that the consolidated entity will be able to obtain all required approvals, licenses and permits. To the extent that required authorisations are not obtained or are delayed, the consolidated entity's operational and financial performance may be materially adversely affected.

### *Mine Development*

Possible future development of mining operations at the Projects is dependent on a number of factors including, but not limited to, the acquisition and/or delineation of economically recoverable mineralisation, favourable geological conditions, receiving the necessary approvals from all relevant authorities and parties, seasonal weather patterns, unanticipated technical and operational difficulties encountered in extraction and production activities, mechanical failure of operating plant and equipment, shortages or increases in the price of consumables, spare parts and plant and equipment, cost overruns, access to the required level of funding and contracting risk from third parties providing essential services.

If the consolidated entity commences production on one of the Projects, its operations may be disrupted by a variety of risks and hazards which are beyond the control of the consolidated entity. No assurance can be given that the Consolidated entity will achieve commercial viability through the development of the Projects.

The risks associated with the development of a mine will be considered in full should the Projects reach that stage and will be managed with ongoing consideration of stakeholder interests.

### *Environmental*

The operations and proposed activities of the consolidated entity are subject to the relevant local laws and regulations concerning the environment. As with most exploration projects and mining operations, the consolidated entity's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the consolidated entity's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Mining operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of mineral exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the consolidated entity's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the consolidated entity for damages, clean up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

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The disposal of mining and process waste and mine water discharge are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the consolidated entity's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or mining activities.

*Regulatory Compliance*

The consolidated entity's operating activities are subject to extensive laws and regulations relating to numerous matters including resource licence consent, environmental compliance and rehabilitation, taxation, employee relations, health and worker safety, waste disposal, protection of the environment, native title and heritage matters, protection of endangered and protected species and other matters. The consolidated entity requires permits from regulatory authorities to authorise the consolidated entity's operations. These permits relate to exploration, development, production and rehabilitation activities.

While the consolidated entity believes that it is in substantial compliance with all material current laws and regulations, agreements or changes in their enforcement or regulatory interpretation could result in changes in legal requirements or in the terms of existing permits and agreements applicable to the consolidated entity or its properties, which could have a material adverse impact on the consolidated entity's current operations or planned development projects.

Obtaining necessary permits can be a time-consuming process and there is a risk that Consolidated entity will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict the Consolidated entity from proceeding with the development of a project or the operation or development of a mine. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Consolidated entity's activities or forfeiture of one or more of the claims.

*Reliance on Key Personnel*

The responsibility of overseeing the day-to-day operations and the strategic management of the consolidated entity depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the consolidated entity if one or more of these employees cease their employment. The consolidated entity's future depends, in part, on its ability to attract and retain key personnel. It may not be able to hire and retain such personnel at compensation levels consistent with its existing compensation and salary structure. Its future also depends on the continued contributions of its executive management team and other key management and technical personnel, the loss of whose services would be difficult to replace. In addition, the inability to continue to attract appropriately qualified personnel could have a material adverse effect on the consolidated entity's business.

*Additional requirements for Capital*

The funds to be raised under the Public Offer are considered sufficient to meet the immediate objectives of the consolidated entity. Additional funding may be required in the event costs exceed the consolidated entity's estimates and to effectively implement its business and operational plans in the future to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the consolidated entity may incur. If such events occur, additional funding will be required.

In addition, should the consolidated entity consider that its exploration results justify commencement of production on any of its Projects, additional funding will be required to implement the consolidated entity's development plans, the quantum of which remain unknown at the date of this Prospectus. Following completion of the Public Offer, the consolidated entity may seek to raise further funds through equity or debt financing, joint ventures, licensing arrangements, or other means. Failure to obtain sufficient financing for the consolidated entity's activities may result in delay and indefinite postponement of their activities and the consolidated entity's proposed expansion strategy. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing may not be favourable to the consolidated entity and might involve substantial dilution to Shareholders.

For further details of the consolidated entity's 2 year budget, please refer to the prospectus issued on 18 April 2023.

*Economic*

General economic conditions, introduction of tax reform, new legislation, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Consolidated entity, as well as on its ability to fund its operations. If activities cannot be funded, there is a risk that the Projects may have to be surrendered or not renewed.



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General economic conditions may also affect the value of the consolidated entity and its valuation regardless of its actual performance.

*Competition Risk*

The industry in which the consolidated entity will be involved is subject to domestic and global competition. Although the consolidated entity will undertake all reasonable due diligence in its business decisions and operations, the consolidated entity will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the consolidated entity's projects and business.

*Market Conditions*

Share market conditions may affect the value of the Company's Shares regardless of the consolidated entity's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) introduction of tax reform or other new legislation;
- (c) interest rates and inflation rates;
- (d) changes in investor sentiment toward particular market sectors;
- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

The market price of Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the consolidated entity nor the Directors warrant the future performance of the Consolidated entity or any return on an investment in the Company.

*Commodity Price Volatility and Exchange Rate Risks*

The consolidated entity's operating results, economic and financial prospects and other factors will affect the trading price of the Shares. In addition, the price of Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to, general economic conditions including the performance of the Australian dollar on world markets, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the Shares.

In particular, the share prices for many companies have been and may in the future be highly volatile, which in many cases may reflect a diverse range of non-consolidated entity specific influences such as global hostilities and tensions relating to certain unstable regions of the world, acts of terrorism and the general state of the global economy. No assurances can be made that the consolidated entity's market performance will not be adversely affected by any such market fluctuations or factors.

As the Company's shares have been suspended from trading for approximately six months, there is currently no public market for shares. There is no guarantee that an active trading market in the Company's Shares will develop or that the prices at which Shares trade will increase following completion of the Proposed Acquisitions and Offers. The prices at which Shares trade may be above or below the price of the Public Offer and may fluctuate in response to a number of factors.

*Government Policy Changes*

Adverse changes in government policies or legislation may affect ownership of mineral interests, taxation, royalties, land access, labour relations, and mining and exploration activities of the consolidated entity. It is possible that the current system of exploration and mine permitting in Western Australia or South Dakota may change, resulting in impairment of rights and possibly expropriation of the consolidated entity's properties without adequate compensation.

*Insurance*

The consolidated entity intends to insure its operations in accordance with industry practice. However, in certain circumstances the consolidated entity's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the consolidated entity.

Insurance of all risks associated with the consolidated entity's business may not always be available and where available the costs can be prohibitive.

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*Force Majeure*

The consolidated entity's projects now or in the future may be adversely affected by risks outside the control of the consolidated entity including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

*Taxation*

The acquisition and disposal of Shares will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the consolidated entity are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the consolidated entity, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

*Litigation Risks*

The consolidated entity is exposed to possible litigation risks including native title claims, tenure disputes, environmental claims, occupational health and safety claims and employee claims. Further, the consolidated entity may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the consolidated entity's operations, reputation, financial performance and financial position. The consolidated entity is not currently engaged in any litigation.

**Environmental impact**

The exploration undertaken on the consolidated entity's combined tenements in Western Australia and South Dakota to date has not created significant environmental issues. However, environmental issues will arise as and when the moves into development and production and these issues will be thoroughly assessed at the time any mining authority is sought. Measures are undertaken pre and post drilling to ensure that the environmental impact is minimised. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

**Information on directors**

Name:	Simon Richard Lill
Title:	Non-Executive Chair
Experience and expertise:	Simon has extensive experience since the 1980's with ASX listed companies, spanning small cap companies to larger concerns, involving restructuring, corporate, compliance, marketing, Company secretarial and management activities.
Other current directorships:	De Grey Mining Ltd., Purifloh Limited, Nimy Resources Limited, EverGreen Lithium Limited.
Former directorships (last 3 years):	Finexia Financial Group Limited
Interests in shares:	4,250,000 ordinary shares (of which 3,750,000 are escrowed to 23/09/2023), 1,500,000 performance rights (issued subsequent to the period).

Name:	Peter Ashley Marks
Title:	Executive Director
Qualifications:	MBA, Bachelor of Economics, Bachelor of Law, and Grad Dip in Commercial Law
Experience and expertise:	Peter has over 35 years' experience in corporate advisory and investment banking. Over the course of his long career, he has specialised in capital raisings, IPOs, cross border, M&A transactions, corporate underwriting and venture capital transactions for companies in Australia, the United States and Israel. He has been involved in a broad range of transactions with a special focus in the life sciences, biotechnology, medical technology and high tech segments. Peter has served as both an Executive and Non-Executive Director of a number of different entities which have been listed on the ASX, NASDAQ, and AIM markets.
Other current directorships:	Alterity Therapeutics Limited, Noxopharm Limited, EverGreen Lithium Limited.
Former directorships (last 3 years):	Fluence Corporation Limited, Elsieht Limited, Nyrada Inc
Interests in shares:	2,500,000 ordinary shares (of which 2,350,000 are escrowed to 23/09/2023) and 2,000,000 options, 3,500,000 performance rights (issued subsequent to the period).

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Name: Tal Paneth  
Title: Executive Director  
Experience and expertise: Tal has over a decade of multidisciplinary business experience including exposure to the diverse facets of the equity and debt markets. Tal specialises in identifying strategic mineral projects, financing, and project operations management.  
Other current directorships: EverGreen Lithium Limited  
Former directorships (last 3 years): Nil  
Interests in shares: 30,000,000 ordinary shares (of which 30,000,000 are escrowed to 23/09/2023)

Name: Christopher Alan David Connell  
Title: Executive and Technical Director (Transitioned from Non-Executive Director on 12 July 2022.)  
Experience and expertise: Chris is former Regional Exploration Manager of SolGold Plc and has a successful track record in discovering economic deposits both in Australia and worldwide. He lead the exploration team that discovered the large copper-gold Porvenir project in southern Ecuador.  
Other current directorships: EverGreen Lithium Limited.  
Former directorships (last 3 years): Nil  
Interests in shares: 250,000 ordinary shares (of which 250,000 are escrowed to 23/09/2023)  
Interests in options: 6,250,000 options  
Interests in rights: 5,000,000 performance rights (issued subsequent to the period).

Name: Bruce Alexander Smith  
Title: Non-Executive Director  
Experience and expertise: Bruce is a geologist with 28 years' experience in mineral exploration and mining. He has been exploring a diverse range of mineral deposits in Africa, Asia-Pacific, Europe, North and South America. He has participated in multiple resource and mine discoveries in Guinea, Mexico, Guatemala, Nicaragua and Argentina. Bruce has managed a variety of exploration companies working as an exploration geologist, VP Exploration, CEO and Director.  
Bruce is a Member of the Australian Institute of Geoscientists, has B.Sc. and M.Sc. degrees in Geology from Otago University, NZ and MEng Water and Environmental Resources, IHE Delft, Netherlands.  
Other current directorships: CEO and director of Radius Gold Inc (TSX.V; RDU)  
Director of Rackla Metals Inc (TSX.V; RAK)  
Former directorships (last 3 years): Nil  
Interests in shares: 155,000 ordinary shares  
Interests in rights: 1,000,000 performance rights (issued subsequent to the period)

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

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

**Company secretary**

David Franks from the Automic Group (appointed 7 April 2021).

David Franks is a Principal at the Automic Group. He is a Chartered Accountant, Fellow of the Financial Services Institute of Australia, Fellow of the Governance Institute of Australia, Justice of the Peace, Registered Tax Agent and holds a Bachelor of Economics (Finance and Accounting) from Macquarie University. With over 20 years' experience in finance, governance and accounting, Mr Franks has been CFO, Company Secretary and/or Director for numerous ASX listed and unlisted public and private companies, in a range of industries covering energy retailing, transport, financial services, mineral exploration, technology, automotive, software development and healthcare. Mr Franks is currently the Company Secretary for the following ASX Listed entities: Applyflow Limited, COG Financial Services Limited, Cogstate Limited, Dubber Coprorations Limited, Evergreen Lithium Limited, Exopharm Limited, IXUP Limited, JCurve Solutions Limited, Noxopharm Limited, Nyrada Inc, Omega Oil and Gas Limited, White Energy Company Limited and ZIP Co Limited. He was also a Non-Executive Director of JCurve Solutions Limited from 2014 to 2021.

**IRIS Metals Limited**  
**Directors' report**  
**31 March 2023**

**Chief Financial Officer**

Damien Henderson (appointed 1 November 2022)

Damien Henderson is a senior finance professional who has had over 25 years in the resource industry experience, both in Australia and overseas. This experience has included most aspects of the mining industry including exploration, feasibility, construction, production and processing. Mr Henderson's international experience has been gained through working in the UK, Papua New Guinea, Ghana, Mongolia, Indonesia and the USA. He is a Fellow Certified Practising Accountant (FCPA) who holds a Bachelor of Business (Accounting) degree from the University of Southern Queensland, and is also an Affiliated Member of the Governance Institute of Australia. Mr Henderson has been involved in senior executive roles for a number of international mining companies in Australia, Asia and Africa including SolGold PLC, Bayan Resources Tbk, Rio Tinto, Placer Dome (now Barrick Gold), and Peabody Winsway amongst others.

**Meetings of directors**

The number of meetings of the company's Board of Directors ('the Board') held during the period ended 31 March 2023, and the number of meetings attended by each director were:

	Meeting Held	
	Eligible	Attended
Simon Richard Lill	5	5
Peter Ashley Marks	5	5
Tal Paneth	5	5
Christopher Alan David Connell	5	5
Bruce Alexander Smith	-	-

Held: represents the number of meetings held during the time the director held office.

Please note that the board meets on a regular basis to review key issues affecting the Consolidated entity and which fall outside the normal Board timetable.

**Remuneration report (audited)**

The remuneration report details the key management personnel remuneration arrangements for the consolidated entity, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

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

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

***Principles used to determine the nature and amount of remuneration***

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

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

**IRIS Metals Limited**  
**Directors' report**  
**31 March 2023**

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

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

*Non-executive directors remuneration*

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

In accordance with the Constitution, the total maximum remuneration of non-executive Directors is initially set by the Board and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum is made by the Board having regard to the inputs and value to the consolidated entity of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

*Executive remuneration*

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

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

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

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

Executives may receive their fixed remuneration in the form of cash or others where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

*Use of remuneration consultants*

During the current and prior financial period, the Consolidated entity did not employ the services of a remuneration consultant.

***Details of remuneration***

*Amounts of remuneration*

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

**IRIS Metals Limited**  
**Directors' report**  
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The key management personnel of the consolidated entity consisted of the following directors and chief financial officer of IRIS Metals Limited:

- Simon Richard Lill
- Peter Ashley Marks
- Tal Paneth
- Christopher Alan David Connell
- Bruce Alexander Smith (appointed 15 June 2023)
- Damien Henderson (appointed 1 November 2022)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
<b>2023</b>	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Simon Richard Lill	60,000	-	-	6,225	-	-	66,225
<i>Executive Directors:</i>							
Tal Paneth	150,000	-	-	15,563	-	-	165,563
Peter Ashley Marks*	150,000	-	-	15,563	-	1,680,159	1,845,722
Christopher Alan David Connell* **	257,145	-	16,157	32,816	425	2,320,306	2,626,849
<i>Management:</i>							
Damien John Henderson	45,833	-	3,858	4,813	103	-	54,607
	<u>662,978</u>	<u>-</u>	<u>20,015</u>	<u>74,980</u>	<u>528</u>	<u>4,000,465</u>	<u>4,758,966</u>

\* Please note that equity-settled component of remuneration is a non-cash transaction

\*\* \$117,444 was capitalised to exploration and evaluation

\*\*\* \$200,833 of cash salaries and fees were accrued as at 31 March 2023

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	Total
	Cash salary and fees	Cash bonus	Non-monetary	Super-annuation	Long service leave	Equity-settled	
<b>2022</b>	\$	\$	\$	\$	\$	\$	\$
<i>Non-Executive Directors:</i>							
Simon Richard Lill	60,000	-	-	6,075	-	-	66,075
Christopher Alan David Connell* ***	159,800	-	-	-	-	-	159,800
<i>Executive Directors:</i>							
Tal Paneth	150,000	-	-	15,188	-	-	165,188
Peter Ashley Marks**	205,000	-	-	17,688	-	-	222,688
	<u>574,800</u>	<u>-</u>	<u>-</u>	<u>38,951</u>	<u>-</u>	<u>-</u>	<u>613,751</u>

\* Includes fee paid for Geological consulting, Geophysical interpretation and Geochem Program planning for Leonora and Kookynie projects.

\*\* Includes \$25,000 of director fees for the month of November 2020 and December 2020 accounted for in the current financial year. Mr. Marks was also paid additional \$30,000 for consultancy services completed pre-IPO.

\*\*\* \$136,905 was capitalised to exploration and evaluation

**IRIS Metals Limited**  
**Directors' report**  
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The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration 2023	Equity settled remuneration 2023	Fixed remuneration 2022	Equity settled remuneration 2022
<i>Non-Executive Directors:</i>				
Simon Lill	100%	100%	100%	-
Christopher Alan David Connell	12%	88%	100%	-
<i>Executive Directors:</i>				
Tal Paneth	100%	100%	100%	-
Peter Ashley Marks	9%	91%	100%	-
<i>Management:</i>				
Damien Henderson	100%	-	100%	-

**Service agreements**

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

Name:	Simon Richard Lill
Title:	Non-Executive Director
Agreement commenced:	29 December 2020
Details:	\$60,000 per annum plus superannuation. No termination notice
Name:	Peter Ashley Marks
Title:	Executive Director
Agreement commenced:	23 December 2020
Details:	\$150,000 per annum plus superannuation. 3 months' termination notice.
Name:	Tal Paneth
Title:	Executive Director
Agreement commenced:	1 February 2021
Details:	\$150,000 per annum plus superannuation. 3 months' termination notice.
Name:	Christopher Alan David Connell
Title:	Executive Director (As announced on 12 July 2022, Christopher was appointed Executive and Technical director.)
Agreement commenced:	2 April 2021
Details:	\$275,000 per annum plus superannuation. No termination notice.
Name:	Damien Henderson
Title:	Chief Financial Officer
Agreement commenced:	1 November 2022
Details:	\$110,000 per annum plus superannuation.
Name:	Bruce Alexander Smith
Title:	Non-Executive Director
Agreement commenced:	15 June 2023
Details:	\$60,000 per annum plus superannuation.

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

**IRIS Metals Limited**  
**Directors' report**  
**31 March 2023**

**Share-based compensation**

*Issue of shares*

There were no shares issued to directors and other key management personnel as part of compensation during the period ended 31 March 2023.

*Options*

The terms and conditions of each grant of options over ordinary shares affecting remuneration of directors and other key management personnel in this financial period or future reporting years are as follows:

Name	Number of		Vesting date		Exercise price	Fair value per option at grant date
	options granted	Grant date	and exercisable date	Expiry date		
Christopher Alan David Connell	1,500,000	30 August 2022	12 July 2023	31 July 2025	\$0.00	\$1.230
Christopher Alan David Connell	1,500,000	30 August 2022	12 July 2024	31 July 2025	\$0.00	\$1.230
Christopher Alan David Connell	2,000,000	30 August 2022	12 July 2025	31 July 2025	\$0.00	\$1.230
Peter Ashley Marks	1,000,000	30 August 2022	30 August 2022	31 July 2025	\$0.40	\$1.061
Peter Ashley Marks	1,000,000	30 August 2022	30 August 2023	31 July 2025	\$0.40	\$1.061

Options granted carry no dividend or voting rights.

500,000 options previously granted to an employee lapsed during the year due to the vesting conditions not being satisfied during the period of employment.

**Additional information**

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

	2023	2022
Share price at financial year end (\$)*	1.16	0.63
Basic earnings per share (cents per share)	(12.59)	(2.67)
Diluted earnings per share (cents per share)	(12.59)	(2.67)

\* Closing price before trading halt and subsequent suspension on 22 December 22

**Additional disclosures relating to key management personnel**

*Shareholding*

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

	Balance at the start of the period	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the period
<i>Ordinary shares</i>					
Simon Richard Lill	4,250,000	-	-	-	4,250,000
Peter Ashley Marks	2,500,000	-	-	-	2,500,000
Tal Paneth	30,000,000	-	-	-	30,000,000
Christopher Alan David Connell	250,000	-	-	-	250,000
	<u>37,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,000,000</u>



**IRIS Metals Limited**  
**Directors' report**  
**31 March 2023**

*Option holding*

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

	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
<i>Options over ordinary shares</i>					
Christopher Alan David Connell*	1,250,000	5,000,000	-	-	6,250,000
Peter Ashley Marks	-	2,000,000	-	-	2,000,000
	<u>1,250,000</u>	<u>7,000,000</u>	<u>-</u>	<u>-</u>	<u>8,250,000</u>

\* The options vested at the grant date.

*Other transactions with key management personnel and their related parties*

During the year ended 31 March 2023 the following related party transactions occurred:

- Newburyport Partners Pty Ltd, a related entity of Peter Ashley Marks, was paid \$8,000 (excluding GST) for office rent costs and contribution of office fit out. The rental agreement is at current market terms and it is deemed at arm's length.

***This concludes the remuneration report, which has been audited.***

**Shares under option**

Unissued ordinary shares of IRIS Metals Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
28 February 2021*	15 September 2024	\$0.30	1,250,000
15 September 2021	15 September 2024	\$0.30	2,500,000
15 October 2021	15 October 2024	\$0.30	500,000
15 August 2022	15 September 2024	\$0.00	2,000,000
15 August 2022	31 July 2025	\$0.40	1,500,000
2 June 2022	31 July 2025	\$0.40	4,000,000
15 August 2022	31 July 2025	\$0.40	5,000,000
11 July 2022	31 July 2025	\$0.40	6,000,000
11 July 2022	31 July 2025	\$0.00	3,000,000
30 August 2022	31 July 2025	\$0.40	2,000,000
30 August 2022	31 July 2025	\$0.00	5,000,000
31 January 2023	31 January 2026	\$1.20	500,000
31 January 2023	31 January 2025	\$1.50	750,000
14 June 2023	14 June 2025	\$1.50	8,250,000
14 June 2023	14 June 2026	\$1.50	<u>2,500,000</u>
			<u>44,750,000</u>

\* The options were issued on appointment as Non-Executive Director.

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

**Performance rights**

Unissued ordinary shares of IRIS Metals Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number
13 May 2022	12 May 2027	\$0.00	1,000,000
14 June 2023	30 June 2024 to 30 June 2026	\$0.00	<u>12,000,000</u>
			<u>13,000,000</u>

**IRIS Metals Limited**  
**Directors' report**  
**31 March 2023**

**Shares issued on the exercise of options**

There were no ordinary shares of IRIS Metals Limited issued on the exercise of options during the period ended 31 March 2023 and up to the date of this report.

**Dividends**

There were no dividends paid, recommended or declared during the current or previous financial period.

**Indemnity and insurance of officers**

The consolidated entity has indemnified the directors and executives of the consolidated entity for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial period, the consolidated entity paid a premium in respect of a contract to insure the directors and executives of the consolidated entity against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

**Indemnity and insurance of auditor**

The consolidated entity has not, during or since the end of the financial period, indemnified or agreed to indemnify the auditor of the consolidated entity or any related entity against a liability incurred by the auditor.

**Proceedings on behalf of the Company**

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

**Audit services**

There were tax and another advisory services provided during the financial period by the auditor

**Officers of the Company who are former partners of William Buck (Vic) Pty Ltd.**

There are no officers of the Company who are former partners of William Buck (Vic) Pty Ltd.

**Auditor's independence declaration**

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

**Auditor**

William Buck (Vic) Pty Ltd continues in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



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Tal Paneth  
Director



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Peter Ashley Marks  
Director

30 June 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF IRIS METALS LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

**William Buck Audit (Vic) Pty Ltd**  
ABN 59 116 151 136



**N. S. Benbow**  
Director  
Melbourne, 30 June 2023

## **IRIS Metals Limited**

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### **General information**

The financial statements cover IRIS Metals Limited as a Company consisting of IRIS Metals Limited ('the Company' or 'parent entity') and the entities it controlled ('the consolidated entity'), throughout and as at the year ended 31 March 2023. The financial statements are presented in Australian dollars, which is IRIS Metals Limited's functional and presentation currency.

IRIS Metals Limited is a listed public Company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

Level 6, 400 Collins Street Melbourne VIC 3000

#### **Principal place of business**

Suite 205, 9-11 Claremont St South Yarra Vic 3141

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 June 2023. The directors have the power to amend and reissue the financial statements.

**IRIS Metals Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the period ended 31 March 2023**

	<b>Note</b>	<b>Consolidated 2023 \$</b>	<b>Restated Consolidated 2022 \$</b>
<b>Expenses</b>			
Exploration and evaluation costs		-	(193,317)
Corporate and administrative costs	5	(12,116,899)	(1,229,763)
IPO transaction costs		-	(469,072)
Depreciation expense		<u>(10,513)</u>	<u>(4,426)</u>
<b>Loss before income tax expense</b>		(12,127,412)	(1,896,578)
Income tax expense		<u>-</u>	<u>-</u>
<b>Loss after income tax expense for the period attributable to the owners of IRIS Metals Limited</b>		(12,127,412)	(1,896,578)
Other comprehensive income for the period, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the period attributable to the owners of IRIS Metals Limited</b>		<u><u>(12,127,412)</u></u>	<u><u>(1,896,578)</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	23	(12.59)	(2.67)
Diluted earnings per share	23	(12.59)	(2.67)

Refer to note 3 for detailed information on restatement of comparatives.

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes*

**IRIS Metals Limited**  
**Consolidated statement of financial position**  
**As at 31 March 2023**

	Note	Consolidated 2023 \$	Restated Consolidated 2022 \$	Restated Consolidated 1 April 2021 \$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents		675,419	4,190,042	496,418
Other receivables		23,475	29,896	2,681
Other assets		92,011	135,982	3,000
<b>Total current assets</b>		<u>790,905</u>	<u>4,355,920</u>	<u>502,099</u>
<b>Non-current assets</b>				
Property, plant and equipment		84,257	99,655	-
Intangibles		29,713	-	-
Capitalised exploration and evaluation	6	11,793,274	2,732,293	1,441,960
Environmental bonds		45,000	-	-
		<u>11,952,244</u>	<u>2,831,948</u>	<u>1,441,960</u>
<b>Total assets</b>		<u><u>12,743,149</u></u>	<u><u>7,187,868</u></u>	<u><u>1,944,059</u></u>
<b>Current liabilities</b>				
Trade and other payables	7	702,712	155,553	165,557
Borrowings	8	72,530	-	-
Employee benefits		20,546	13,661	-
Provisions	9	30,000	30,000	140,000
Total current liabilities		<u>825,788</u>	<u>199,214</u>	<u>305,557</u>
<b>Total Liabilities</b>		<u>825,788</u>	<u>199,214</u>	<u>305,557</u>
<b>Net assets</b>		<u>11,917,361</u>	<u>6,988,654</u>	<u>1,638,502</u>
Issued capital	10	15,840,203	8,563,117	1,758,865
Share-based payment reserve	11	10,459,211	680,178	237,700
Accumulated losses		<u>(14,382,053)</u>	<u>(2,254,641)</u>	<u>(358,063)</u>
<b>Total equity</b>		<u><u>11,917,361</u></u>	<u><u>6,988,654</u></u>	<u><u>1,638,502</u></u>

Refer to note 3 for detailed information on restatement of comparatives.

**IRIS Metals Limited**  
**Consolidated statement of changes in equity**  
**For the period ended 31 March 2023**

<b>Restated Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payment reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 April 2021	1,758,865	237,700	(1,800,023)	196,542
Adjustment for reclassification (note 3)	-	-	1,441,960	1,441,960
Balance at 1 April 2021 - restated	<u>1,758,865</u>	<u>237,700</u>	<u>(358,063)</u>	<u>1,638,502</u>
Total comprehensive income for the period – restated	-	-	(1,896,578)	(1,896,578)
<i>Transactions with owners in their capacity as owners:</i>				
Transactions with owners in their capacity as owners (note 10)	6,706,752	-	-	6,706,752
Issue of shares previously vested to the share-based payment reserve	97,500	(97,500)	-	-
Vesting of options and performance rights issued (note 11)	-	157,201	-	157,201
Issue of options to brokers as part of capital raising costs (note 11)	-	154,866	-	154,866
Share-based payment issue of options to brokers (note 11)	-	227,911	-	227,911
Balance at 31 March 2022	<u>8,563,117</u>	<u>680,178</u>	<u>(2,254,641)</u>	<u>6,988,654</u>

<b>Consolidated</b>	<b>Issued capital \$</b>	<b>Share-based payment reserve \$</b>	<b>Accumulated losses \$</b>	<b>Total equity \$</b>
Balance at 1 April 2022 - restated	8,563,117	680,178	(2,254,641)	6,988,654
Loss after income tax expense for the period	-	-	(12,127,412)	(12,127,412)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	(12,127,412)	(12,127,412)
<i>Transactions with owners in their capacity as owners:</i>				
Transactions with owners in their capacity as owners (note 10)	8,432,831	-	-	8,432,831
Vesting of options and performance rights issued (note 11)	-	8,675,593	-	8,675,593
Reversal of share-based payment due to lapse of options (note 11)	-	(52,305)	-	(52,305)
Share-based payment issue of options to brokers (note 11)	<u>(1,155,745)</u>	<u>1,155,745</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2023	<u>15,840,203</u>	<u>10,459,211</u>	<u>(14,382,053)</u>	<u>11,917,361</u>

Refer to note 3 for detailed information on restatement of comparatives.

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

**IRIS Metals Limited**  
**Consolidated statement of cash flows**  
**For the period ended 31 March 2023**

	<b>Note</b>	<b>Consolidated</b>	
		<b>2023</b>	<b>2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Payments to suppliers and employees (inclusive of GST)		(1,779,767)	(1,135,683)
Payment of contingent consideration		-	(110,000)
Net cash used in operating activities	22	<u>(1,779,767)</u>	<u>(1,245,683)</u>
<b>Cash flows from investing activities</b>			
Payments for intangible assets		(29,713)	-
Payments for exploration and evaluation		(5,160,968)	(1,383,740)
Payments for property, plant and equipment		-	(54,248)
Net cash used in investing activities		<u>(5,190,681)</u>	<u>(1,437,988)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	10	3,510,000	7,000,000
Cost of issue of shares	10	(128,169)	(622,705)
Proceeds from borrowings		72,530	-
Net cash from financing activities		<u>3,454,361</u>	<u>6,377,295</u>
Net increase/(decrease) in cash and cash equivalents		(3,516,087)	3,693,624
Cash and cash equivalents at the beginning of the financial period		4,190,042	496,418
Effect of exchange rate changes on cash and cash equivalents		1,464	-
Cash and cash equivalents at the end of the financial period		<u><u>675,419</u></u>	<u><u>4,190,042</u></u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*



**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 1. Significant accounting policies**

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

**New or amended Accounting Standards and Interpretations adopted**

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

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

**Basis of preparation**

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

*Historical cost convention*

The financial statements have been prepared under the historical cost convention.

*Critical accounting estimates*

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

**Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 18.

**Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IRIS Metals Limited ('Company' or 'parent entity') as at 31 March 2023 and the results of all subsidiaries for the period then ended. IRIS Metals Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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.

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

**Current and non-current classification**

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity'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 consolidated entity'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.

**Note 1. Significant accounting policies (continued)**

**Cash and cash equivalents**

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

**Other receivables**

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

**Exploration and evaluation**

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

Exploration and evaluation assets shall be assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, the consolidated entity measures, presents and discloses any resulting impairment loss in accordance with AASB 136.

Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

**Impairment of non-financial assets**

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

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

**Trade and other payables**

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

**Borrowings**

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Finance costs**

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

**Provisions**

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

**Note 1. Significant accounting policies (continued)**

**Employee benefits**

*Short-term employee benefits*

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

*Other long-term employee benefits*

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*Share-based payments*

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees, directors and/or brokers in exchange for the rendering of services.

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

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

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

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

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

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

**Fair value measurement**

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

**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 1. Significant accounting policies (continued)**

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

**Issued capital**

Ordinary shares are classified as equity.

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

**Earnings per share**

*Basic earnings per share*

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

*Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

**Goods and Services Tax ('GST') and other similar taxes**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

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

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

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

**Going Concern**

The consolidated financial statements have been prepared on a going concern basis, which contemplates the continuation of normal business operations and the realisation of assets and settlement of liabilities in the normal course of business. During the period ended 31 March 2023, the consolidated entity incurred a net loss before tax of \$12,127,412 and had a net cash outflow from operating activities of \$1,779,767.

On 19 June 2023, the consolidated entity successfully raised \$15,000,000 through the issuance of 15,000,000 shares, together with 2:1 attaching options (with an exercise price at \$1.50 and expiry of 14 June 2025) at \$1.00 per share. Due to the successful completion of this capital raise the consolidated entity is confident that it has sufficient cash flow to fund its operations for at least the next 2 years.

**Note 2. Critical accounting judgements, estimates and assumptions**

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

*Share-based payment transactions*

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

*Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and carry-forward losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Presently the consolidated entity has incurred losses from its operations in all tax jurisdictions that may be potentially available to be applied against assessable income in the future. Given the uncertainty as to when or if this occurs, the directors have decided not to recognise any deferred tax assets that may be represented by those losses.

*Contingent consideration*

A provision has been made for the cash consideration agreed on the sale and purchase of the Mining Property Agreements subscribed with the vendors. The cash consideration is contingent upon the conditions established in each Agreement being met (see note 9).

*Mine rehabilitation provision*

The consolidated entity has considered whether a provision for rehabilitation of any tenements is required. The directors do not consider that such a provision is necessary due to the fact that rehabilitation is being undertaken on a progressive basis. Whilst the consolidated entity is in exploration phase it cannot reliably estimate the scope and costs of rehabilitation work that will need to be undertaken.

*Acquisition of subsidiary*

The equity consideration transferred relating to the acquisition of White Rock by the consolidated entity has been treated as a share-based payment under *AASB 2: Share-based payment*, recorded as exploration and evaluation costs and the cash consideration transferred has been treated as exploration and evaluation costs. This is not considered a business combination under *AASB 3: Business combinations*. White Rock contained no substantive processes, as the value was substantially derived from the tenements held. There were no firm contracts with either suppliers or customers in place on the acquisition date.

**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 3. Restatement of comparatives**

During the year ended 31 March 2023, the consolidated entity concluded that given the early stage of the development of its projects, in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, it is more appropriate to capitalise all costs associated with the exploration and evaluation activities undertaken.

The company believe that capitalising its exploration and evaluation assets better reflects its activity to date in relation to exploration and evaluation activity. The company has heavily invested and has committed to heavily invest in exploration and evaluation projects in South Dakota and Western Australia through acquisition of licenses, staking activities, drilling and other exploration activities. This is and will continue to be a material investment and one that the company strongly believes will more than be recouped through successful development and exploitation or alternatively by its sale. The company believes that to continue treating these investments as an expense greatly undervalues the strategic importance of these assets which is reflected in the company's market price and recent successful capital raise and is common practise among exploration companies subject to IFRS accounting standards. Further to this, all assets capitalised to date have right to tenure and due to limited exploration and evaluation activities to date, the company has not reached a stage which would permit a reasonable assessment of the existence or otherwise of economically recoverable reserves and exploration activities are planned and continuing at some stage in all Area of interest.

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

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the consolidated entity has retrospectively applied the aforementioned change in accounting policy and therefore comparative information presented herein has been restated.

*Statement of profit or loss and other comprehensive income*

	<b>Restated 2022</b>	<b>Adjustments</b>	<b>Reported 2022</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenses</b>			
Exploration and Evaluation costs	(193,317)	1,198,456	(1,391,773)
Corporate and administrative costs	(1,229,763)	141,710	(1,371,473)
IPO transaction costs	(469,072)	-	(469,072)
Depreciation expense	(4,426)	-	(4,426)
	<u>(1,896,578)</u>	<u>1,340,166</u>	<u>(3,236,744)</u>
<b>Total comprehensive income for the period attributable to the owners of IRIS Metals Limited</b>	<u>(1,896,578)</u>	<u>1,340,166</u>	<u>(3,236,744)</u>
	<b>Cents</b>	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(2.67)	1.88	(4.55)
Diluted earnings per share	(2.67)	1.88	(4.55)

**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 3. Restatement of comparatives (continued)**

*Statement of financial position at the end of the earliest comparative period*

When there is a restatement of comparatives, it is mandatory to provide a third statement of financial position at the beginning of the earliest comparative period, being 1 April 2021.

Restatement of comparatives periods resulted in an increase to Capitalised exploration and evaluation assets of \$2,732,293 (2021: \$1,441,960) and Property, plant and equipment of \$49,833 (2021: nil) and a decrease in Accumulated losses of \$2,782,126 (2021: \$1,441,960).

	<b>Restated 2022</b>	<b>Reported 2022</b>	<b>Restated 2021</b>	<b>Reported 2021</b>
	\$	\$	\$	\$
<b>Current assets</b>				
Cash and cash equivalents	4,190,042	4,190,042	496,418	496,418
Other receivables	29,896	29,896	2,681	2,681
Other assets	135,982	135,982	3,000	3,000
<b>Total current assets</b>	<u>4,355,920</u>	<u>4,355,920</u>	502,099	502,099
<b>Non-current assets</b>				
Property, plant and equipment	99,655	49,822	-	-
Capitalised exploration and evaluation	2,732,293	-	1,441,960	-
Total non-current assets	<u>2,831,948</u>	<u>49,822</u>	1,441,960	-
<b>Total assets</b>	<u><u>7,187,868</u></u>	<u><u>4,405,742</u></u>	1,944,059	502,099
<b>Current liabilities</b>				
Trade and other payables	155,553	155,553	165,557	165,557
Employee benefits	13,661	13,661	-	-
Provisions	30,000	30,000	140,000	140,000
<b>Total Liabilities</b>	<u>199,214</u>	<u>199,214</u>	305,557	305,557
<b>Net Assets</b>	<u>6,988,654</u>	<u>4,206,528</u>	1,638,502	196,542
Issued Capital	8,563,117	8,563,117	1,758,865	1,758,865
Equity-Share-based payment reserve	680,178	680,178	237,700	237,700
Accumulated losses	<u>(2,254,641)</u>	<u>(5,036,767)</u>	(358,063)	(1,800,023)
<b>Total Equity</b>	<u><u>6,988,654</u></u>	<u><u>4,206,528</u></u>	1,638,502	196,542

**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 4. Operating segments**

The consolidated entity operates primarily across Australia and the United States of America (US) and accordingly, monitors its operations as such.

*Operating segment information*

	Australia \$	US \$	Total \$
<b>Consolidated - 2023</b>			
<b>Revenue</b>	-	-	-
<b>EBITDA</b>	(11,815,897)	(301,002)	(12,116,899)
Depreciation and amortisation	(10,513)	-	(10,513)
<b>Loss before income tax benefit</b>	<u>(11,826,410)</u>	<u>(301,002)</u>	<u>(12,127,412)</u>
Income tax benefit			-
<b>Loss after income tax benefit</b>			<u>(12,127,412)</u>
<b>Assets</b>			
Segment assets	<u>3,942,382</u>	<u>8,800,767</u>	<u>12,743,149</u>
<b>Total assets</b>			<u>12,743,149</u>
<b>Liabilities</b>			
Segment liabilities	<u>715,871</u>	<u>109,917</u>	<u>825,788</u>
<b>Total liabilities</b>			<u>825,788</u>
<b>Consolidated - 2022</b>			
<b>Revenue</b>			
<b>EBITDA</b>	(1,892,150)	-	(1,892,150)
Depreciation and amortisation	(4,426)	-	(4,426)
<b>Profit/(loss) before income tax benefit</b>	<u>(1,896,576)</u>	<u>-</u>	<u>(1,896,576)</u>
Income tax benefit			-
<b>Loss after income tax benefit</b>			<u>(1,896,576)</u>
<b>Assets</b>			
Segment assets	<u>7,187,868</u>	<u>-</u>	<u>7,187,868</u>
<b>Total assets</b>			<u>7,187,868</u>
<b>Liabilities</b>			
Segment liabilities	<u>199,214</u>	<u>-</u>	<u>199,214</u>
<b>Total liabilities</b>			<u>199,214</u>



**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 5. Expenses**

	<b>Consolidated</b>	
	<b>2023</b>	<b>Restated 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Corporate and administrative</b>		
Administration expenses	430,809	144,876
Employee benefits expense	606,303	463,113
Marketing and promotion expenses	29,000	26,750
Professional fees	159,979	164,297
Legal fees	438,219	40,269
Share based payments – directors and employees	4,106,695	385,112
Share based payments – business development	5,786,897	-
Consulting fees	263,429	-
Other expenses	295,568	5,346
	<u>12,116,899</u>	<u>1,229,763</u>

Share based payments for business development relate to the issuance of options to a number of corporate advisors for a range of important corporate and investor relations activities including marketing, corporate advisory, market-related activities, introductions to various potential off-take partners, introductions to local and offshore investors, and arranging investor presentations amongst other items. This work included introductions to potential partners in the US and facilitating introductory and follow up meetings. It should be noted that some of these options were granted at a point in time when the share price was lower than it currently is and when the Options were out of the money.

**Note 6. Capitalised exploration and evaluation**

	<b>Consolidated 2023</b>	<b>Restated Consolidated 2022</b>	<b>Restated Consolidated 2021</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>			
Exploration and evaluation - Leonora	679,658	630,384	290,666
Exploration and evaluation - Kookynie	2,405,282	2,101,909	1,151,294
Exploration and evaluation - Custer	5,833,470	-	-
Exploration and evaluation - Dewey	2,107,499	-	-
Exploration and evaluation - Tin Mountain	767,365	-	-
	<u>11,793,274</u>	<u>2,732,293</u>	<u>1,441,960</u>

	<b>Leonora</b>	<b>Kookynie</b>	<b>Custer</b>	<b>Dewey</b>	<b>Tin Mountain</b>	<b>Total</b>
<b>Consolidated</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 April 2021	290,666	1,151,294	-	-	-	1,441,960
Additions	339,718	950,615	-	-	-	1,290,333
Balance at 31 March 2022	630,384	2,101,909	-	-	-	2,732,293
Additions * **	49,274	303,373	5,833,470	2,107,499	767,365	9,060,981
Balance at 31 March 2023	<u>679,658</u>	<u>2,405,282</u>	<u>5,833,470</u>	<u>2,107,499</u>	<u>767,365</u>	<u>11,793,274</u>

\*\$117,444 of directors remuneration was capitalised to exploration during the year ended 31 March 2023 (31 March 2022: \$136,905)

\*\* \$3,810,891 of share based payments were capitalised to exploration and evaluation during the year ended 31 March 2023.

**IRIS Metals Limited**  
**Notes to the consolidated financial statements**  
**31 March 2023**

**Note 7. Trade and other payables**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Trade payables	256,342	96,043
Payable to Directors	200,833	-
Accrued expenses	245,537	59,510
	<u>702,712</u>	<u>155,553</u>

Refer to note 13 for further information on financial instruments.

**Note 8. Borrowings**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Loan - Damien Henderson	<u>72,530</u>	<u>-</u>

During the year ended 31 March 2023, Damien Henderson, the company CFO provided a loan of \$72,530 to the consolidated entity. The loan was made to support the working capital needs of the company. The loan is non-interest bearing, unsecured and payable at call.

**Note 9. Provisions**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Contingent consideration	<u>30,000</u>	<u>30,000</u>

*Contingent consideration*

The provision represents the obligation to pay contingent consideration following the acquisition of assets. It is measured at the present value of the estimated liability.

As part of the sale and purchase of the Mining Property Agreements subscribed with the vendors in the previous year, the consolidated entity has paid \$105,000 upon conditions met during the financial year. \$30,000 remains contingent upon the conditions established in the agreement being met.

<b>Vendor name</b>	<b>Condition in agreement</b>	<b>Deferred cash</b>
Jamie Jones	The conditional cash consideration will be paid upon a successful conversion to a Mining Licence (ML)	\$30,000

**IRIS Metals Limited**  
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**Note 10. Issued capital**

	<b>2023</b>	<b>Consolidated</b>		
	<b>Shares</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
		<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>100,580,000</u>	<u>87,250,000</u>	<u>15,840,203</u>	<u>8,563,117</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1 April 2022	87,250,000		8,563,117
Issues of shares - placement	2 June 2022	5,025,000	\$0.40	2,010,000
Issue of shares - acquisition of assets	15 June 2022	4,000,000	\$0.63	2,520,000
Issues of shares in accordance with equity incentive plan	11 August 2022	245,000	\$0.40	98,000
Issues of shares as payments for geologist services	15 August 2022	1,000,000	\$0.57	570,000
Issues of shares as part payment for acquisition of assets	26 September 2022	60,000	\$0.30	18,000
Payment for Business Development Services	5 October 2022	1,500,000	\$1.23	1,845,000
Issue of shares for pre-emptive capital raise	31 January 2023	1,500,000	\$1.00	1,500,000
Cost of capital				<u>(1,283,914)</u>
Balance	31 March 2023	<u>100,580,000</u>		<u>15,840,203</u>

*Ordinary shares*

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

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

*Share buy-back*

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

*Capital risk management*

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may return capital to shareholders, issue new shares or sell assets to achieve this.

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

**IRIS Metals Limited**  
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**Note 11. Share-based payment reserve**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Equity-settled reserve	<u>10,459,211</u>	<u>680,178</u>

*Share-based payments reserve*

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

*Movements in reserves*

Movements in each class of reserve during the current financial year are set out below:

<b>Consolidated</b>	<b>\$</b>
Balance at 1 April 2022	680,178
Director options issued	4,000,438
Options issued as payment for consultancy services	3,950,489
Options issued to broker as costs of capital raising	1,155,745
Options issued as payment for exploration and evaluation costs	604,081
Performance rights issued as payment for exploration and evaluation costs	111,156
Vesting of employee options	9,420
Reversal of share-based payment due to forfeiture of performance rights	<u>(52,296)</u>
Balance at 31 March 2023	<u>10,459,211</u>

**Note 12. Dividends**

There were no dividends paid, recommended or declared during the current or previous financial period.

**Note 13. Financial instruments**

The material financial instruments of the consolidated entity are cash and payables and the only material financial risk of the consolidated entity for the year was liquidity risk. This risk is managed at Board level through cash flow forecasting and analysis. As at 30 June 2023 all contractual maturities of all financial instruments were less than 60 days (2022: less than 60 days). All financial instruments of the consolidated entity have fair values that approximate their carrying values.

**Note 14. Key management personnel disclosures**

*Directors*

The following persons were directors and management of IRIS Metals Limited during the financial period:

*Directors:*

Simon Richard Lill  
Peter Ashley Marks  
Tal Paneth  
Christopher Alan David Connell

*Management:*

Damien John Henderson (appointed 1 November 2022)

**IRIS Metals Limited**  
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**Note 14. Key management personnel disclosures (continued)**

*Compensation*

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	<b>Consolidated 2023</b>	<b>Consolidated 2022</b>
	<b>\$</b>	<b>\$</b>
Short-term employee benefits	683,521	574,800
Post-employment benefits	74,980	38,951
Share-based payments	4,000,465	-
	<u>4,758,966</u>	<u>613,751</u>

**Note 15. Remuneration of auditors**

During the financial period the following fees were paid or payable for services provided by, the auditor of the consolidated entity:

	<b>Consolidated 2023</b>	<b>Consolidated 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Audit services (William Buck) -</i> Audit or review of the financial statements	<u>52,500</u>	<u>32,000</u>

**Note 16. Commitments and contingencies**

The consolidated entity has minimum expenditure requirements on its Western Australian tenements that amount to \$457,440 for the year ended 31 March 2023 (31 March 2022: \$361,220). Note that each tenement has a different anniversary in which to meet minimum expenditure. Iris Metals has met its minimum expenditure requirements for the year ended 31 March 2023 and 31 March 2022.

There are no minimum spend requirements in relation to any of Iris Metals BLM claims in South Dakota.

There are no other contractual commitments or contingent liabilities at 31 March 2023 (31 March 2022: none).

**Note 17. Related party transactions**

*Parent entity*

IRIS Metals Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 20.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 14 and the remuneration report included in the directors' report.

**IRIS Metals Limited**  
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**Note 17. Related party transactions (continued)**

*Transactions with related parties*

During the year ended 31 March 2023 the following related party transactions occurred:

- Newburyport Partners Pty Ltd, a related entity of Peter Ashley Marks, was paid \$8,000 (excluding GST) for office rent costs and contribution of office fit out. The rental agreement is at current market terms and it is deemed at arm's length.
- Ledger Holdings Pty Ltd, a related party of Levi Mochkin (Business Development Manager) who is considered a related party due to significant shareholdings was paid or issued the following:
  - \$42,000 (excluding GST) for business development services. This agreement is at current market terms and it is deemed at arm's length.
  - On 11 July 2022, 6,000,000 options were granted as consultancy fees with an exercisable price of \$0.40, expiring on 31 July 2025. The options vest over the minimum termination period of 3 months from grant date.
  - On 11 July 2022, 3,000,000 options were granted as consultancy fees with an exercisable price of \$nil, expiring on 31 July 2025. The options will vest in 2 equal tranches upon 1 and 2 years continuous service from grant date.
  - On 5 October 2022, 1,500,000 shares at \$1.23 (\$1,845,000) were issued for business development services.
  - Consultancy fees associated with the granting of options for business development purposes were expensed through Share Based Payments amounting to \$1,563,598 (note that these are non-cash transactions please refer to note 5).

*Receivable from and payable to related parties*

As at 31 March 2023 the trade payables to related parties are as follows:

- Newburyport Partners Pty Ltd, a related entity of Peter Ashley Marks, was owed \$4,000 (including GST) for office rent costs. The rental agreement is at current market terms and it is deemed at arm's length..

There were no other trade receivables from or trade payables to related parties at the reporting date.

*Payable to/from related parties*

As at 31 March 2023 loan payable to related parties are as follow:

- Damien Henderson loaned Lotus Minerals LLC \$72,530. The loan is deemed at arm's length.
- Directors fees of \$200,833 (refer note 7) is owed at year end, including
  - Talpan 2 Pty Ltd, a related entity of Tal Paneth, is owed \$75,000 at year end.
  - Lampam Pty Ltd, a related party of Peter Marks is owed \$75,000 at year end.
  - CCSM, a related entity of Chris Connell, is owed \$20,833 at year end.
  - Simon Lill is owed \$30,000 at year end.
- Ledger Holding Pty Ltd, a related entity, is owed \$23,100 at year end.

There were no other loans payable to or receivable from related parties at the reporting date.

**Note 18. Parent entity information**

*Statement of profit or loss and other comprehensive income*

	2023 \$	Restated 2022 \$
Loss after income tax	<u>(17,624,947)</u>	<u>(1,887,659)</u>
Total comprehensive income	<u>(17,624,947)</u>	<u>(1,887,659)</u>

**IRIS Metals Limited**  
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**Note 18. Parent entity information (continued)**

	<b>2023</b>	<b>Restated 2022</b>
	\$	\$
Total current asset	743,657	4,355,920
Total non-current asset	7,644,298	3,049,209
Total current liabilities	<u>(715,868)</u>	<u>(199,214)</u>
Net asset	<u>7,672,087</u>	<u>7,205,915</u>
Issued capital	16,875,203	8,563,117
Reserves	10,459,211	680,178
Accumulated losses	<u>(19,662,327)</u>	<u>(2,037,380)</u>
Total equity	<u>7,672,087</u>	<u>7,205,915</u>

*Guarantees entered into by the parent entity in relation to the debts of its subsidiaries*

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 March 2023 (31 March 2022: none).

*Contingent liabilities*

The parent entity had no contingent liabilities as at 31 March 2023 (31 March 2022: none).

*Capital commitments - Property, plant and equipment*

The parent entity had no capital commitments for property, plant and equipment as at 31 March 2023 (31 March 2022: none).

*Significant accounting policies*

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

**IRIS Metals Limited**  
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**Note 19. Acquisition of subsidiary**

On 15 June 2022, the consolidated entity acquired 100% of highly prospective and strategic hard rock lithium projects through the acquisition of White Rock, L.L.C. ('White Rock') in the Tier-1 Jurisdiction of South Dakota, USA (the 'acquisition'). White Rock now forms part of the consolidated entity through 100% ownership by BH Exploration Pty Ltd, a wholly owned subsidiary of IRIS Metals Limited.

The total consideration transferred for the acquisition is as follows:

- USD\$100,000 cash consideration.
- Up to USD\$300,000 of cash reimbursements, based on the provision of approved receipts.
- 4,000,000 fully paid ordinary shares at a fair value of \$0.63 per share, which are escrowed for 2-years from the date of issue.
- Net smelter return (NSR) royalty of 1.25%.

The equity consideration transferred relating to the acquisition has been treated as a share-based payment under AASB 2: *Share-based payment*, recorded as exploration and evaluation costs and the cash consideration transferred has been treated as exploration and evaluation costs. This is not considered a business combination under AASB 3: *Business combinations*. White Rock contained no substantive processes, as the value was substantially derived from the tenements held. There were no firm contracts with either suppliers or customers in place on the acquisition date.

Prior to the date of the acquisition, the consolidated entity made cash payments to the White Rock vendor as reimbursements for costs incurred prior to the acquisition. The amount and nature of these reimbursements were agreed as part of the share sale agreement and related primarily to staking activities in South Dakota and has been treated as exploration and evaluation costs.

Details of the acquisition are as follows:

	<b>Fair value</b> <b>\$</b>
Cash and cash equivalents	1,000
Acquisition-date fair value of the total consideration transferred	<u>1,000</u>
Representing:	
Ordinary shares in IRIS Metals Limited, recorded as an exploration and evaluation cost	2,520,000
Cash consideration paid, recorded as an exploration and evaluation cost (translated from USD)	<u>139,055</u>
Total consideration transferred	<u><u>2,659,055</u></u>

**Note 20. Interests in subsidiaries**

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

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>2023</b> %	<b>2022</b> %
Lofasz Pty Ltd	Australia	100.00%	100.00%
BH Exploration Pty Ltd	Australia	100.00%	100.00%
Iris Mineral Inc	United States	100.00%	-
White Rock LLC	United States	100.00%	-
Longview Mineral LLC*	United States	100.00%	-

\* acquired subsequent to year end. refer note 21 for details of acquisition



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**Note 21. Events after the reporting period**

On 18 April 2023, the consolidated entity issued a prospectus (and supplementary prospectus 2 June 2023) where it intended to raise \$15,000,000 through the issuance of 15,000,000 shares at an issue price of \$1.00 per share and 7,500,000 options exercisable at \$1.50 per option expiring on 14 June 2025. The consolidated entity also intended to issue 5,500,000 shares to Jasdak in consideration for the acquisition of 100% of the issue capital in Longview LLC (which holds Longview and Beecher patented claims) in accordance with the Longview sale and purchase agreement and 4,000,000 shares to Schad in consideration for the acquisition of the Edison Patented Claim and 313 bureau of land management claims, in accordance with the Schad HOA.

On 5 May, 2023, the Company held an Extraordinary General Meeting (EGM) in which the following 16 resolutions were voted in favour by Iris Metals Limited shareholders:

1. Change in nature and scale of activities including proposed acquisitions.
2. Issuance of share and options to Jasdak Pty Ltd in consideration for proposed acquisition of Longview Minerals LLC.
3. Issuance of shares to Schad Investments llc for the proposed acquisition of the Edison Claim.
4. Issuance of shares to Cody Schad in consideration for the proposed acquisition of BLM claims.
5. Issuance of shares and options pursuant to the public offer.
6. Approval to issue options to the Lead Manager.
7. Appointment of director – Bruce Smith.
8. Issuance of performance rights to related party – Peter Marks.
9. Issuance of performance rights to related party – Simon Lill.
10. Issuance of performance rights to related party – Christopher Connell.
11. Issuance of performance rights to related party – Bruce Smith.
12. Issuance of performance rights to related party – Damien Henderson.
13. Ratification of prior issue of shares and options - pre-emptive raise.
14. Ratification of prior issue of lead manager options issued under pre-emptive raise.
15. Adoption of employee securities incentive plan.
16. Increase in total aggregate remuneration for non-executive directors.

On 15 June 2023, the Company appointed Bruce Smith as non-executive director.

On 14 June 2023, the consolidated entity raised \$15,000,000 pursuant to the offer under its prospectus dated 18 April 2023, as supplemented by the supplementary prospectus dated 2 June 2023, by the issue of 15,000,000 shares at an issue price of \$1.00 per share and 7,500,000 options exercisable at \$1.50 per option expiring on Saturday, 14 June 2025. The Company issued 750,000 options exercisable at \$1.50 per option expiring 14 June 2025 to Brokers to the capital raise.

On 14 June 2023, the consolidated entity completed the acquisition of Longview Minerals LLC following issuance of 5,500,000 shares and 2,500,000 options exercisable at \$1.50 per options expiring 14 June 2026 to Jasdak in consideration for the acquisition of 100% of the issue capital in Longview LLC.

On 14 June 2023, the Company completed the acquisition of the Edison patented claim and 313 BLM claims following issuance of 4,000,000 shares to Schad in consideration for the acquisition of the Edison Patented Claim.

On 14 June 2023, the consolidated entity issued 12,000,000 performance rights further to the 5 May 2023 EGM.

On 21 June 2023 the Company was re-quoted on the ASX following re-compliance with Chapters 1 & 2 of the ASX listing rules following its voluntary suspension on 23 December 2022.

On 29 June 2023, the consolidated entity announced the appointment of Harvis Advisers, led by Mr Kelvin Flynn, as strategic and corporate advisor to assist with the progression of its South Dakota lithium projects in the USA.

The main terms of the engagement are as follows:

- Incentive fee of 300,000 shares to be issued 18 months from commencement;
- Immediate issue of:
  - o 300,000 options exercisable at \$1.50 each on or before 36 months from issue and vesting once the 30 day VWAP exceeds \$2.00;
  - o 300,000 options exercisable at \$2.00 each on or before 36 months from issue and vesting once the 30 day VWAP exceeds \$2.50; and
  - o 300,000 options exercisable at \$2.50 each on or before 48 months from issue and vesting once the 30 day VWAP exceeds \$3.00.

**IRIS Metals Limited**  
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**Note 21. Events after the reporting period (continued)**

- Either party can terminate by giving 30 days written notice;
- No retainer or cash paid fees;
- Harvis and related entities have subscribed through the IPO Prospectus for 150,000 shares;

No other matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect the consolidated entity.

**Note 22. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the period	(12,127,412)	(1,896,578)
Adjustments for:		
Depreciation and amortisation	10,513	4,426
Share-based payments	9,893,592	385,112
Issue of equity - transaction costs	-	469,072
Change in operating assets and liabilities:		
(Increase)/decrease in other receivables	6,421	(36,394)
(Increase)/decrease in other assets	43,971	(132,982)
Increase in trade and other payables	386,263	58,000
(Decrease) in provisions	-	(110,000)
Increase in employee benefits	6,885	13,661
Net cash used in operating activities	<u>(1,779,767)</u>	<u>(1,245,683)</u>

**Note 23. Earnings per share**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of IRIS Metals Limited	<u>(12,127,412)</u>	<u>(1,896,578)</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(12.59)	(2.67)
Diluted earnings per share	(12.59)	(2.67)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>96,392,137</u>	<u>71,098,356</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>96,392,137</u>	<u>71,098,356</u>

**Diluted earnings per share**

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares. Potential ordinary shares are treated as dilutive only when their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Options and performance rights held over ordinary shares would decrease the loss per share reported above and hence, have been treated as antidilutive.

**IRIS Metals Limited**  
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**Note 24. Share-based payments**

*Unlisted options*

During the period, the following unquoted securities were issued:

2023

Grant date	Expiry date	Exercise price	Type	Granted	Conditions
13/05/2022	12/05/2027	\$0.00	Performance rights	1,000,000	Vesting within 10 business days of the Company announcing a drilling intercept on any of the tenements held by White Rock L.L.C. of not less than 10m at 1.25% Li2O within 5 years from the completion date of the issue date.
15/08/2022	15/09/2024	\$0.00	Options	2,000,000	Vesting in 2 equal tranches upon 1 and 2 years continuous service from grant date.
15/08/2022	31/07/2025	\$0.40	Options	1,500,000	Vesting in 2 equal tranches upon signing the consulting agreement and 6 months of continuous service.
02/06/2022	31/07/2025	\$0.40	Options	4,000,000	Vesting in connection with the successful placement of shares on 2 June 2022
15/08/2022	31/07/2025	\$0.40	Options	5,000,000	Vesting over the 12-month period from grant date, during which consultancy services are provided.
11/07/2022	31/07/2025	\$0.40	Options	6,000,000	Vesting over the minimum termination period of 3 months from grant date.
11/07/2022	31/07/2025	\$0.00	Options	3,000,000	Vesting in 2 equal tranches upon 1 and 2 years continuous service from grant date.
30/08/2022	31/07/2025	\$0.40	Options	2,000,000	Vesting in 2 tranches, upon issue and upon 12 months of continuous service.
30/08/2022	31/07/2025	\$0.00	Options	5,000,000	Vesting in 3 tranches, upon continuous service from grant date until 12 July 2023, 12 July 2024 and 12 July 2025.
31/01/2023	31/01/2026	\$1.20	Options	500,000	granted as cost of capital to Jett Capital Advisor LCC under Pre-emptive raise
31/01/2023	31/01/2025	\$1.50	Options	750,000	granted to Waratah under pre-emptive raise, expiring on 31 January 2025
				<u>30,750,000</u>	

**IRIS Metals Limited**  
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**Note 24. Share-based payments (continued)**

Set out below are summaries of options on issue as at 31 March 2023:

2023

Grant date	Expiry date	Exercise price	Balance at the start of the period	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the period
28/02/2021	15/09/2024	\$0.00	1,250,000	-	-	-	1,250,000
15/09/2021	15/09/2024	\$0.40	2,500,000	-	-	-	2,500,000
15/10/2021	15/10/2024	\$0.40	1,000,000	-	-	(500,000)	500,000
13/05/2022	12/05/2027	\$0.00	-	1,000,000	-	-	1,000,000
15/08/2022	15/09/2024	\$0.40	-	2,000,000	-	-	2,000,000
15/08/2022	31/07/2025	\$0.00	-	1,500,000	-	-	1,500,000
02/06/2022	31/07/2025	\$0.40	-	4,000,000	-	-	4,000,000
15/08/2022	31/07/2025	\$0.40	-	5,000,000	-	-	5,000,000
11/07/2022	31/07/2025	\$0.40	-	6,000,000	-	-	6,000,000
11/07/2022	31/07/2025	\$0.00	-	3,000,000	-	-	3,000,000
30/08/2022	31/07/2025	\$0.40	-	2,000,000	-	-	2,000,000
30/08/2022	31/07/2025	\$0.00	-	5,000,000	-	-	5,000,000
30/08/2022	31/01/2026	\$1.20	-	500,000	-	-	500,000
31/01/2013	31/01/2025	\$1.50	-	750,000	-	-	750,000
			4,750,000	30,750,000	-	(500,000)	35,000,000

\$8,623,315 (2022: \$385,112) was recognised as share-based payments expense in the consolidated statement of profit or loss for the year ended 31 March 2023 in relation to options noted above, and \$1,155,745 (2022: \$154,866) was recognised as costs of capital raising.

For the options granted during the current financial period, the valuation model (Black-Scholes model) inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
13/05/2022	12/05/2027	\$0.63	\$0.00	127.57%	-	3.39%	\$0.630
15/08/2022	15/09/2024	\$0.65	\$0.00	127.57%	-	3.39%	\$0.645
15/08/2022	31/07/2025	\$0.65	\$0.40	127.57%	-	3.39%	\$0.516
02/06/2022	31/07/2025	\$0.32	\$0.40	127.57%	-	3.39%	\$0.233
15/08/2022	31/07/2025	\$0.65	\$0.40	127.57%	-	3.39%	\$0.516
11/07/2022	31/07/2025	\$0.27	\$0.40	127.57%	-	3.39%	\$0.188
11/07/2022	31/07/2025	\$0.27	\$0.00	127.57%	-	3.39%	\$0.270
30/08/2022	31/07/2025	\$1.23	\$0.40	127.57%	-	3.39%	\$1.061
30/08/2022	31/07/2025	\$1.23	\$0.00	127.57%	-	3.39%	\$1.230
31/01/2023	31/01/2026	\$0.85	\$1.20	92.63%	-	3.54%	\$0.447
31/01/2023 *	31/01/2025	\$0.85	\$1.50	NA	-	NA	\$0.000

\* free attaching options issued as part of the pre-emptive capital raise

**IRIS Metals Limited**  
**Directors' declaration**  
**31 March 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



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Tal Paneth  
Director



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Peter Ashley Marks  
Director

30 June 2023

**IRIS Metals Limited**  
**Independent auditor's report to members**

**REPORT ON THE AUDIT OF THE FINANCIAL REPORT**

**Opinion**

We have audited the financial report of IRIS Metals Limited (the Company) and its subsidiaries (together, the consolidated entity), which comprises the consolidated statement of financial position as at 31 March 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- i. giving a true and fair view of the consolidated entity's financial position as at 31 March 2023 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

**Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the consolidated entity 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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Key Audit Matters

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

<b>CHANGE IN ACCOUNTING POLICY</b>	
<b>Area of focus</b> <b>Refer also to notes 1, 3 and 6</b>	<b>How our audit addressed it</b>
<p>The consolidated entity has changed its accounting policy during the year to capitalise its exploration and evaluation costs as opposed to expensing these costs as it had previously done in line with AASB 6.</p> <p>This has resulted in a restatement of the comparative information presented in the financial report with a total of \$9,060,981 capitalised during the year.</p> <p>There is a risk that the restatement is not fully understood within the context of the financial information presented and in comparison, to the previous financial year's results under a different accounting policy. This has required significant auditor attention to ensure that the amounts restated are correct and that the impact of the change in accounting policy has been disclosed appropriately. Therefore, we considered this to be a key audit matter.</p>	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> <li>— Vouching the capitalized exploration and evaluation costs to supporting documentation without exception;</li> <li>— Assessing management's assertion that the change in accounting policy results in the financial statements providing relevant and more reliable information;</li> <li>— Assessing the amounts to be restated between costs capitalised in the respective periods; and</li> <li>— Assessing the adequacy of disclosures in the financial report relating to the restatement of comparative information.</li> </ul>
<b>SHARE-BASED PAYMENTS</b>	
<b>Area of focus</b> <b>Refer also to notes 1, 11, 24 and the Remuneration Report</b>	<b>How our audit addressed it</b>
<p>The consolidated entity has incurred share-based payments expenses during the year as a result of options and performance rights issued to key management personnel and brokers during the year.</p> <p>There is a risk that the consolidated entity may not have valued these equity instruments appropriately and that the expense due to be recognised from these equity instruments issued during the year is incorrect. Therefore, we considered this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>— Understanding the terms of the options and performance rights being issued including the number of options and performance rights issued, grant date, expiry date, exercise price and the presence of any market or non-market conditions;</li> <li>— Assessing the Black Scholes models used by management to determine the valuation of the options and examining the key inputs used in the model;</li> <li>— Recalculating the expense recognised during the year in line with the terms of the options and performance rights; and</li> </ul>

SHARE-BASED PAYMENTS	
Area of focus Refer also to notes 1, 11, 24 and the Remuneration Report	How our audit addressed it
The zero exercise priced options issued to key management personnel was valued using the share price on grant date whilst a Black Scholes model was used to value non-zero priced options issued as they did not contain any market vesting conditions.	<ul style="list-style-type: none"> <li>— Assessing the adequacy of the consolidated entity's disclosures in the financial report.</li> </ul>
ACQUISITION OF SUBSIDIARY	
Area of focus Refer also to note 19	How our audit addressed it
<p>The consolidated entity completed the acquisition of White Rock L.L.C during the year with consideration transferred being in the form of cash and equity.</p> <p>There is a risk that the consolidated entity may not have accounted for the acquisition as either an asset acquisition or business combination. It has been determined that the acquisition should be accounted for as an asset acquisition. Therefore, we considered this to be a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>— Obtaining a copy of the share sale agreement, reviewed and summarised the key terms of the sale;</li> <li>— Agreeing the consideration paid and equity issued to settle the transaction to supporting documentation;</li> <li>— Assessed whether White Rock L.L.C met the definition of a business under AASB 3 to determine whether the application of this standard was applicable; and</li> <li>— Assessing the adequacy of the consolidated entity's disclosures in the financial report.</li> </ul>

## Other Information

The directors are responsible for the other information. The other information comprises the information in the consolidated entity's annual report for the year ended 31 March 2023, but does not include the financial report and the auditor's report thereon.

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

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

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

## Responsibilities of the Directors for the Financial Report

The directors of the consolidated entity 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 consolidated entity 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 consolidated entity or to cease operations, or has no realistic alternative but to do so.

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

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

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

[https://www.auasb.gov.au/admin/file/content102/c3/ar1\\_2020.pdf](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf)

This description forms part of our independent auditor's report.

## Report on the Remuneration Report

### Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 31 March 2023. In our opinion, the Remuneration Report of IRIS Metals Limited, for the year ended 31 March 2023, complies with section 300A of the *Corporations Act 2001*.

### Responsibilities

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

Yours sincerely



**William Buck Audit (Vic) Pty Ltd**

ABN 59 116 151 136



**N. S. Benbow**

Director

Melbourne, 30 June 2023

**IRIS Metals Limited**  
**Shareholder information**  
**31 March 2023**

The shareholder information set out below was applicable as at 20 June 2023.

**Corporate Governance Statement**

The company's corporate governance statement is located at the company's website:

<https://www.irismetals.com/>

**Distribution of equitable securities**

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

	Ordinary shares		Options over ordinary shares		Performance rights over ordinary shares	
	Number of holders	% of total shares issued	Number of holders	% of total shares issued	Number of holders	% of total shares issued
1 to 1,000	108	0.05	193	0.43	-	-
1,001 to 5,000	371	0.89	135	0.93	-	-
5,001 to 10,000	136	0.92	23	0.45	-	-
10,001 to 100,000	288	8.70	74	5.44	-	-
100,001 and over	125	89.44	28	92.75	6	100.00
	<u>1,028</u>	<u>100.00</u>	<u>453</u>	<u>100.00</u>	<u>6</u>	<u>100.00</u>
Holding less than a marketable parcel at \$1.16 (share)	<u>37</u>	<u>0.01</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Equity security holders**

	Ordinary Shares	Ordinary Shares
	Number held	% of total shares issued
Tal Paneth	30,000,000	23.89%
Schad Group	8,000,000	6.37%
Mochkin Group	6,500,000	5.18%
Lieberman Group	6,486,100	5.16%
Invl Group Pty Ltd (client holding a/c)	3,850,000	3.07%
Mr Simon Lill	3,750,000	2.99%
Vincent Corp Pty Ltd (the V Barbagallo family a/c)	2,405,000	1.92%
Peter Ashley Marks	2,200,000	1.75%
Electrification and Decarbonization AIE LP	2,000,000	1.59%
Mr Ross Frederick Crew	1,751,342	1.39%
John W King Nominees Pty Ltd	1,744,000	1.39%
UBS Nominees Pty Ltd	1,585,573	1.26%
Scotia Capital Inc (Electric & Decarboniz A/C)	1,500,000	1.19%
KLI Pty Ltd (The T Teh's family a/c)	1,460,000	1.16%
HSBC Custody Nominees (Australia) Limited	1,351,661	1.08%
Mr Justin John McNicol (JM Investment a/c)	1,344,004	1.07%
Mr Dominic Virgara	1,300,000	1.04%
Lead Nation Holdings Limited	1,268,375	1.01%
Mr Gregory John Howe & Ms Tracie Lee Vella (Tag Super Fund A/C)	1,240,000	0.99%
Sangreal Investments Pty Ltd	<u>1,115,000</u>	<u>0.89%</u>
	<u>80,851,055</u>	



**IRIS Metals Limited**  
**Shareholder information**  
**31 March 2023**

**Substantial holders**

	<b>Ordinary Shares</b>	<b>% of total Shared issued</b>
	<b>Number of Shares</b>	<b>%</b>
Tal Paneth	30,000,000	23.89%
Cody Schad*	8,000,000	6.37%
Boris Liberman	7,586,100	6.04%
Lisa Mochkin*	6,500,000	5.18%

\* No substantial holder lodgement as yet however understanding based on prospectus dated 18 April 2023

**Voting rights**

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

*Ordinary shares*

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

There are no other classes of ordinary equity securities.

**Restricted securities**

Of the 125,580,000 shares on issue:

- 4,000,000 shares are escrowed until 14 June 2024;
- 36,350,000 shares are escrowed until 23 September 2023; and
- 5,500,000 shares are escrowed until 21 June 2025.
- 1,000,000 shares are voluntarily escrowed until 15 August 2023
- 60,000 shares are voluntarily escrowed until 26 September 2023
- 4,000,000 shares are voluntarily escrowed until 15 June 2024

Of the 44,750,000 options on issue:

- 3,750,000 options are escrowed until 23 September 2023.
- 4,750,000 options are escrowed till 21 June 2025

Of the 13,000,000 performance right on issue:

- 12,000,000 performance right are escrowed till 21 June 2025

**On-Market Buyback**

There is no current on-market buyback.

**Use of Funds**

Since admission to the ASX on 21 September 2021 and from re-compliance on 21 June 2023, the company has used its cash in a way that is consistent with its business objective.

**Annual General Meeting**

The company advises that the Annual General Meeting (AGM) of the company is scheduled for 30 August 2023. Details of the meeting will be provided at a later date.

Further to Listing Rule 3.13.1 and Listing Rule 14.3, nomination for election of directors at the AGM must be received not less than 35 Business Days before the meeting, being no later than 12 July 2023.