NORTHAM
RESOURCES

ABN 57 619 335 321

Financial Statements
For the year ended 30 June 2023

Contents

Message from the Chairman

Dear Shareholders,

Thank you for your overwhelming support of Northam Resources Ltd (**Northam** or the **Company**).

As the 2023 financial year (**FY23**) closes, and I reflect on the last 12 months, it has certainly been an interesting journey. We submitted a prospectus for listing on the ASX in October 2022, having delayed the application in order to complete the initial Bolgart JV and Farm-in Agreement with Chalice Mining Ltd (**Chalice**). In hindsight, equity capital markets in Australia had already begun to decline earlier in FY23, and support initial public offerings declined rapidly, particularly for early-stage exploration despite the quality of Northam's land package. Based on the prevailing conditions, it was decided unanimously to withdraw the prospectus, and wait for markets to improve. While it is never an easy decision to withdraw a prospectus, the majority of junior companies that did list during 2022, have experienced significant erosion of shareholder value since their IPOs. We are fortunate to have avoided this value destruction at Northam.

During the second half of FY23, market conditions continued to decline, and all costs that could be removed from the business were. All of the Company's Directors stopped receiving fees, and a convertible note process was initiated to provide sufficient working capital for business operations. We are grateful to a number of major shareholders, as well as a few new investors, for their support during this period.

While capital markets have yet to significantly improve, particularly for junior exploration companies, the Company's fortunes did improve markedly during the second half of FY 2023. Following several months of discussions and negotiations, a second agreement with Chalice to farm into Northam's remaining exploration portfolio was concluded.

The details of both agreements are available on the Company's website. In summary, and assuming that both agreements are completed in their entirety (i.e., through all stages), then Chalice will be required to spend approximately $21 million on in-ground exploration, plus issue the Company a total of $3.5 million in cash and Chalice shares. On completion, Chalice will own a 70% interest (75% for Bolgart) in Northam's tenements, with the remaining 30% (25% for Bolgart) to provide Northam Shareholders with significant value upside exposure that may result from an exploration discovery.

Post execution of these agreements, the Company has cleared all material liabilities from its balance sheet, including convertible noteholders, and now has sufficient cash to maintain the business. The majority of fixed costs, including property leases at Northam and Ardross have, or soon will be, removed. Our CEO Craig Moulton and Exploration Manager John Harris were made redundant.

The Board will focus on managing the JV with Chalice, as well as looking for new flagship assets to support the Company's future IPO, as market conditions improve.

On behalf of your Board, I would like to thank you again for your patience and support this year. The Company is well positioned for the future, and I look forward to keeping you informed as our plans unfold.

Mat Longworth
Chairman

Directors' Report

The names and details of the Company's directors in office during the financial year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Directors

The names of the Directors in office at any time during or since the end of the year are:

Name	Position	Term
Mr Mathew Longworth	Non-executive Chairman	Appointed 5 March 2021
Mr Edward Grieve	Non-executive Director	Appointed 1 June 2023, resigned 25 October 2023
Mr Danny Hanna	Non-executive Director	Appointed 15 July 2019
Mr James Larkham	Non-executive Director	Appointed 9 July 2018

Mr Mathew Longworth – Non-Executive Chairman (appointed 5 March 2021)

Mr Longworth is an experienced geologist and mining executive with over 33 years experience across large projects, exploration and discoveries. He holds over 20 years of board level experience, and his areas of expertise include exploration, due diligence, operational audits, and mining asset valuation, covering gold, nickel, iron ore, base metals and coal.

Mr Longworth has held Exploration Manager, Chief Operations Officer, Managing Director and Chief Executive Officer roles with Heron Resources Limited (ASX: HRR). He has also served as General Manager of a national mining consulting firm, and as an Independent Mining Consultant with a small funds management firm. He has led expert evidence on exploration, valuation and due diligence in matters before the Federal Court and Administrative Appeals Tribunal. He also holds significant gold, copper, nickel (sulphide and laterite), base metals, iron ore and coal experience in Australia, Greenland, Africa, South America and the Pacific.

Mr Longworth is currently non-executive chairman of ASX listed Ardea Resources Limited (ASX:ARL) and public unlisted Greenfields Exploration Limited as well as non-executive director of Asra Minerals Limited (ASX:ASR). He was also non-executive chairman of Echo Resources Limited from 2012 to 2016 and non-executive chairman of Metalicity Limited (ASX:MCT) from July 2019 to May 2021.

Mr Edward Grieve – Non-executive Director (appointed 1 June 2023, resigned 25 October 2023)

Mr Grieve is a Non-Executive Director, who retired from the Australian Stock Exchange (ASX) in 2021. His career with the ASX spanned over 40 years, most recently as General Manager Listings and Issuer Services, where he was responsible for promoting ASX listing, and assisting companies with the listing process.

Prior to that, Eddie held senior management positions in ASX listings Compliance, where he was responsible for ASX listings admissions, listing rule compliance, and listing policy development. He also held senior roles in ASX Equity Market Operations. During his time at the ASX he also served on several important decision-making bodies including the ASX Listing Review Panel and the S&P/ASX Index committee.

Mr Grieve holds a Bachelor of Commerce (Legal), Economics and Law, and is a Graduate Member of the AICD. He brings a wealth of knowledge and experience in all areas of capital markets for listed companies including listings, capital raising including IPOs, primary and secondary capital raisings, major transactions, and corporate disclosure.

Mr Danny Hanna – Non-executive Director (appointed 15 July 2019)

Mr Hanna is a Member of the Australian Institute of Company Directors and has 30 years of extensive experience in the property development and construction industry. Mr Hanna is the founder of Hannas Group of Companies, a privately owned property and civil infrastructure company.

Mr Hanna has been involved in the construction and management of a wide and diverse range of significant infrastructure projects, including major substations, chemical dosing plants, roads, water treatment plants, major oil and gas facilities, and has been involved in the construction and management of large waste recycling facilities, major residential developments as well as commercial and industrial properties.

Mr Hanna has successfully overseen exponential growth of his business in the past 30 years and has developed Hannas Group of Companies into a dynamic, diversified and respected company within the industry.

Mr James Larkham – Non-executive Director (appointed 9 July 2018)

Mr Larkham is a knowledgeable strategic professional who holds a bachelor's degree in Civil Engineering and is a member of the Australian Institute of Company Directors. Mr Larkham has extensive operational experience working for tier one mining and infrastructure companies.

Mr Larkham is a highly numerate individual with a strong academic grounding, who thrives in high-pressure environments and under tight deadlines. Mr Larkham has proven career experience using astute financial acumen, strategic planning and resolute decision making to surpass targets and constantly achieve successful results. Mr Larkham has the character and decorum to stand behind ethical decisions and promote fair and impartial engagement in the company and shareholders' best interests.

Company Secretary

Mr Patrick Soh (appointed 23 February 2023)

Mr Soh is a CPA with a Bachelor of Business from Curtin University and has 28 years of experience in financial strategies, analysis and governance with both international and Australian companies.

He has worked across multiple industry sectors including, mining, exploration, automotive manufacture and energy market operators. He has extensive experience in financial risk foresight. Mr Soh is also the CFO for the Australian Silica Quartz Group Ltd.

Ms Kate Stoney (appointed 1 February 2022, resigned 23 February 2023)

Principal Activity

The principal activity of the Company is exploration for mineral resources.

Directors' Meetings

During the year the Company held twelve Board meetings. Board decisions were also undertaken via circular resolutions signed by all Directors entitled to vote.

Director	Eligible to Attend	Attended
Mat Longworth	12	12
Eddie Grieve	1	1
Danny Hanna	12	12
James Larkham	12	12

Review of operations and financial results

The Company continued to explore its tenement packages in the Northam region of Western Australia.

Significant gains in geological understanding and prospectivity were made by the Company's exploration team, as soil results and rock chip assay data were integrated with the company's Airborne EM and available aeromagnetic data. A summary of these results includes:

- On ground exploration continued to demonstrate large-scale prospectivity for Ni-Cu-PGE intrusive-style mineralisation.
- Mafic / Ultramafic rocks, and associate anomalous geochemistry, were identified over an extensive corridor from Yerricoin North down to Mt Dick, often with ultramafic rocks visible at surface as float or outcrop.
- Soils samples at the new KL Bulldog prospect identified a large chrome anomaly associated with the high tenor Ni-Co-Cu-Cr rock chips.
- In total, over 40 prospects have been identified within the project portfolio, and to date only a few of these have been extensively sampled.

Following the execution of the two joint venture agreements mentioned above, Chalice also commenced detailed exploration activity at the Bolgart prospect, and commenced some preparatory works at other prospects. This work included:

Bolgart

- 210 ground gravity stations were acquired with a spacing of 400m x 100m.
- 5 lines (117 stations) of MLEM (Moving Loop Electromagnetic) data were acquired.
- 7 discrete EM conductors were modelled, three with a conductance of greater than 2000 Siemens and one with a conductance of 4000 siemens.
- 352 soil samples were collected and processed using the CSIRO ultrafine fraction method.
- Further Fixed Loop EM data (96 stations) were collected over the Bolgart eastern ultramafic.
- 3 exploration diamond-core holes were drilled to test Ni-Cr anomalism associated with Gonneville-like ultramafic float. Some assays are still pending.

Other Tenements

Since the end of the financial year, Chalice has also commenced the following exploration activities over the borader portfolio:

- Commenced a detailed aeromagnetic survey over Northam's entire tenement portfolio.
- Collected 333 hand auger samples over targets on E70/5150 and E70/5149.
- Submitted 515 auger soil samples at Howard, Bagshaw and Chamberlain prospects, previously collected by Northam.
- Completed 53 out of a planned 105 roadside visits, identifying 7 newly recognised ultramafic occurrences that are associated with aeromagnetic anomalies.
- Relogged and resampled 12 diamond-core holes at Yerecoin North, identifying three different ultramafic units.

All assays are pending.

During the year, the Company recorded an operational loss of $648,316 (2022: $1,872,599).

Significant events after the reporting date

No matters or circumstance have arisen since 30 June 2023 which significantly affected or could significantly affect the operations of the consolidated group in future financial years except for the following:

- On 21 July 2023 the Company announced that it has recently signed an Earn-in Joint Venture Agreement (the CHN JV Agreement) with Chalice Mining Limited (Chalice or CHN). This Agreement provides the right for Chalice to explore NRL's tenement portfolio to earn up to a 70% interest over the next 8 years.

  This deal will deliver up to $20.6m in cash and expenditure value to NRL's shareholders, including a total of $150k in cash, up to $3.46m in cash or shares, and up to $17m in exploration expenditure. The final amounts are conditional on Chalice completing its Due Diligence, and completing both stages of the earn-in. It is also noteworthy that this agreement is in addition to the previously signed Bolgart Earn-in agreement1 worth up to $4m, and that both companies have agreed to terminate the previous $1m IPO Commitment Agreement.

- On 18 August 2023 Chalice Mining Limited (Chalice or CHN) advised NRL that all remaining conditions precedent under the Joint Venture Agreement with announced on 21 July 2023 were satisfied. This was the final requirement to bring the agreement into effect. As required, Chalice then issued 629,755 Chalice shares to NRL, which were in turn sold at an average price of $3.35 per share.

  The Company has two exploration agreements in place with Chalice, the first Bolgart Farm-in and JV Agreement was announced on the 28 October 2022. All of the Company's exploration tenements are covered by these two agreements
- Following the completion of the CHN JV Agreement, the Board provided Convertible Note subscribers an option to have their funds repaid with interest or convert a proportion to ordinary shares at $0.05 per share. There was $300,000 of Convertible Note subscribers of which $290,000 was repaid in cash and $10,000 was converted to shares.

Future development, prospects and business strategies

Subdued market conditions for junior mineral explorers have persisted since Quarter 3, 2022. This is reflected in both the few ASX IPOs completed this year, as well as major falls in the market capitalisation of most junior explorers and developers. Equity for mining exploration related companies has become very expensive, and therefore, not needing to raise funds in the current market is a significant advantage.

The Company is in an excellent position for the following reasons:

- All fixed costs have been either removed or reduced to a minimum to maintain cash for future exploration or commercial activities.
- Chalice is required to actively explore our JV tenements and must spend a minimum of $2m within the next 2 years. As a result, there are no direct exploration cash obligations.
- Should Chalice decide not to proceed after spending the $2m, they would retain no interest in the tenements.
- The agreement ensures funds are focused on in-ground exploration and all JV tenement tenements must be maintained in good standing.
- A material discovery by Chalice will provide NRL shareholders with significant value uplift.

The Board will continue to monitor for improving market conditions and will actively assess any potential acquisitions or other commercial options. The long-standing aim of listing the Company, subject to delivering fair value for existing shareholders, remains unchanged.

Environmental issues

The Company holds participating interests in a number of exploration tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. To the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' report.

Dividends paid or recommended

No dividends have been paid or declared since the start of the financial year and none are recommended.

Unissued shares under option

Unissued ordinary shares of Northam Resources Limited under option at the date of this report are:

Date options granted	Expiry date	Exercise price of shares ($)	Number under option
15 February 2021	15 February 2024	0.20	4,919,470
Total under option			**4,919,470**

All options expire on the earlier of their expiry date or termination of the employee's employment. These options were issued as described in Note 15 to the financial statements and have been allotted to individuals on condition detailed within Note 15. These options do not entitle the holder to participate in any share issue of the Company.

Indemnities given to, and insurance premiums paid for, auditors and officers

Insurance of officers

During the year, the Company paid a premium to insure officers of the Company. The officers of the Company covered by the insurance policy include all Directors.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else to cause detriment to the Company.

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify any current or former officer of the Company against a liability incurred as such by an officer.

Indemnity of auditors

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

Proceedings on behalf of Company

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

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 on page 7 and forms part of this Directors' Report.

Signed in accordance with a resolution of the Board of Directors.

Mat Longworth
Non-executive Chairman
31 October 2023

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

Auditor's Independence Declaration

To the Directors of Northam Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Northam Resources Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J C Esterhuizen
Partner – Audit & Assurance

Perth, 31 October 2023

For the year ended 30 June 2023

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023	2022
		$	$
Other revenue		12,000	-
Exploration expenditure		-	(369,495)
Employee benefits expense		(22,364)	(1,006,047)
Depreciation and amortisation		(142,970)	(55,371)
Administration costs		(692,479)	(389,995)
Gain on sale of assets		10,806	-
Share based payment expense		186,691	(51,691)
Loss before income tax		(648,316)	(1,872,599)
Income tax expense	5	-	-
Loss for the year		**(648,316)**	**(1,872,599)**
Other comprehensive income			
Other comprehensive loss for the year, net of income tax		-	-
Total other comprehensive loss for the year		**(648,316)**	**(1,872,599)**
Loss per share:			
Basic and diluted loss per share (cents)	23	**(0.01)**	**(0.01)**

This statement should be read in conjunction with the notes to the financial statements.

As at 30 June 2023

Statement of Financial Position

	Notes	2023 $	2022 $
Current assets			
Cash and cash equivalents	6	10,605	1,146,017
Other current assets	7	87,076	186,454
Total current assets		**97,681**	**1,332,471**
Non-current assets			
Property, plant and equipment	8	74,210	144,185
Exploration and evaluation assets	9	3,676,981	2,664,988
Right-of-use assets	11	116,998	199,813
Total non-current assets		**3,868,189**	**3,008,986**
Total assets		**3,965,870**	**4,341,457**
Current liabilities			
Trade and other payables	10	362,779	136,074
Lease liabilities	11	81,610	82,534
Employee benefits	12	47,448	29,435
Accrued expenses	13	208,158	212,680
Total current liabilities		**699,995**	**460,723**
Non-current liabilities			
Lease liabilities	11	38,340	118,192
Convertible notes	16	300,000	-
Total non-current liabilities		**338,340**	**118,192**
Total liabilities		**1,038,335**	**578,915**
Net assets		**2,927,535**	**3,762,542**
Equity			
Share capital	14	11,217,421	11,217,421
Share option reserve	15	442,752	641,485
Accumulated losses		(8,732,638)	(8,096,364)
Total equity		**2,927,535**	**3,762,542**

This statement should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2023

Statement of Changes in Equity

	Notes	Share capital	Share option reserves	Performance rights reserve	Accumulated losses	Total
		$	$	$	$	$
Balance at 30 June 2021		**11,509,896**	**454,794**	**135,000**	**(6,223,765)**	**5,875,925**
Loss for the year		-	-	-	(1,872,599)	(1,872,599)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(1,872,599)	(1,872,599)
Transactions with owners in their capacity as owners:						
Performance shares vested and issued	15	-	-	51,691	-	51,691
Share capital raising costs	14	(292,475)	-	-	-	(292,475)
Balance at 30 June 2022		**11,217,421**	**454,794**	**186,691**	**(8,096,364)**	**3,762,542**
Loss for the year		-	-	-	(648,316)	(648,316)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the year		-	-	-	(648,316)	(648,316)
Transactions with owners in their capacity as owners:						
Performance rights written back	15	-	-	(186,691)	-	(186,691)
Options expired	15	-	(12,042)	-	12,042	-
Balance at 30 June 2023		**11,217,421**	**442,752**	**-**	**(8,732,638)**	**2,927,535**

This statement should be read in conjunction with the notes to the financial statements.

For the year ended 30 June 2023

Statement of Cash Flows

	Notes	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		6,060	-
Payments to suppliers and employees		(371,949)	(620,950)
Payment for exploration expenditure		-	(1,236,471)
Net cash used in operating activities	20	**(365,889)**	**(1,839,421)**
Cash flows from investing activities			
Purchase of property, plant and equipment		-	(131,349)
Sale of property, plant and equipment		22,727	-
Exploration expenditure capitalised		(1,007,886)	(1,491,544)
Net cash used in investing activities		**(985,159)**	**(1,622,893)**
Cash flows from financing activities			
Proceeds from convertible notes		300,000	-
Cost of capital raising		-	(131,210)
Lease repayments		(84,364)	(17,251)
Net cash (used in) / from financing activities		**215,636**	**(148,461)**
Net change in cash and cash equivalents held		(1,135,412)	(3,610,775)
Cash and cash equivalents at beginning of financial year		1,146,017	4,756,792
Cash and cash equivalents at end of financial year	6	**10,605**	**1,146,017**

This statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

1 Nature of operations

The principal activities of the Company included the acquisition and exploration for mineral resources in a number of tenements in Western Australia.

2 General information and statement of compliance and going concern assumption

The general purpose financial statements of the Company have been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Compliance with Australian Accounting Standards results in full compliance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Northam Resources Limited is a for-profit entity for the purpose of preparing the financial statements.

Northam Resources Limited is an unlisted public company incorporated and domiciled in Australia. The address of its registered office and its principal place of business is 6 Kearns Cres, Ardross, WA 6153.

The financial statements for the year ended 30 June 2023 were approved and authorised for issue by the Board of Directors on 31 October 2023.

Going concern

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

The Company incurred a loss after tax for the year of $648,316 and had net cash outflows from operating activities and investing activities of $365,889 and $985,159, respectively. At the 30 June 2023 the Company had a working capital deficiency of ($602,314).

The Company announced on the 21 July 2023 and 18 August 2023 details regarding an Earn-in Joint Venture Agreement with Chalice Mining Limited, which was completed in the quarter to September 2023. This agreement has provided $2.27m in cash which combined with operating cash reductions, will allow the Company to continue as a going concern. The agreement provides for all tenement minimum exploration expenditures and reporting requirements to be met and allows for up to $17m of expenditure on Northam Resources tenements in the Earn-in Joint Venture Agreement.

The financial report to June 2023 may indicate a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial report does not include any adjustments relating to the recoverability or classification of recorded asset amounts, nor the amounts or classification of liabilities that might be necessary should the Company not be able to continue as a going concern.

3 Changes in accounting policies

New standards adopted as at 1 July 2022

The Company 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. There has not been any impact with the adoption of these new Accounting Standards and Interpretations.

Standards, New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet mandatory, have not been adopted early by the Company for the reporting period ended 30 June 2023. The Company is not aware of any new or amended Accounting Standards and Interpretations that are expected to materially impact the Company’s financial statements.

4 Statement of significant accounting policies

Basis of preparation

The Company's financial statements have been prepared on an accrual basis and under the historical cost convention except for the revaluation of investments. Monetary amounts are expressed in Australian Dollars (AUD) are rounded to the nearest whole dollar.

Significant accounting policies

Income tax

The income tax expense / (revenue) for the year comprises current income tax expense / (income) and deferred tax expense / (income). Current and deferred income tax expense / (income) is charged or credited directly to other comprehensive income instead of the profit or loss when the tax relates to items that are credited or charged directly to other comprehensive income.

Current tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities / (assets) are therefore measured at the amounts expected to be paid to / (recovered from) the relevant taxation authority.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur.

Deferred tax

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured at cost less depreciation and impairment losses.

The cost of fixed assets constructed within the Company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. Leased assets and leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the assets.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	*Depreciation rate*
Plant and equipment:	10% – 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting period date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of profit or loss and other comprehensive income.

When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Leased assets

The Company makes use of leasing arrangements principally for the provision of office rentals. The rental contracts for offices are typically negotiated for terms of between 2 and 3 years and some of these have extension terms. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation clauses.

The Company assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Company has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Company's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Company would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the Company.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Company's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

To respond to business needs, particularly in the demand for office space, the Company will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases. In some instances, the Company is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.

In other instances, the Company is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease, both of which were not part of the original terms and conditions of the lease. In these situations, the Company does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date the lease is effectively modified. For the reasons explained above, the discount rate used is the Company's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable.

The remeasurement of the lease liability is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Company has elected to account for short-term leases and leases of low-value assets using practical expedients. These leases relate to items of office equipment such as desks, chairs, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income. Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to executives & employees.

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

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

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

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

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

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

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

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

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company 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.

Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Exploration and evaluation assets

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises direct and indirect costs but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest. Exploration expenditure for each area of interest is carried forward as an asset provided the rights to tenure of the area of interest are current and one of the following conditions is met:

(i) The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and

(ii) Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration is written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned. Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. When facts and circumstances suggest that the carrying amount exceeds the recoverable amount the impairment loss will be measured and disclosed in accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument.

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

Classification and initial measurement

Financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI)

In the periods presented, the Company does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- the entity’s business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Subsequent measurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

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

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

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').
- 'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Companyuses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Classification and measurement of financial liabilities

The Company's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Estimation uncertainty

When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

Leases – determination of the appropriate discount rate to measure lease liabilities

As noted above, the Company enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Company uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over similar terms which requires estimations when no observable rates are available. The Company consults with its main bankers to determine what interest rate they would expect to charge the Company to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset.

The estimate is not revised in future periods.

Equity, reserves and dividend payments

Share capital represents the fair value of shares that have been issued. Any transaction costs associated with the issuing of shares are deducted from share capital, net of any related income tax benefits. Other components of equity include the following:

Share option reserve: comprises movements equity-settled share-based remuneration/payments for its employees and consultants.

Retained earnings include all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors that could impact the future recoverability include abandonment of area of interest, the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

Recognition of convertible notes

When convertible notes are issued, the fair value of the liability portion is determined by applying a discount rate to a net present value of the cash flows. When the net present value is less than the face value a residual equity portion is recognised.

5 Income tax expense

a) Income tax recognised in the Statement of Profit or Loss and other Comprehensive Income

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Northam Resources Limited at 25% (2022: 26%) and the reported tax expense in profit or loss are as follows:

	2023 $	2022 $
Loss before income tax expense	(648,316)	(1,872,599)
Domestic tax rate for Northam Resources Limited	25%	25%
Total current tax	(162,079)	(468,150)
Deferred income tax benefit/(expense):		
Deferred tax assets not brought to account	459,592	887,183
Deferred Tax Asset temporary differences not brought to account	(297,513)	(419,033)
Total income tax expense/(benefit)	**-**	**-**

(b) Deferred tax

Deferred tax relates to the following:		
Temporal differences - deferred tax assets	798,354	193,478
Temporal differences - deferred tax liabilities	(814,139)	(597,242)
Tax losses	2,675,722	2,216,131
Derecognition of deferred tax assets	(2,659,937)	(1,812,367)
	-	-)

Deferred tax assets have not been recognised in respect of tax losses amounting to $10,702,888 (2022: $8,864,525) because it is not probable that future taxable profit will be available against which the Group can use the benefits therefrom.

Recoverability of tax losses is subject to satisfying either the Continuity of Ownership Test or the Business Continuity Test in accordance with the tax legislation requirements.

6 Cash and cash equivalents

	2023 $	2022 $
Cash at bank and in hand	**10,605**	**1,146,017**

7 Other current assets

	2023 $	2022 $
Trade receivable	5,940	-
GST refund receivable	48,997	130,399
Prepayments	15,761	39,677
Security deposits (rental bond)	16,378	16,378
	87,076	**186,454**

8 Property, plant and equipment

	2023 $	2022 $
Gross carrying amount		
Balance 1 July	**187,150**	**55,801**
Additions	-	131,349
Disposals	**20,814**	**-**
Balance 30 June	**166,336**	**187,150**
Accumulated depreciation		
Balance 1 July	**(42,965)**	**(5,758)**
Disposals	**8,892**	**-**
Depreciation expense	(58,053)	(37,207)
Balance 30 June	**(92,126)**	**(42,965)**
Carrying amount at 30 June	**74,210**	**144,185**

9 Exploration and evaluation assets

	2023 $	2022 $
Opening balance	2,664,988	1,173,444
Capitalised exploration costs	1,011,993	1,491,544
Exploration written off during the year	-	-
Closing balance	**3,676,981**	**2,664,988**

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful development and commercial exploitation or sale of the respective areas.

10 Trade and other payables

		2023 $	2022 $
Current			
Unsecured liabilities:			
a)	trade payables	265,266	40,109
b)	PAYG and GST withholdings payable	97,513	95,965
		362,779	**136,074**

11 Leases

Right-of-use asset

	2023 $	2022 $
Gross carrying amount		
Balance 1 July	**217,977**	**-**
Additions	2,102	217,977
Balance 30 June	**220,079**	**217,977**
Accumulated amortisation		
Balance 1 July	**(18,164)**	**-**
Amortisation expense	(84,917)	(18,164)
Balance 30 June	**(103,081)**	**(18,164)**
Carrying amount at 30 June	**116,998**	**199,813**

Lease liabilities

	2023 $	2022 $
Current	81,610	82,534
Non-current	38,340	118,192
	119,950	**200,726**

The Company has leases for an office building and exploration office. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected in the statement of financial position as a right-of-use asset and a lease liability. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of Company sales) are excluded from the initial measurement of the lease liability and asset. The Company classifies its right-of-use assets in a consistent manner to its property, plant and equipment (see Note 8).

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. Leases are either non-cancellable or may only be cancelled by incurring a substantive termination fee. Some leases contain an option to purchase the underlying leased asset outright at the end of the lease, or to extend the lease for a further term. The Company is prohibited from selling or pledging the underlying leased assets as security. For leases over office buildings and factory premises the Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure right-of-use assets and incur maintenance fees on such items in accordance with the lease contracts.

11 Leases (cont.)

The table below describes the nature of the Company's leasing activities by type of right-of-use asset recognised in the consolidated statement of financial position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of lease with extension options	Number of leases with options to purchase	Number of variance payments linked to an index	Number of leases with termination options
Office building	1	1 years		-	-	-	
Exploration office	1	2 years		1	-	-	

The lease liabilities are secured by the related underlying assets. Future lease payments at 30 June 2023 were as follows:

	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	After 5 years	Total
30 June 2023				-	-	-	
Lease payments	86,734	39,000	-	-	-	-	125,734
Finance charges	(5,124)	(660)	-	-	-	-	(5,784)
Net present values	81,610	38,340	-	-	-	-	**119,950**
30 June 2022				-	-	-	
Lease payments	89,380	83,150	39,000	-	-	-	211,530
Finance charges	(6,846)	(3,298)	(660)	-	-	-	(10,804)
Net present values	82,534	79,852	38,340	-	-	-	**200,726**

Lease payments not recognised as a liability

The Company has no short term leases.

12 Employee benefits

	2023 $	2022 $
Current		
Annual leave	45,231	29,435
Wages & Superannuation	2,217	-
	47,448	**29,435**

The current portion of these liabilities represents the Company's obligations to which the employee has a current legal entitlement. These liabilities arise solely from accrued annual leave entitlements at reporting date.

13 Accrued expenses

	2023 $	2022 $
Related party accruals	154,438	-
Audit fees	38,013	17,500
Interest expense	9,578	-
IPO legal fees	-	161,265
Miscellaneous expenses	6,129	33,915
	208,158	**212,680**

14 Share capital

The share capital of the Company consists only of fully paid ordinary shares; the shares do not have a par value. Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held.

	2023 Shares	2022 Shares	2023 $	2022 $
Beginning of the period	**100,656,624**	**201,313,157**	**11,217,421**	**11,509,896**
Share consolidation [1]	-	(100,656,533)	-	-
Share issue costs	-	-	-	(292,475)
Total contributed equity at 30 June 2023	**100,656,624**	**100,656,624**	**11,217,421**	**11,217,421**

Notes:
1. On 7 February 2022, the Company consolidated its share and option capital on a 2-for-1 basis.

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

15 Reserves

	Share based payment reserve	Performance rights reserve	Total
	$	$	$
Balance at 1 July 2021	**454,794**	**135,000**	**589,794**
Management performance rigts issued	-	51,691	51,691
Balance at 30 June 2022	**454,794**	**186,691**	**641,485**
Performance rights unlikely to meet vesting conditions	-	(186,691)	(186,691)
Options expired	(12,042)	-	(12,042)
Balance at 30 June 2023	**442,752**	**-**	**442,752**

Options on issue at 30 June 2023

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
		$	$	No.	No.	No.	No
4-09-2020	4-09-2022	0.20	327,641	-	-	(327,641)	**-**
15-02-2021	15-02-2024	0.20	4,919,470	-	-	-	**4,919,470**

The options are not subject to service conditions.

There were no option issued during the year ended 30 June 2023.

Performance rights

Holder	Balance at the start of the year	Granted	Exercised	Expired	Balance at the end of the year
	$	No.	No.	No.	No
Intrepid Concepts Pty Ltd [1]	1,000,000	-	-	-	**1,000,000**
Mr John Harris [2]	250,000	-	-	-	**250,000**
Mr Mat Longworth [3]	500,000	-	-	-	**500,000**
Mr C Moulton [4]	-	3,000,000	-	-	**3,000,000**
Ms K Stoney [5]	-	200,000	-	-	**200,000**

Notes:

1. On 20 October 2020, the Company issued one class of Performance Rights totalling 2,000,000 to Intrepid Concepts Pty Ltd, an entity associated with Mr Robert Benussi, a Director of the Company at the time, as part of his employment package. The vesting conditions for the performance rights included, the company being admitted to the ASX and traded on at a 30 day volume weighted average price (VWAP) of more than $0.50 per share. On 7 February 2022, those Performance Rights were consolidated on a 2-for-1 basis in line with the rest of the Company's share and option capital. As at the date of this report, the vesting conditions for the Performance Rights had not been met.
2. On 11 August 2021, the Company issued two tranches of 250,000 Performance Rights to Mr John Harris, the Company's technical manager, in line with his employment agreement. The first tranche of Performance Rights has a three-year term and vests upon the discovery by the Company of a significant project with multiple economic intersections. The second tranche of Performance Rights has a four-year term and vests upon the definition of an Indicated Mineral Resource by the Company. On 7 February 2022, both tranches of Performance Rights were consolidated on a 2-for-1 basis in line with the rest of the Company's share and option capital. As at the date of this report, the vesting conditions for the Performance Rights had not been met.
3. On 28 April 2022, the Company issued 500,000 Class G Performance Rights to Mr Mat Longworth, a Director of the Company. The Performance Rights are subject to the below vesting conditions, which as at the date of this report have not been met.
4. On 15 September 2022, the Company issued 3,000,000 Performance Rights to Mr Craig Moulton, as CEO of the Company in four classes (500,000 Class H, 500,000 Class I, 1,000,000 Class J and 1,000,000 Class K). The Performance Rights are subject to the below vesting conditions, which as at the date of this report have not been met.

5. On 15 September 2022, the Company issued 200,000 Class H Performance Rights to Ms Kate Stoney, as Company Secretary of the Company. The Performance Rights are subject to the below vesting conditions, which as at the date of this report have not been met.

   The details of the vesting rights of each class of performance rights is as follows.

Class G Performance Rights

The Performance Rights will entitle the holder to convert the Performance Rights into an equivalent number of Shares and will have the following vesting condition attached to them:
(i) Upon the Company being admitted to the Official List of ASX;
(ii) Continuous service to the Company for a period of 12-months after the date that the Company is admitted to the Official List of ASX; and
(iii) Upon the Company's Shares achieving a volume-weighted average price (VWAP) of at least 30 cents calculated over 30 consecutive trading days on which trades in the Company's Shares are recorded.

For the performance rights relating to Mr Longworth were valued using a monte carlo analysis valuation technique. The valuation model inputs used to determine the fair value at the grant date were 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 $
31-01-2022	31-10-2022	0.135	0.30	100%	-	0.1217%	0.1034

Class H Performance Rights

Completion of the following:
(i) continuous service to the Company for a period of 12-months from the date of appointment; and
(ii) the Company is successfully listed on the ASX within 5 years from the grant date.

Class I Performance Rights

The Company's Shares achieving a VWAP of at least 150% of its share listing price, calcualated over 30 consecutive trading days on which trades in the Company's Shares are recorded by:
(i) the date that is 18 months from the date that the Company successfully lists on the ASX; or
(ii) 1 March 2025, which ever is the lesser.

Class J Performance Rights

The Company, in respect of any of the mining tenements or projects it holds an interest in at the issue date of the Performance Rights, announces a JORC 2012 compliant Nickel PGE resource of at least 1Mt @ 2% Ni equivalent:
(i) within 3 years from the date that the Company successfully lists on the ASX; or
(ii) by 1 March 2027, which ever is the lesser.

Class K Performance Rights

The Company's Shares achieving a VWAP of at least 200% of its share listing price, calculated over 30 consecutive trading days on which trades in the Company's Shares are recorded by:
(i) the date that is 3 years from the date that the Company successfully lists on the ASX; or
(ii) 1 March 2027, which ever is the lesser.

16 Convertible Notes

During the period March 2023 through to June 2023 the Company ran a process to raise additional funds for working capital. The Company raised $300,000 and the Convertible Note term sheet provided to shareholders had the following key terms.

SUMMARY OF CONVERTIBLE NOTE TERMS	
Interest	16% per annum, payment by issue of fully paid ordinary shares in the Company (each a Share) on conversion (payable in kind (PIK)). Increased by the Board during the period from 14%.
Conversion Valuation	Conversion at the lower: • 40% discount to the IPO price or trade sale price; or • the Valuation Cap
Valuation Cap	A$15,000,000 on a post money basis
Maturity / Redemption	The Notes will be redeemed 18 months from the date of issue of the Notes (Maturity Date), unless already converted or their tenor has been agreed to be extended
Redemption	The Face Value of the Notes plus accrued interest must be redeemed at maturity (unless a Noteholder has elected to convert at maturity)
Ranking	Secured, ranks equally with all other secured creditors, ranks above equity and unsecured creditors
Transferability	Not transferable without the consent of the Issuer
Mandatory Conversion	• the Company will be obliged to pay to each Noteholder, 100% of the principal and accrued interest in respect of all Notes to be converted to Shares on conversion; and • the number of Shares received on Conversion will be based on the Conversion Ratio that will be calculated as follows: Conversion Ratio = (Face Value of Notes + accrued interest) / Conversion Valuation
Conversion Event	All Notes automatically convert into Shares at the Conversion Valuation on the completion of: • an IPO of the Issuer; or • the sale of all Shares in the Issuer and/or all issued securities that are convertible into Shares (trade sale); or the sale of all the Assets (asset sale).

Subsequent to the financial year, Convertible Note subscribers were offered an option to have their funds repaid with interest or convert a proportion to ordinary shares at $0.05 per share. In relation to the $300,000 of Convertible Note subscribers, $290,000 was repaid in cash and $10,000 was converted to shares.

17 Capital and leasing commitments

	2023 $	2022 $
a. Operating lease commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable – minimum lease payments:		
not later than 12 months	-	-
between 12 months and five years	-	-
greater than five years	-	-
	-	**-**
b. Capital expenditure commitments		
Capital expenditure commitments contracted for:		
Tenement rents and minimum expenditure	**1,053,000**	**1,051,686**

18 Related party transactions

The Company's related parties include its key management personnel, related parties of its key management personnel, and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with related parties

	2023 $	2022 $
Services provided by related parties	546,217	1,077,287

	2023 $	2022 $
Amounts due to related parties at reporting date	165,526	36,853

Transactions with key management personnel

Key management of the Company are the Non-executive members of the Company's Board of Directors and the Company's Chief Executive Officer. Key management personnel remuneration includes the following expenses:

	2023 $	2022 $
Short-term employee benefits:		
Director's fees and consulting fees	267,665	191,032
Salaries	252,083	91,667
Share based payments	-	-
Total short-term employee benefits	**519,748**	**282,699**
Long service leave	-	-
Total other long-term benefits		
Post-employment benefits:		
Superannuation	26,469	9,167
Total post-employment benefits	**-**	**-**
Total remuneration	**546,217**	**1,009,000**

19 Contingent assets and contingent liabilities

There were no contingent liabilities or contingent assets as at 30 June 2023.

20 Cash flow information

	2023 $	2022 $
Reconciliation of cash flow from operations with profit after income tax		
Loss after income tax	(783,316)	(1,872,599)
Non-cash flows in profit:		
Adjustment for non-cash items	(39,681)	51,691
Depreciation and amortisation	142,970	55,371
IPO legal fees accrual	-	(161,265)
Changes in assets and liabilities:		
(Increase)/decrease in other current assets	99,379	(113,277)
(Decrease)/increase in trade and other payables	226,704	6,657
(Decrease)/increase in employee benefits	18,013	1,321
(Decrease)/increase in accrued expenses	(29,958)	192,680
Net cash used in operating activities	**(365,889)**	**(1,839,421)**

21 Events after the reporting date

No matters or circumstance have arisen since 30 June 2023 which significantly affected or could significantly affect the operations of the consolidated group in future financial years except for the following.

- On 21 July 2023 the Company announced that it has recently signed an Earn-in Joint Venture Agreement (the Agreement) with Chalice Mining Limited (Chalice or CHN). This Agreement provides the right for Chalice to explore NRL's tenement portfolio to earn up to a 70% interest over the next 8 years.

  This deal will deliver up to $20.6m in cash and expenditure value to NRL's shareholders, including a total of $150k in cash, up to $3.46m in cash or shares, and up to $17m in exploration expenditure. The final amounts are conditional on Chalice completing its Due Diligence, and completing both stages of the earn-in. It is also noteworthy that this agreement is in addition to the previously signed Bolgart Earn-in agreement1 worth up to $4m, and that both companies have agreed to terminate the previous $1m IPO Commitment Agreement.

- On 18 August 2023 Chalice Mining Limited (Chalice or CHN) advised NRL that all remaining conditions precedent under the Joint Venture Agreement with announced on 21 July 2023 were satisfied. This was the final requirement to bring the agreement into effect. As required, Chalice then issued 629,755 Chalice shares to NRL, which were in turn sold at an average price of $3.35 per share.

  The Company has two exploration agreements in place with Chalice, the first Bolgart Farm-in and JV Agreement was announced on the 28 October 2022. All of the Company's exploration tenements are covered by these two agreements

- Following the completion of the CHN JV Agreement, the Board provided Convertible Note subscribers an option to have their funds repaid with interest or convert a proportion to ordinary shares at $0.05 per share. There was $300,000 of Convertible Note subscribers of which $290,000 was repaid in cash and $10,000 was converted to shares.

22 Financial risk management

The Company has exposure to the following risks arising from financial instruments:

a) Credit risk;
b) Liquidity risk; and
c) Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk Management Framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's principal financial instruments comprise cash and short-term deposits. The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables and term deposits.
The Company holds the majority of its cash and cash equivalents with banks and financial institution counterparties with acceptable credit ratings of A1+ or above. As part of managing its credit risk on cash and cash equivalents, all funds are held in Australian banks, which have the higher credit rating amongst the banks and financial institution counterparties. The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure to credit risk at the end of the reporting period was as follows:

Carrying value	2023 $	2022 $
Cash and cash equivalents	10,605	1,146,017
	10,605	**1,146,017**

None of the Company's trade and other receivables are past due as at 30 June 2023.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities.The Company manages liquidity risk by monitoring forecast cash flows, only investing surplus cash with major financial institutions; and comparing the maturity profile of financial liabilities with the realisation profile of financial assets. The Board meets on a regular basis to analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The Board's overall risk management strategy seeks to assist the Company in managing its cash flows. Financial liabilities are expected to be settled within 12 months.

			Contractual Cashflow			
	Carrying value	Total	Six months or less	Six to 12 months	One to two years	Two to five years
30 June 2023						
Trade and other payables	**362,779**	**362,779**	**362,779**	**-**	-	-
Convertible notes	**300,000**	**300,000**	**-**	**-**	300,000	-
30 June 2022						
Trade and other payables	**378,189**	**378,189**	**378,189**	**-**	-	-

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency Risk

The Company is not exposed to significant foreign currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Company being the Australian Dollar (AUD).

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's cash deposits. The interest-bearing cash at bank and the respective interest rates as at each balance sheet date are:

	2023 $	2022 $
Cash and cash equivalents	**10,605**	**1,146,017**
Interest rate	0.25% and 1%	0.25% and 1%

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in market interest rates at reporting date would not affect profit or loss. The sensitivity analysis following table illustrates the impact of 100 basis points in variable interest rates, with all other variables held constant, would have resulted in an increase/(decrease) in the Company's loss profit before tax as follows:

	2023 $	2022 $
100bp increase	-	-
100bp decrease	-	-

The Company borrowings include Convertible Notes in place for $300,000 (see note 16) and a premium funded insurance policy for $10,005.

23 Capital management

The Board policy is to maintain a capital base to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings (or accumulated losses). The Board of Directors manages the capital of the Company to ensure that the Company can fund its operations and continue as a going concern.

There are no externally imposed capital requirements.

24 Earnings per share

Basic EPS is calculated by dividing the profit/(loss) for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2023 $	2022 $
Continuing operations		
Net loss attributable to ordinary equity holders of the Company		
Loss attributable to ordinary equity holders of the parent for basic earnings	(783,316)	(1,872,599)
Weighted average number of ordinary shares for basic EPS	100,656,624	4,750,001

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

25 Company details

The registered office and principal place of business of the Company is:

Northam Resources Limited
6 Kearns Cres
Ardross WA 6153

Directors' Declaration

1. In the opinion of the Directors of Northam Resources Limited:

   a. The financial statements and notes of Northam Resources Limited are in accordance with the *Corporations Act 2001*, including:

      i. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

      ii. Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

   b. There are reasonable grounds to believe that Northam Resources Limited will be able to pay its debts as and when they become due and payable.

2. Note 2 confirms that the financial statements comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

N. Matt Longworth

Mat Longworth
Non-executive Chairman
31 October 2023

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

Independent Auditor's Report

To the Members of Northam Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Northam Resources Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of $648,316 during the year ended 30 June 2023, and as of that date, the Company's current liabilities exceeded its total assets by $602,314. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes 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 Company's ability 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

J C Esterhuizen
Partner – Audit & Assurance

Perth, 31 October 2023