Abyssinian Metals Limited

ACN 126 240 604

Financial Statements

For the Year Ended 30 June 2023

Abyssinian Metals Limited

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Corporate Information

30 June 2023

Directors

Names	**Position**	**Appointed**
Neil Fredrick Warburton	Executive Chairman	23 March 2021
Stephen William Miller	Managing Director	13 July 2021
Christopher Bruce Tinney	Executive Technical Director	23 March 2021

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

Joint Company Secretaries

Stephen William Miller and
John Traicos.

Registered Office

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Website: www.abyssinianmetals.com

Share Registry

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Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Abyssinian Metals Limited
ACN 126 240 604
Chairman's Statement
30 June 2023

Welcome to the Annual Report for the financial year ended 30 June 2023 for Abyssinian Metals Limited ("AML", or "the Company").

This has been a transformational year for the Company following full access to the Kenticha Lithium Project site in January 2023 and the renewal of the Exploration License covering the entire Kenticha spodumene rich pegmatite Mineral Resources, which was a significant milestone and value addition for the Company. It underpins the high regard for which the Ethiopian Ministry of Mines and Petroleum has for Kenticha Mining PLC, its joint venture partners and all its personnel. A full brief on operational and corporate matters is set out below.

Operations

1. Exploration Licence (EL 1778) Extension and Mining Licence

AML (via a bare trust with African Mining and Energy Pty Ltd) is the joint venture manager and holds a 51% beneficial interest (49% held by Oromia Mining Share Company) in Kenticha Mining PLC ("Kenticha Mining") which holds the rights, titles and interests in the following licenses:

- Mining Licence MOM\LSML\2049\2021 ("ML") covers an area of 0.56 km2 and contains a lithium, tantalum and niobium mineralised tailings dam with 5.4 Mt of residual tailings from historical tantalum mining and a small proportion of the hardrock lithium resource. The ML authorises mining of Lithium, Tantalum, Niobium and other related rare earth minerals.

- Exploration License MOM\EL\01778\2021 ("EL") which authorises exploration for Lithium, Tantalum, Niobium and other related rare earth minerals. The EL is an area of 4.9 km² and covers the primary hard rock mineralisation which presently has a JORC compliant Inferred Resource of 87.7 million tonnes at 0.78% lithium oxide ("Li2O"). Additionally, our independent consultant CSA Global has defined an Exploration Target Estimate at Kenticha of 39 to 51 Mt at a grade of between 0.6% and 0.9% Li2O across three areas within the EL. Additional exploration targets have been defined within the EL. The Company expects that the current diamond drilling programme will upgrade the status of the Inferred Resources contained within the Mineral Estimate. In addition, re-assaying of the historical diamond drilling pulps at an independent laboratory in Perth is expected to increase the existing grade of the Inferred Resource.

Kenticha Mining was the recipient of the transfer of the EL from the Ethiopian Ministry of Mines and Petroleum on 1 July 2021. The initial terms of the EL were for three (3) years, subject to annual reviews.

During Q3 and Q4 of CY 2022 the Company (as managers of Kenticha Mining) had been in extended discussions and negotiations with the Ethiopian Ministry of Mines and Petroleum (Ministry) to obtain an extension on the EL.

Kenticha Mining was delighted to be notified by the Ministry that it had issued an extension to the EL for a further period of three years, commencing from 10 January 2023. Additionally, the EL is subject to further extensions and renewals according to the relevant provisions of the Mineral Proclamation of Ethiopia as follows:

- A further extension for 3 years.
- An additional further extension of 2 years; and potentially
- A further 2-year extension.

Whilst the EL has potentially a term of 10 years (as outlined above), it is the intention of the Company to make application for a Mining Licence over the EL in Q4 2023 following a report from our geological and mining specialists CSA Global. We expect the conversion of the EL into a Mining License to occur in good time before we commence mining operations during Q1 2024.

2. Current drill programme

The priority use of the exploration drill rigs is to undertake in-fill drill programmes in the Southern Pit area of the Inferred Resource to support the initial mine design.

- Phase 1, 25 drillholes – targeting outcropping pegmatite at the Southern Pit target (~1,520m) which will form the initial starter pit which is to confirm additional tonnage and updated grade distribution. 12 diamond drill holes completed to date from the Phase 1 program. The drilling to date is indicating increased thicknesses of the spodumene rich pegmatite above the current resource estimates. We are awaiting assay results.

- Phase 2, 15 holes (~3,270m) plus 7 twin holes (~1,141m required by CSA Global for resource status upgrade).

3. Resource upgrade

CSA Global have been appointed to undertake the following workstreams:

- Updated resource estimate. The existing JORC compliant Inferred Resource is 88Mt at 0.78% Li2O. Our internal mineral resource target is 130mt @ 1.1% Li2O (life of mine); Southern starter pit - 15Mt @ 1.40% Li2O.

- Assist with the Mining Lease application with the Ethiopian Ministry of Mines and Petroleum.

- Develop a detailed production plan for the Southern Portion of the Project's mineral resource to enable mining to commence prior to commissioning of the Phase 1 DMS processing plant. The production plan will consider the Tailings Storage Facility construction requirements (using waste from the open pit) and provide outputs for creating a Request for Quotation for mining contractors who have already been in discussions with the Company.

4. Near Term Production

The Company strategy is to get into production as soon as reasonably possible and take advantage of the buoyant spodumene concentrate price which currently is between US$3,500 to US$4,000 per tonne for SC5.5% product.

The Company has procured Min-Met Projects in South Africa to build the Stage 1 Dense Media Separation ("DMS") modular plant (now complete) with several modules already arriving on site at Kenticha. Min-Met is a consulting and construction company working in the mineral processing industry by designing and constructing customised modular processing plant solutions.

The Near Term Production output from the DMS plants to produce Spodumene Concentrate (SC 5.5%) is as follows:
- Stage 1 – 70tph DMS plant to produce up to 50ktpa* SC 5.5% - production to start Q2 2024
- Stage 2 – New DMS plant to produce at least 220ktpa* SC 5.5% - production to start Q4 2025

The first batch of equipment for the Stage 1 DMS plant has already arrived at Kenticha and the other batches are in process of being shipped to Djibouti and then transported to site.

*on an annualised basis

5. Mine site development activities at Kenticha

Extensive civil works have been completed at Kenticha in preparation for commissioning of the Stage 1 DMS plant – these include:

- Geotechnical studies;

- Clearing / levelling of ground for plant and equipment (crushers, feed prep screens, conveyors, DMS plant, earth moving machinery);
- Clearing of ground for high-grade ore stockpile material;
- Terracing, access road development, drainage system installation;
- Fencing around mine and processing site services area;
- Completed 20 person camp, with extensions now underway to increase capacity to a 50 person camp and security (up to 75 persons).

As a result of the Ethiopian Government declaring the Kenticha Lithium Project as a project of "national significance" to the Ethiopian nation, Kenticha Mining reached agreement with the Ethiopian Federal Government, whereby Federal Defense Force personnel will assist Kenticha Mining with the provision of security to the Kenticha site.

Other services that have been completed include:

- Provision of services to the local community (as part of our undertakings to the Kenticha Community, including potable water and medical services);
- Other civil works including roads and drainage systems;
- Discussion and provisional agreements with Djibouti port authorities for port access and freight forwarding arrangements.

Corporate

1. Strategic Investment and Collaboration

On 6 September 2023, AML announced a strategic investment and collaboration encompassed in a binding Memorandum of Understanding (MOU) signed between African Mining and Energy Pty Ltd (as bare trustee for the AML group) and Critical Engineering Co., Ltd Group (CEC) a leading Saudi Arabian industrial services company specializing in EPC, energy (water/power/oil and gas).

Critical Engineering Co., Ltd Group (CEC) is leading the drive towards Saudi Arabia's Vision 2030 to materially help meet the global need for renewable low-carbon energy solutions. In line with this vision, the MOU supports AML's further development and its Q2 2024 production forecast of spodumene concentrate at the Kenticha Lithium Mine in Ethiopia.

The Company is now in the process of finalising long form documents including a subscription agreement of US$10m at AU$2.00 per share and off take prepayment agreement to reflect the respective commitments of the parties.

2. London Listing

On 7 July 2023, it was announced that Medcaw Investments plc (LSE: MCI), an acquisition vehicle listed on the standard segment of the London Stock Exchange, had reached conditional agreement with AML, to acquire their shares in AML in exchange for ordinary shares in the Company ("Proposed Acquisition").

The purpose of the transaction with MCI is for AML to achieve a listing of its securities on the LSE; and for the shareholders of AML to have a market to trade their shares. At the date of this report, the Company is in the process of executing arrangements and workstreams to bring about this transaction in the most expeditious and timely fashion.

MCI and AML have engaged professional advisors to commence due diligence and documentation to complete the Proposed Acquisition and such work streams include:

- Appointment of advisors for both AML and MCI.
- Commissioning of competent persons report to advise on technical aspects of the Kenticha project.

- Commissioning of long form accountants report and working capital model.
- Commissioning of legal due diligence report.
- Commenced process with LSE and FCA.

Further details of the final listing process will be released in due course.

3. Funding

During the course of the financial year, the Company has undertaken certain financings, which have included:

- Raising A$6.8 million to date via the Series B fundraise at AU$1.50/share mainly from US and European investors and continues to raise funds under the Term Sheet.
- Entered into a US$25 million funding package with a New York based institutional funder. The funding package is by way of a secured convertible note agreement. To date the Company has drawn down US$10,526,315.
- Arrangements have been made to enter into an Equity Line of Credit (ELOC) facility with the same New York based institutional funder. Pursuant to the finalisation of the ELOC facility the Company will have access to up to US$100 million of funding for the Kenticha Project.

The Board wishes to thank all shareholders, staff and contractors for your continued support as we progress the development of the Kenticha Lithium Project. The current financial year is shaping up as a defining period in the company's history as we approach production status and enter the public domain.

Yours sincerely

Neil Warburton

Executive Chairman

Date 15 November 2023

1. Principal Activities

The Company is in the business of actively pursuing investment opportunities in battery mineral resources. No other significant change in the nature of its' activities occurred during the year.

2. Review of Operations

The results which are disclosed in the attached financial statements, being a loss, reflect mainly administrative and overhead costs relating to actively pursuing investment opportunities in battery mineral resources. The Company and Consolidated Group has also progressively invested funds into the incorporated joint venture company, Kenticha Mining PLC (Kenticha) which holds a 51% beneficial interest. The Chairman's Statement above summarises the key activities undertaken during the financial year.

3. Financial Position

The loss of the Consolidated Group for the year amounted to $15,999,326 (2022: loss of $3,717,049).

The Consolidated Group had net assets at 30 June 2023 of $14,665,651 (2022: $19,798,690) including a cash balance of $258,303 (2022: $3,529,117).

During the year, the Company undertook the following equity transactions; issue of new shares and issue of options, summarised as follows:

a. On 17 October 2022, on the satisfaction of "Milestone 1" pursuant to the conditions of the members resolution dated 8th March 2021, the founding shareholders were issued 15,000,000 new shares for nil consideration. These shares were subsequently cancelled post year end, as detailed in Note 22.

b. On November 2022 the Company commenced a Series B Financing, with $5,258,474 (pre-costs) being raised as at 30 June 2023. Subsequent to year end a further $1,539,999 (pre-costs) has been raised.

c. During the period 464,057 shares were issued in lieu of professional fees, are broken down as follow:

i.	Historical fees at a pre money price	179,100 @ $0.20
ii.	Historical fees at Series A issue price	192,480 @ $0.75
iii.	In lieu of current fees	92,477 @ $1.50

Since year end a further 12,550,788 shares have been issued in lieu of fees.

d. During the year, key consultants, employees and brokers were granted 21,540,404 options subject to vesting conditions and 750,000 Performance Rights were issued to key employees, subject to performance-related conditions being fulfilled. Options on issue were reduced at 30 June 2023 with the founding shareholders not satisfying milestone 2 & 3 of the members resolution dated 8 March 2021. Key consultants options on issue were also cancelled during the period, having not satisfied milestone conditions.

Balance at beginning of year	33,500,000
Key consultant options granted with milestone conditions	20,000,000
Key employee options granted with milestone conditions	1,500,000
Broker options granted	40,404
Founding shareholders milestone conditions not achieved	-15,000,000
Key consultant milestone conditions not achieved	-20,000,000
Balance at end of year	20,040,404

4. Dividends paid or declared

No dividends were paid or declared since the start of the financial year.

5. Director information

Neil Fredrick Warburton	**Executive Chairman**
Experience	Neil has over 40 years of mining experience, ranging from underground mining through senior mining engineer to executive directorships managing large mining and contracting companies. From 2000 to 2012 he held senior positions with mining contractor Barminco Limited, one of Australia's largest underground mining contractors, culminating in his appointment to chief executive officer in 2007. Neil successfully guided and grew Barminco both within Australia and West Africa, with revenues more than doubling during his tenure as chief executive officer. Neil recently was the recipient of the GJ Stokes Memorial Award at the 2023 Diggers & Dealers Mining Forum in Western Australia. The award recognises someone who has made a significant and lasting contribution to the mining industry. Neil is a graduate of the Western Australian School of Mines with an Associate Degree in Mining Engineering. He is also a Fellow of the Australian Institute of Company Directors, a Member of the Australian Institute of Mining and Metallurgy and Chair of the Australian Mining and Prospectors Hall of Fame Foundation. Neil currently also serves as Non-Executive Chairman of ASX-listed Belararox Limited and recently retired as director of Flinders Mines Limited.
Interest in Shares and Options[1]	Ordinary shares – 11,177,000; Options – 3,759,000
Stephen William Miller	**Managing Director**
Experience	Stephen, a Chartered Account by profession, has over 35 years corporate finance experience in the natural resources industry in Australia and across Africa. He has overseen and executed several significant asset transactions in various African countries including Tanzania, Mauritania, Cameroon, and South Africa. Stephen has previously held senior executive positions with natural resource companies listed on the ASX, TSX and JSE. In addition to leading numerous resource asset transactions, Stephen has executed a number of corporate reorganisation and restructures, substantial debt and equity financings for project start-ups and developments, corporate takeovers and acquisitions. Stephen holds a Bachelor of Business Degree (Accounting), and is a member of the Chartered Accountants, Australia and New Zealand, and is a Fellow of the Australian Institute of Company Directors.

Interest in Shares and Options[1]	Ordinary shares – 21,036,500; Options – 7,370,500
Christopher Bruce Tinney	**Executive Technical Director**
Experience	Bruce is an experienced geologist and project manager with over 25 years broad investment and asset management experience working in private equity and capital markets in the natural resources industry. Between 2010 and 2015 he was the Head of Mining Investments for Global PS Mining Investments Company Limited, a Dubai-based mining investment company, with an African exploration and development focus, where he managed an annual budget of USD 40 million and built an African mining portfolio by identifying, acquiring, and adding value to mineral investment opportunities. During this time, and as part of his role, Bruce managed a substantial Ethiopian gold exploration business and has been involved in Ethiopian mining ventures for the last 10 years. He holds a Bachelor of Science in Geology and Chemistry and a Bachelor of Science with Honors in Geology from the University of Natal (South Africa), a Master of Science in Mineral Exploration from the Rhodes University (South Africa) and a Graduate Diploma in Engineering (Mineral Economics) from the University of the Witwatersrand (South Africa).
Interest in Shares and Options[1]	Ordinary shares – 21,911,500; Options – 7,370,500

[1]Denotes the number of securities which the directors held directly, indirectly or beneficially as at balance date. Subsequent to year end 15,000,000 shares and 5,000,000 options were cancelled as detailed in Note 22.

Meetings of Directors

During the financial year the board held meetings, with attendance as follows:

	Number eligible to attend	Number attended
Neil Fredrick Warburton	6	6
Stephen William Miller	6	6
Christopher Bruce Tinney	6	5
Athanasios John Traicos	6	6

Joint Company Secretaries

John Traicos	**Company Secretary**
Experience	Has more than 30 years' experience in legal and corporate affairs in Australia and Southern Africa. He has acted as legal and commercial manager and company secretary to several Australian resource companies and has been involved in resource projects and acquisitions in Australia, Africa and Indonesia.
Stephen William Miller	**Joint Company Secretary**
Experience	Refer to director experience.

6. Significant Changes in State of Affairs

There were no significant changes in the Company's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

7. After Balance Date Events

In the period since 30 June 2023:

- On 3 July 2023 the Company entered into a US$25,000,000 convertible loan agreement with a New York financier. Interest will accrue on the principal outstanding balance at the rate of 12% per annum, with interest payable monthly in arrears. On 3 July 2023 an initial amount of US$3,157,894 was drawn down, with a further US$2,105,263 drawn down on 22 August 2023 and US$5,263,158 drawn down on 6 October 2023.
- On 7 July 2023, it was announced that the Company reached conditional agreement with Medcaw Investments plc (LSE: MCI), an acquisition vehicle listed on the standard segment of the London Stock Exchange, to offer the shares in the Company in exchange for ordinary shares in Medcaw Investments plc.
- The purpose of the transaction with MCI is for AML to achieve a listing of its securities on the LSE; and for the shareholders of AML to have a market to trade their shares. At the date of this report, the Company is in the process of executing arrangements and workstreams to bring about this transaction in the most expeditious and timely fashion. Further details of the listing process will be released in due course.
- On 19 July 2023 proceedings were commenced in the Supreme Court of Western Australia against the Company, its Directors, and various shareholders connected with the Directors. Those proceedings were resolved by consent and on 18 August 2023 orders were made setting aside the issue of 15,000,000 milestone shares and 5,000,000 outstanding options.
- On 11 August 2023 the Company received a letter from Oromia Mining Share Company ("OMSC"), 49% shareholder in Kenticha Mining PLC, making a number of allegations and notifying the Company of its intention to terminate the business partnership. The Company has formally responded to OMSC denying all allegations and disputing the validity of OMSC's ability to terminate the business partnership. The Company has consistently been negotiating with OMSC in relation to the operation of Kenticha Mining PLC. However, due to recent acts of government interference (perpetrated largely by the Government of Oromia State), the Board concluded that it would be necessary to issue a Force Majeure Notice and a Notice of Dispute under the Bilateral Investment Treaty to resolve the situation. On 10 November 2023 the Company, through its subsidiaries, lodged these notices. The lodgement of the Notice of Dispute triggers a process of mandatory negotiation with the Federal Government of Ethiopia under the Bilateral Investment Treaty. The Board is satisfied that these steps are in the best interests of the Company and is confident that an amicable

resolution of the dispute will be achieved through negotiation under the Bilateral Investment Treaty. The Company has engaged international law firm Clifford Chance as counsel in these matters.

Kenticha Mining PLC's right to mine and explore under the Mining Licence (LSML 2049) and surrounding Exploration Licence (EL 01778) are not affected.

- On 6 September 2023 the Company announced a strategic investment and collaboration, encompassed in a binding MOU, signed between African Mining and Energy Pty Ltd (as bare trustee for the AML group) and Critical Engineering Co., Ltd Group. The MOU concerns an initial and secondary investment in the Company and an Offtake Agreement with prepayment for supply of spodumene concentrate.

- On 15 September 2023 a general meeting was held pursuant to Section 249D of the Corporations Act. All resolutions put to the meeting were defeated.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

8. Environmental Issues

The Consolidated Group's operations are subject to the laws and regulations pertaining to mining exploration operations in Ethiopia. As at the date of this Report the Company has not been notified of any breach of any such laws or regulations in relation to environmental matters.

9. Remuneration Report

This report details the nature and amount of remuneration for each Director and other Key Management Personnel (KMP).

Remuneration Policy

The remuneration policy of the Company has been designed to align KMP objectives with shareholder and business objectives. The Board of the Company believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Company and the Consolidated Group, as well as to create alignment between directors, executives and shareholders.

In the year under review, the Company's policy has continued to be to minimise director fee costs and remuneration paid to directors for undertaking executive responsibilities in the interests of all shareholders. When the Company's IPO plans are successfully executed, the policy will change to remunerate non-executive Directors at market rates for comparable companies for time, commitment and responsibilities.

The maximum aggregate annual amount of fees that can be paid to Non-executive Directors will be subject to approval by shareholders and will not be linked to the performance of the Company. Non-executive Directors may also be awarded equity-based performance remuneration. The Company does not have nor had any Non-executive Directors. There is no current cap on the aggregate annual amount of fees that can be paid to Non-executive Directors.

The Company's remuneration policy provides for long-term incentives through participation in the Company's Incentive Awards Plan which allows the Company to issue a range of securities including shares, options or performance rights (**Awards**). The Company's Securities Trading Policy adopted prohibits holders of such Awards from entering into hedge arrangements on any unvested Awards. Further details on Options to be issued under the Plan are set out in Note 12 in the financial statements. The Company currently does not have any other performance-based incentive component built into Director remuneration packages but is establishing a program for the issue of Performance Rights to attract and retain key executives.

The Company may engage remuneration consultants from time to time to provide independent external advice. During the financial year it did not engage any independent remuneration consultant to establish a Company's Incentive Awards Plan. The Board of Directors is responsible for determining and reviewing the Company's remuneration policy, remuneration levels and the performance of both executive and non-executive Directors.

Relationship between Remuneration Policy and Company Performance

The remuneration policy has been tailored to increase alignment between shareholders, directors and executives. The remuneration of each Director and KMP of the Company during the year was as follows:

Securities Received that are not Performance–related

KMP are not entitled to receive securities that are not performance-based as part of their remuneration package although it is open to any KMP to salary sacrifice.

Cash Bonuses, Performance-related Bonuses and Share-based Payments

There were no cash bonuses, performance-related bonuses paid by the Company during the year (2022: Nil).

KMP Shareholdings and Option Holdings

a. Number of shares held by Key Management Personnel

The following table summarises shares held by Key Management Personnel as at 30 June 2023, showing pre and post consolidation holdings.

2023	Balance at the Beginning of Year	Deferred Shares Granted	Granted as Remuneration during the Year	Options Exercised	Shares Transferred	Balance at End of Year
Neil Fredrick Warburton	8,000,000	3,177,000	-	-	-	11,177,000
Stephen William Miller	15,375,000	5,911,500	-	-	(250,000)	21,036,500
Christopher Bruce Tinney	16,000,000	5,911,500	-	-	-	21,911,500
John Traicos	125,000	-	-	-	-	125,000
	39,500,000	15,000,000	-	-	(250,000)	54,250,000

Subsequent to year end 15,000,000 shares were cancelled as detailed in Note 22.

2022	Balance at the Beginning of Year (pre consolidation)	Share Consolidation	Granted as Remuneration during the Year	Options Exercised	Shares Transferred	Balance at End of Year
Neil Fredrick Warburton	50,000,000	8,000,000	-	-	-	8,000,000
Stephen William Miller	100,000,000	16,000,000	-	-	(625,000)	15,375,000
Christopher Bruce Tinney	100,000,000	16,000,000	-	-	-	16,000,000
	250,000,000	40,000,000	-	-	(625,000)	39,375,000

b. Number of Options Held by Key Management Personnel

Options granted by the Company as compensation to key management personnel during the current and prior year are detailed in the table below.

No options have been exercised in the current or prior years that were granted as compensation.

2023	Balance at the Beginning of Year	Granted as Remuneration during the Year	Options Expired	Purchased / (Sold)	Balance at End of Year
Neil Fredrick Warburton	6,936,000	-	(3,177,000)	-	3,759,000
Stephen William Miller	13,282,000	-	(5,911,500)	-	7,370,500
Christopher Bruce Tinney	13,282,000	-	(5,911,500)	-	7,370,500
	33,500,000	-	(15,000,000)	-	18,500,000

Subsequent to year end 5,000,000 options were cancelled as detailed in Note 22.

2022	Balance at the Beginning of Year	Granted as Remuneration during the Year	Options Exercised	Purchased / (Sold)	Balance at End of Year
Neil Fredrick Warburton	-	6,936,000	-	-	6,936,000
Stephen William Miller	-	13,282,000	-	-	13,282,000
Christopher Bruce Tinney	-	13,282,000	-	-	13,282,000
	-	33,500,000	-	-	33,500,000

Employment Details of Key Management Personnel

Following are employment details of persons who were KMP of the Company during the financial period.

Key Management Personnel	Position held at 30 June 2023	Contract Details	Proportion of Remuneration: Related to performance	Proportion of Remuneration: Not related to performance	Total
			Incentives	Fixed	
Neil Fredrick Warburton	Executive Chairman	Initially a 36-month contract, extendable as mutually agreed, terminable upon 90 days' notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%
Stephen William Miller	Managing Director	Initially a 36-month contract, extendable as mutually agreed, terminable upon 90 days' notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%
Christopher Bruce Tinney	Executive Technical Director	Initially a 36-month contract, extendable as mutually agreed, terminable upon 90 days' notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%
John Traicos	Company Secretary	Contract extendable as mutually agreed, terminable upon 3 months' notice by either party.	0%	100%	100%
Paul Arnold Gold[1]	Chief Financial Officer	Permanent employee. Contract may be terminated by either party with eight weeks' notice.	0%	100%	100%
Tristan Jenkins[2]	Chief Financial Officer	Initially a 6-month contract, extendable as mutually agreed, terminable upon 4 weeks' notice by either party, or after 14 days by the Company if a contract default is not remedied.	0%	100%	100%

[1] Paul Gold resigned on 12 May 2023

[2] Tristan Jenkins commenced on 15 June 2023

The employment terms and conditions of all KMP are formalised in director service agreements, or contracts of employment.

Remuneration entitlements of Executive Directors are as follows:

1 Mr Neil Fredrick Warburton, Executive Chairman, $350,000 per annum from 1 May 2022; and

2 Mr Stephen William Miller, Managing Director, $500,000 per annum from 1 May 2022; and

3 Mr Christopher Bruce Tinney, Executive Technical Director, $400,000 per annum from 1 April 2022.

Non-executive directors' engagements are subject to the Corporations Act 2001, the Company's constitution, and terms of their contract. Subject to the Corporations Act 2001, termination payments are at the discretion of the Board. The Company has not appointed any Non-executive Directors at the date of this report.

The Company Secretary, Mr John Traicos, is entitled to a total fixed remuneration of $216,000 per annum from 1 May 2023.

The former Chief Financial Officer, Mr Paul Arnold Gold, was entitled to a salary package of $250,000 inclusive of superannuation. Mr Gold resigned on 12 May 2023.

The Chief Financial Officer, Mr Tristan Jenkins, is entitled to a total fixed remuneration equivalent to $228,702. Mr Jenkins commenced on 15 June 2023.

Other transactions with Key Management Personnel

Refer to Notes 14 and 17 for details of other transactions between KMP's and the Company.

10. Indemnifying Officers

Insurance premiums paid for directors and officers

Indemnities have been given or insurance premiums paid, during the year, for any person who is or has been an officer of the Company.

- the Company paid a premium in respect of insurance cover for the directors and officers. The Company has not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' liability and legal expense insurance contracts, as such disclosure is prohibited under the terms of the insurance contract.

- The Company has in place Deeds with each of the Directors and Company Secretaries whereby the Company has agreed to provide certain indemnities to each Director and Company Secretary to the extent permitted by the Corporations Act and to use its best endeavours to obtain and maintain Directors' and Officers' indemnity insurance, subject to such insurance being available at reasonable commercial terms.

No indemnification has been given, or insurance premiums paid, for any person who is or has been an auditor of the Company.

11. Options

At the date of this report, there were 20,040,404 unissued ordinary shares of the Company under option (June 2022: 53,500,000).

No options have been exercised during the year.

12. Proceedings on Behalf of Company

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

The Company was not a party to any such proceedings during the year.

13. Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

(a) all non-audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

(b) the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

14. Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001, for the year ended 30 June 2023 has been received and can be found on page 18 of the Financial Report.

15. Rounding off

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191 and in accordance with that instrument, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest one thousand dollars, unless otherwise stated.

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

Stephen William Miller

Managing Director

Date 15 November 2023

To the Board of Directors,

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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

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

Yours Faithfully

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

CHRIS NICOLOFF CA
Director

Dated Perth, Western Australia this 16th day of November 2023

PO Box 1288 Subiaco WA 6904
283 Rokeby Rd Subiaco WA 6008
T: +61 8 9426 0666

HALL CHADWICK

In accordance with a resolution of the directors of Abyssinian Metals Limited, the directors of the Company declare that:

1. the financial statements and notes, as set out on pages 20 to 44, are in accordance with the *Corporations Act 2001* and:

   a. comply with Australian Accounting Standards applicable to the Company, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and

   b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Company;

2. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer.

Neil Fredrick Warburton

Executive Chairman

Date 15 November 2023

Abyssinian Metals Limited
Consolidated Statement of Comprehensive Income
ACN 126 240 604
For the Year Ended 30 June 2023

	Note	2023 $'000	2022 $'000
Consulting fees		(3,757)	(1,460)
Corporate and administrative costs		(1,563)	(878)
Directors fees	17	(1,254)	(604)
Depreciation		(203)	(18)
Legal expenses		(2,365)	(171)
Community engagement fund		(4,345)	-
Audit fees		(33)	(20)
Unrealised foreign exchange gain (loss)		(218)	88
Finance expenses		(34)	(6)
Share based payments		(32)	-
Travel		(2,195)	(648)
Loss before income taxes		(15,999)	(3,717)
Income tax expense	2	-	-
Loss for the year		(15,999)	(3,717)
Other comprehensive income, net of tax		223	126
Total comprehensive loss for the year		(15,776)	(3,591)
Attributable to:			
Equity holders of the parent		(14,134)	(2,937)
Non-controlling interests		(1,642)	(654)
		(15,776)	(3,591)
Loss Per Share			
Basic loss per share ($'s)	18	(0.13)	(0.05)
Diluted loss per share ($'s)	18	(0.13)	(0.02)

The accompanying notes form part of these financial statements.

Abyssinian Metals Limited

Consolidated Statement of Financial Position

ACN 126 240 604

As at 30 June 2023

	Note	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	3	258	3,529
Trade and other receivables	4	561	10,610
Total current assets		**819**	**14,139**
Non-current assets			
Tenement, exploration and evaluation assets	5	23,454	6,849
Property, plant & equipment	6	198	121
Right-of-use assets	8	340	535
Other assets		-	20
Total non-current assets		**23,992**	**7,525**
TOTAL ASSETS		**24,811**	**21,664**
LIABILITIES			
Current liabilities			
Trade and other payables	9	9,692	1,510
Lease liability	8	169	157
Borrowings	10	284	15
Total current liabilities		**10,145**	**1,682**
Non-current liabilities			
Lease liability	8	-	183
Total non-current liabilities		-	**183**
TOTAL LIABILITIES		**10,145**	**1,865**
NET ASSETS (LIABILITIES)		**14,666**	**19,799**
EQUITY			
Issued capital	11	26,989	21,659
Reserves	12	382	128
Accumulated losses		(18,351)	(3,994)
Equity attributable to equity holders of the parent		9,020	17,793
Non-controlling interests		5,646	2,006
TOTAL EQUITY		**14,666**	**19,799**

The accompanying notes form part of these financial statements.

Abyssinian Metals Limited
Consolidated Statement of Changes in Equity
ACN 126 240 604
For the Year Ended 30 June 2023

	Note	Issued Capital	Retained Earnings/ (Accumulated losses)	Share based payment Reserve	Foreign Currency Translation Reserve	Non controlling interest	Total
		$'000	$'000	$'000	$'000	$'000	$'000
Balance at 30 June 2021		**3**	**(931)**	**-**	**-**	**-**	**(928)**
Loss for the year		-	(3,063)	-	-	(654)	(3,717)
Other comprehensive income		-	-	-	126	-	126
Total comprehensive loss for the year		-	(3,063)	-	126	(654)	(3,591)
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Shares (gross)	11	22,989	-	-	-	-	22,989
Share issue costs	11	(1,333)	-	-	-	-	(1,333)
Issue of options	12	-	-	2	-	-	2
Non controlling interest		-	-	-	-	2,660	2,660
Total transactions with owners and transfers		21,656	-	2	-	2,660	24,318
Balance at 30 June 2022		**21,659**	**(3,994)**	**2**	**126**	**2,006**	**19,799**
Loss for the year		-	(14,357)	-	-	(1,642)	(15,999)
Other comprehensive income		-	-	-	223	-	223
Total comprehensive loss for the year		-	(14,357)	-	223	(1,642)	(15,776)
Transactions with owners, in their capacity as owners, and other transfers							
Issue of Shares (gross)	11	5,578	-	-	-	-	5,578
Share issue costs	11	(248)	-	-	-	-	(248)
Issue of options	12	-	-	31	-	-	31
Non controlling interest		-	-	-	-	5,282	5,282
Total transactions with owners and transfers		5,330	-	31	-	5,282	10,643
Balance at 30 June 2023		**26,989**	**(18,351)**	**33**	**349**	**5,646**	**14,666**

The accompanying notes form part of these financial statements.

	Note	2023 $'000	2022 $'000
Cash from operating activities:			
Loss before tax		(15,999)	(3,717)
Adjustments to reconcile profit to net cash flows:			
Depreciation		203	18
Share based payments		31	-
Share issued in settlement of expenses		169	-
Finance charge on lease liability		51	-
Net foreign exchange differences		67	(112)
		(15,478)	(3,811)
Increase in trade and other payables		8,428	560
Decrease/(increase) in trade and other receivables		10,180	(10,264)
Net cash from/(used) in operating activities		**3,130**	**(13,515)**
Cash flows from financing activities:			
Net proceeds from issue of shares		5,084	21,659
Payment of lease liabilities		(218)	(204)
Net proceeds / (repayments) from / of borrowings		283	(69)
Net cash provided by financing activities		**5,149**	**21,386**
Cash flows from investing activities:			
Purchase of property, plant and equipment		(100)	(123)
Investment in tenement, exploration and evaluation expenditure		(11,324)	(4,190)
Net cash used in financing activities		**(11,424)**	**(4,313)**
Net (decrease)/increase in cash held		(3,145)	3,558
Cash at beginning of financial year		3,529	1
Effects of currency translation on cash and cash equivalents		(126)	(30)
Cash at end of financial year	4	**258**	**3,529**

The accompanying notes form part of these financial statements

1. Summary of Significant Accounting Policies

a) General information

These consolidated financial statements and notes are for Abyssinian Metals Limited (Company) and its subsidiaries (Consolidated Group). The financial statements were issued by the Company's directors at the date of signing the directors' declaration.

The financial report is a general purpose financial report that has been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards, and Interpretations of the Australian Accounting Standards Board, and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit Company for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Abyssinian Metals Limited is an unlisted public company, incorporated and domiciled in Australia. Except for the cash flow information, the financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and liabilities. The financial statements were authorised for issue by the directors as at the date of the directors' declaration.

b) Basis of preparation

The financial statements have been prepared in accordance with the recognition and measurement requirements of all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the Corporations Act 2001 and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial report, except for the cashflow information, has been prepared on an accruals basis and is based on historical costs, unless otherwise stated in the notes.

The financial report 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.

For the year ended 30 June 2023 the Group incurred a loss before taxation of $15,999,000 (2022: $3,717,000) and net cash inflows from operating activities of $3,130,000 (2022: outflow $13,511,000).

The ability of the Group to continue as a going concern is principally dependent on the Company raising capital. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Group to continue as a going concern.

The directors have prepared a cash flow forecast, which indicates that the Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date, the directors are confident of the Group's ability to raise additional funds as and when they are required. Since balance date the Company has raised $1,539,999 in equity and drawn down $10,526,315 in debt.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. All figures have been rounded to the nearest $'000.

d) Basis of consolidation

The financial statements incorporate the assets and liabilities of Abyssinian Metals Limited as at 30 June 2023 including its subsidiaries at that date.

Subsidiaries are all those entities over which the Company has control. The Company controls a Company when the Company is exposed to, or has rights to, variable returns from its involvement with the Company and has the ability to affect those returns through its power to direct the activities of the Company. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases. The acquisition of subsidiaries is accounted for using the acquisition method of accounting.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Company are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.

e) Exploration and development expenditure

Exploration, evaluation and development expenditures incurred are capitalised in respect of each identifiable area of interest. These costs are only capitalised where the Company has right of tenure, to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

Costs of site restoration are provided for where the Company has a legal or constructive obligation.

f) Income taxes

The income tax expense (benefit) for the year comprises current income tax expense (benefit) and deferred tax expense (benefit).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority, using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred income tax expense (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside 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 and 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. The availability and benefit of unused tax losses is also dependent on the Company deriving future assessable income of a nature and amount sufficient to enable the losses to be realised, and on the Company's compliance with the conditions of deductibility imposed by the relevant legislation.

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 assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable Company 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.

g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial assets

Financial assets are subsequently measured at:

- amortised cost.

Measurement is on the basis of two primary criteria:

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

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Financial liabilities

Financial instruments are subsequently measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Impairment

The Company recognises a loss allowance for expected credit losses, using the simplified approach under AASB 9, which requires the recognition of lifetime expected credit loss at all times.

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (i.e. the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

h) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset in the consolidated group may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

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.

i) Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits available.

j) Equity-settled compensation

Share based payments take the form of ordinary shares, or options. Share-based payments to employees are measured at the fair value of the instruments issued and amortised over the vesting periods. Share- based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. Share-based payments in the form of ordinary shares are credited to Issued Capital. Options issued are credited to Option Reserve.

The fair value of options is determined using a Black Scholes pricing model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted is based on the number of equity instruments that eventually vest. Ordinary shares are also issued in settlement of employee liabilities.

k) 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 the amounts required to settle the obligation at the end of the reporting period.

l) Issued Capital

Ordinary shares are classified as equity. Transaction costs (net of tax where the deduction can be utilised) arising on the issue of ordinary shares are recognised in equity as a reduction of the share proceeds received.

m) Earnings per share

Basic earnings per share

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

Dilutive 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.

n) Property, Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

- Plant and equipment 3-10 years.
- The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.
- Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.
- An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

o) Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

p) Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

q) Trade and Other Receivables

Trade and other receivables include amounts due in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

r) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability. Amounts are initially recognised at fair value, and subsequently measured at amortised cost.

s) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

t) Employee benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The Company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

Any re-measurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

u) 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 Tax Office (ATO).

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 ATO is included with other receivables or 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 ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

v) Comparative information

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

w) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Key estimates/judgments used in the financial statements are:

- Exploration and evaluation asset - exploration and evaluation expenditure is capitalised in certain circumstances. Recoverability of the carrying amount of exploration and evaluation assets is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest. The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers.
- Consolidation and creation of Goodwill asset – this process requires an assessment of control and results in an asset created on the consolidation of the subsidiary which is subject to valuation assessment.
- Estimation of useful lives of assets - The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.
- Share Based Payments – the assumptions supporting the calculations for share based payments involves judgements regarding future activities and future share price volatility.

x) Fair Value of Assets and Liabilities

The Company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis after initial recognition, depending on the requirements of the applicable Accounting Standard. Currently there are no assets or liabilities measured at fair value after initial recognition.

y) New Accounting Standards

New standards, amendments and interpretations adopted by the Group.

During the current year the Group adopted all the new and revised standards, amendments and interpretations that are relevant to its operations and are effective for accounting periods beginning on 1 July 2022. This adoption did not have a material effect on the accounting policies of the Group.

Standard	Impact on initial application	Effective date
Amendments to AASB 2020-3	Amendments to Australian Accounting Standards – Annual Improvements	1 July 2022

New standards, amendments and interpretations not yet adopted by the Group.

The standards and interpretations that are relevant to the Group, issued, but not yet effective, up to the date of the Financial Statements are listed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard	Impact on initial application	Effective date
AASB 2020-1	Classification of Liabilities as current or non- current	1 July 2024
AASB 2021-2	Disclosure of Accounting Policies and Definition of Accounting Estimates	1 January 2025
AASB 2014-10	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	1 January 2025

2. Income Tax Expense

(a) The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:

	2023 $'000	2022 $'000
Prima facie tax benefit on loss before income tax at 30% (2022: 30%)		
- Consolidated	(15,999)	(3,717)
	(4,800)	(1,115)
Adjust for:		
- Tax effect of permanent differences	3,632	-
- Tax effect of temporary differences and tax losses not recognised	1,168	1,115
Income tax attributable to Consolidated Group	-	-

Deferred tax assets and liabilities not brought to account, the net benefit of which will only be realised if the conditions for deductibility set out in Note 1 occur.

	2023 $'000	2022 $'000
Temporary differences	-	-
Accruals and provisions	12	-
Other	29	-
Tax losses	1,406	1,115
Net unrecognized deferred tax asset	1,447	1,115

The Consolidated Group has estimated tax losses carried forward of approximately $4,799,798 (2022: $2,450,461) which have not been recognised as a deferred tax asset. The benefit of these losses will only be obtained if the Consolidated Group derives future assessable income sufficient to enable the deductions from the tax losses to be realized and if the Consolidated Group continues to comply with conditions for deductibility imposed by the relevant tax legislation.

3. Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank	258	3,529
Total	258	3,529

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash at bank	258	3,529

4. Trade and Other Receivables

	2023 $'000	2022 $'000

Current		
Receivable – related party	266	9,733
Sundry receivables - GST	128	217
Prepayment	167	649
Other	-	11
	561	10,610

Receivable – related party comprises an amount held on trust by a director related company – refer note 14.

Prepayments include: mine site costs, consulting services and insurance.

Credit Risk — Trade and Other Receivables

In the current year the Company has no significant concentration of credit risk with respect to counter parties. In the prior year, the amount owing by the director related company was held in a bank account on trust for the Company. Otherwise, the Company had no significant concentration of credit risk with respect to counter parties. The class of assets described as Trade and Other Receivables is considered to be the main source of credit risk related to the Company. All trade and other receivables are within normal credit terms and are therefore not considered past due or impaired.

5. Tenement, exploration and evaluation assets

	2023 $'000	2022 $'000
Non-current		
Expenditure capitalised - at cost	23,454	6,849

Expenditure capitalised represents the acquisition, exploration and evaluation costs of the Company's tenement holdings, written down (where applicable) to reflect the Company's best estimate of recoverable value.

Recoverability of the carrying amount of tenement, exploration and evaluation assets is dependent on the successful development of tenements, or alternately through their sale.

Commitments and contingencies in respect of exploration tenements is set out in notes 13 and 19.

6. Property, plant and equipment

	Plant and Equipment $'000	Total $'000
Cost		
At 30 June 2021	-	-
Additions	123	123
At 30 June 2022	123	123
Additions	100	100
Exchange impact	1	1
At 30 June 2023	224	224

Depreciation		
At 30 June 2021	-	-
Charge for the year	(3)	(3)
At 30 June 2022	(3)	(3)
Charge for the year	(23)	(23)
At 30 June 2023	(26)	(26)
Net book value at 30 June 2022	120	120
Net book value at 30 June 2023	198	198

7. Investment in Controlled Entities

During the year, funds were invested in Kenticha Mining plc to meet the stated corporate investment objectives. The Kenticha Mining Plc entity, beneficially owned 51% by the Company, has a balance date of 7 July. Due to funds being transferred to Kenticha Mining plc between 1 July 2023 and 7 July 2023, the Directors have had to make an adjustment to Kenticha Mining plc's Balance Sheet to reflect the correct cash position in the Company at 30 June 2023. Other than this specific adjustment, the Directors have accepted the different balance date for consolidation purposes on the basis that transactions between the period 1 July 2023 and 7 July 2023, with the exception of the specific transaction detailed above, were not material and in future reporting periods this approach will allow consistent reporting of full year results.

Funds were also expended on pre-project activities in relation to the Hassai project in Sudan. On 17 October 2022 the Company formally advised that it wished to exercise its rights and enter into a joint venture agreement with Ariab Mining Company (AMC). At the date of this report the long form venture and Shareholder Agreements have not been finalised and the agreement is still awaiting final execution by all parties. As various activities have been undertaken prior to the award of the licence, the Directors have expensed an amount of $145,697 (2022: $450,000) in accordance with Accounting Standards. Activities continue with respect to this license but at balance date, the Company was not actively developing it.

Controlled entities

Name of Subsidiary	**Country of Incorporation**	**Class of Shares**	**2023**	**2022**
Abyssinian Lithium Limited	Cayman Islands	Ordinary	100%	100%
Abyssinian Copper Limited	Cayman Islands	Ordinary	100%	100%
Abyssinian Investments BV	Netherlands	Ordinary	100%	100%
Kenticha Mining Plc	Ethiopia	Ordinary	51%	51%

8. Leases

The Group had the following lease assets and liabilities at 30 June:

	2023	2022
	$'000	$'000
Right of use asset		
Land and buildings	340	535
	340	535
Lease liability		
Current	169	157
Non-current*	-	183
	169	340

**Although the lease term runs until 2025 annual rent is prepaid annually in June. Therefore, the rental payment pertaining to the 2025 financial year is paid in June 2024 resulting in no remaining non-current portion.*

	2023	2022
	$'000	$'000
Maturity on the lease liabilities are as follows:		
Current	169	157
Due between 1-5 years	-	183
	169	340

The lease liability relates to the land and building lease in the Kenticha Mining Plc entity and is for the three year period ending 7 June 2025.

	2023	2022
	$'000	$'000
Right of use assets – land and buildings		
Opening balance	535	550
Depreciation	(180)	(15)
Impact of foreign exchange	(15)	-
Closing balance	340	535

9. Trade and Other Payables

	2023	2022
	$'000	$'000
Current		
Trade payables	6,473	493
Accruals	2,505	958
Other creditors	714	58
	9,692	1,509

The average credit period on services is 30 days. No interest is charged on trade payables.

Financial liabilities at amortised cost classified as trade and other payables (Refer note 21).

10. Borrowings

	2023 $'000	2022 $'000
Current		
Related party and shareholder advances	1	15
Other borrowings	283	-
	284	15
Movement in advances:		
Opening Balance	15	315
Advances received	283	-
Interest accrued	-	-
Borrowings repaid	(14)	(300)
Closing Balance	284	15

On 23 June 2023, the Company received a working capital loan facility of £150,000. The facility is unsecured, repayable on demand and incurs interest at 10% per annum.

11. Issued Capital

	Ordinary Shares #	Share Capital $'000
As at 1 July 2021	250,000,000	2
Share consolidation (1:6.25)	(210,000,000)	-
Issue of shares at placing price of $0.20	35,000,000	7,000
Issue of shares at placing price of $0.75	21,312,102	15,984
Issue of shares for settlement of expenses	25,000	5
Share issue costs	-	(1,333)
As at 30 June 2022	96,337,102	21,659
Issue of milestone shares[1]	15,000,000	-
Issue of shares at placing price of $1.50[2]	3,505,668	5,259
Issue of shares for settlement of expenses[3]	412,565	242
Shares to be issued for settlement of expenses not yet issued at year end[3]	51,492	77
Share issue costs	-	(248)
As at 30 June 2023	115,306,827	26,989

[1]On 17 October 2022, on the satisfaction of "Milestone 1" pursuant to the conditions of the members resolution dated 8th March 2021, the founding shareholders were issued 15,000,000 new shares for nil consideration. Subsequent to year end these shares were cancelled as detailed in Note 22.

[2]On November 2022 the Company commenced a Series B Financing, with $5,258,474 (pre-costs) being raised as at 30 June 2023.

[3]During the period the 464,057 shares were issued in lieu of professional fees and are broken down as follows:

i. Historical fees at a pre money price 179,100 @ $0.20

ii. Historical fees at Series A issue price 192,480 @ $0.75

iii. In lieu of current fees 92,477 @ $1.50

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At Shareholder 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.

Capital management

The Directors manage the capital of the Company in order to ensure that the Company can fund its operations and continue as a going concern. There are no externally imposed capital requirements.

The Company's strategy for capital management is to fund business activities via company share placement proceeds and debt, as required.

12. Reserves

	2023	2022
	$'000	$'000
Option reserve		
Issue of options	33	2
	33	2

During the year, 21,540,404 share options (2022: 33,500,000) and 5,750,000 Performance Rights (2022: nil) were issued. During the same period, 35,000,000 share options and 5,000,000 Performance Rights were cancelled. Subsequent to the end of the financial year, 392,700 share options have been issued and 5,000,000 share options have been cancelled as detailed in Note 22. No Performance Rights have been issued or cancelled.

	2023	2022
	$'000	$'000
Foreign currency translation reserve		
Opening balance	126	-
Movement during the year	223	126
Closing balance	349	126
TOTAL RESERVES	382	128

13. Commitments

In entering into a partnership and acquiring its exploration interests the Group has undertaken to avail funds to undertake certain work programmes. The commitments below are an estimate of the net cost to the Group of performing these work programmes and meeting its investment obligations.

	2023	2022
	$'000	$'000
Commitments on the exploration tenements for the next 12 months	13,416	-
Commitments between 12 months and 5 years	-	-
	13,416	-

14. Related Party Transactions

a) The Company's main related parties are as follows:

Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company, are considered key management personnel. The directors of the Company and the Chief Financial Officer are the only Key Management Personnel.

Director related entities:

Executive Chairman Mr Neil Warburton is a director of Michlange Pty Ltd ATF Warburton Family Trust which beneficially hold shares in the company as at 30 June 2023.

Managing Director Stephen William Miller is the director of Gencor Capital Pty Ltd and Millcorp Securities Pty Ltd ATF for The Millcorp Securities Trust. Millcorp Securities Pty Ltd beneficially holds shares in the Company as at 30 June 2023.

Managing Director Stephen William Miller and Christopher Bruce Tinney are directors and shareholders of African Mining and Energy Pty Ltd.

b) Transactions with related parties:

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The following transactions occurred with related parties:

During the year, the Company was charged management, administration and overhead fees of $360,000 (2022: $265,000) by Gencor Capital Pty Ltd.

During the year, the Company was invoiced by Millcorp Securities Pty Ltd for Mr Stephen William Miller executive director fees of $500,000 (2022: $208,333).

During the year, the Company was invoiced by Michlange Pty Ltd for Mr Neil Fredrick Warburton executive Chairman fees of $320,833 (2022: $183,000).

During the year, the Company was invoiced by Mr Christopher Bruce Tinney executive director fees of $400,000 (2022: $212,499).

During the year the Company was (advanced loans)/received funds (refer to Note 10) from:

- Abyssinian Gold Plc, a Director-related entity, in the amount of $(264,285) (2022: ($4,531)) where payment was made on behalf of the Company to meet various trade and other creditor obligations;
- African Mining and Energy Pty Ltd, a Director-related entity, in the amount of $(1,697) (2022: ($1,697)), where payment was made on behalf of the Company relating to minor administrative overheads of the Company;
- African Mining and Energy Pty Ltd, a Director-related entity, held funds on trust for the Company of $84,860 (2022: $9,707,140);

- Gencor Capital Pty Ltd, a Director-related entity, in the amount of $52 (2022: ($541));
- Millcorp Holdings Pty Ltd, a Director-related entity, in the amount of ($1,326) (2022: ($502)) relating to the payment of travel costs to be reimbursed by the Company.

During the year the Company did not repay any related party loans (2022: Nil). Advances made by related parties to the Company are non-interest bearing without specified repayment dates.

As stated in the Chairman's Statement and in Note 14, the Company holds a beneficial interest in Kenticha Mining PLC. African Mining and Energy Pty Ltd, a Director related entity, holds the shares in Kenticha Mining PLC as bare trustee for the AML group.

At balance date, the Directors collectively held 46.9% (2022: 40.9%) of the Shares in the Company.

15. Segment Information

During the year, the Company operated from Australia as an investment company seeking battery metals and other resources opportunities. Funds were invested in Ethiopia and on pre-project Sudanese activities.

2023	**Africa**	**Rest of World**	**Australia**	**Consolidated**
	$'000	**$'000**	**$'000**	**$'000**
Revenue				
Results	(3,443)	(69)	(12,453)	(15,965)
Interest	(52)	-	18	(34)
Loss	(3,495)	(69)	(14,435)	(15,999)
Other information				
Assets	17,041	-	7,770	24,811
Capital expenditure	11,406	-	17	11,423
Depreciation	(202)	-	(1)	(203)

2022	**Africa**	**Australia**	**Consolidated**
	$'000	**$'000**	**$'000**
Revenue			
Results	(1,330)	(2,381)	(3,711)
Interest	(5)	(1)	(6)
Loss	(1,335)	(2,382)	(3,717)
Other information			
Assets	9,405	12,259	21,664
Capital expenditure	4,313	-	4,313
Depreciation	(18)	-	(18)

16. Equity Based Payments

The Company made Equity based payments during the year of $32,000 (2022: $2,000).

17. Key Management Personnel Compensation

The names of key management personnel of the Company who have held office during the financial year:

a. Key Management Person	**Position**
Neil Fredick Warburton	Executive Chairman
Christopher Bruce Tinney	Executive Technical Director
Stephen William Miller	Managing Director
John Traicos	Company Secretary
Paul Arnold Gold	Chief Financial Officer (Resigned 12 May 2023)
Tristan Jenkins	Chief Financial Officer (Appointed 15 June 2023)

b. Key Management Personnel Compensation	**2023**	**2022**
	$'000	**$'000**
Short-term employee benefits	1,541	630
Share based payments	20	2
	1,561	632

Note: the table includes remuneration for the Company Secretary and Chief Financial Officer. Compensation relating specifically to the Directors was $1,254,000 (2022: $604,000)

Detailed disclosures on compensation for Key Management Personnel are set out in the Remuneration Report, included in the Directors' Report.

Short-term employee benefits

These amounts include fees and benefits paid to KMP.

18. Earnings Per Share

The calculation of the basic and diluted earnings per share is calculated by dividing the profit or loss for the year by the weighted average number of ordinary shares in issue during the year.

	2023	**2022**
	$'000	**$'000**
Net loss used to calculate basic and dilutive EPS	(14,357)	(3,717)
	No.	**No.**
Weighted average number of ordinary shares outstanding during the period used in the calculation of **basic EPS**	107,899,100	71,760,978
Weighted average number of ordinary shares outstanding during the period used in the calculation of **dilutive EPS**	107,899,100	165,260,978
Basic earnings per share from continuing operations – $	(0.13)	(0.05)
Dilutive earnings per share from continuing operations – $	(0.13)	(0.02)

During the current year, there is no difference between the diluted loss per share and the basic loss per share presented. Share options and warrants could potentially dilute basic earnings per share in the future but were not included in the calculation of diluted earnings per share as they are anti-dilutive for the current year presented.

19. Contingent Assets and Liabilities

a. Contingent Assets

There were no contingent assets as at 30 June 2023 (2022: $60,000,000).

In 2022, the Company entered into sales offtake agreements with third parties that were subject to commercial terms and conditions. These agreements were contingent on the supply of product and therefore in the nature of contingent assets as the amounts were not receivable until product was supplied. Despite these agreements still being in place, the Company has elected not to disclose them as contingent assets in the current period.

b. Contingent Liabilities

The Company is committed to funding community development in Ethiopia. The Company will therefore from time to time make financial contributions to a Community Engagement Fund. As the value and timing of these payments cannot be reliably measured the financial obligations have not been provided for.

On 22 June 2023 the Company received a Letter of Demand from the legal representative of a consulting firm formally engaged by the Company. The consulting firm is claiming $198,000 for consulting services allegedly provided. The Company has taken the view that the claim is without merit with the consultancy firm having failed to supply the services as well as breaching the terms of the agreement. Accordingly, the Company has estimated that no liability will arise (2022: Nil).

20. Auditor Remuneration

	2023	2022
	$'000	$'000
Remuneration of the auditor for:		
Auditing or reviewing the financial statements	33	20
Non audit services	-	14
	33	34

21. Financial Risk Management

The Company's financial instruments comprise of cash at banks, accounts receivable and payables.

The totals for each category of financial instruments measured in accordance with AASB 139: Financial instruments: Recognition and measurement as detailed in the accounting policies to these financial statements is as follows:

	2023	2022
	$'000	$'000
Financial assets:		
Cash and cash equivalents	258	3,529
Trade and other receivables [1]	394	217
Total financial assets	652	3,746
Financial liabilities:		
Financial liabilities at amortised cost		
Trade and other payables [2]	(7,187)	(1,509)
Borrowings - current	(284)	(16)
Total financial liabilities	(7,471)	(1,525)

[1] *Trade and other receivables excludes prepayments*

[2] *Trade and other payables excludes accruals*

a. Financial Risk Management Policies

The Company's financial instruments mainly comprise cash balances, receivables and payables. The main purpose of these financial instruments is to provide finance for Company operations.

Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the risk management policies and reports to the Board.

Specific Financial Risk Exposures and Management

The main risks the Company is exposed to through its financial instruments are interest rate risk, credit risk and liquidity risk. These risks are managed through monitoring of forecast cashflows, interest rates, economic conditions and ensuring adequate funds are available.

Interest Rate Risk

The Company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates, arises in relation to the Company's bank balances.

This risk is managed through the use of variable rates.

Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

Credit risk arises from exposures to deposits with financial institutions and sundry receivables.

Credit risk is managed and reviewed regularly by the Board. The Board monitors credit risk by actively assessing the rating quality and liquidity of counter parties, including:

- only banks and financial institutions with an 'A' rating, or better being utilized where practicable.

The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. This risk is managed by ensuring, to the extent possible, that there is sufficient liquidity to meet liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

b. Financial assets and liability maturity analysis

The table below reflects an undiscounted contractual maturity analysis for financial liabilities and reflects management's expectations as to the timing of termination and realisation of financial assets and liabilities.

	2023	2022
	$'000	$'000
Financial assets:		
Within 1 year:		
Cash and cash equivalents [1]	258	3,529
Receivables [2]	394	217
	652	3,746
Within 1 – 2 years		
Receivables [2]	-	-
	652	3,746

	2023	2022
	$'000	$'000
Financial liabilities:		
Within 1 year:		
Payables [2]	(7,471)	(1,509)
Borrowings [3]	(284)	(16)
	(7,755)	(1,525)
Within 1 – 2 years		
Borrowings	-	-
Total	(7,755)	(1,525)

	2023	2022
	$'000	$'000
Net inflow / (outflow)		
Within 1 year	(7,103)	(1,524)
Within 1 – 2 years	-	-
	(7,103)	(1,524)

[1] *Floating interest rates, with weighted average effective interest rate of 0% (2022: 0%).*

[2] *Non-interest bearing*

[3] *Non-interest bearing related party advances – refer to note 17*

c. Net fair values

Financial assets where the carrying amount exceeds net fair values have not been written down, as the Company intends to hold these assets to maturity.

The aggregate net fair values and carrying amounts of financial assets and liabilities are disclosed in the balance sheet and notes to the financial statements. Fair values are materially in line with carrying values.

d. Sensitivity analysis

The Company has performed sensitivity analysis relating to its exposure to interest rate risk. At year end, the effect on profit and equity as a result of a 1% change in the interest rate, with all other variables remaining constant would be +/- $Nil (2022: $Nil).

22. Events after the end of the reporting period

On 3 July 2023 the Company entered into a US$25,000,000 convertible loan agreement with a New York financier. Interest will accrue on the principal outstanding balance at the rate of 12% per annum, with interest payable monthly in arrears. On 3 July 2023 an initial amount of US$3,157,894 was drawn down, with a further US$2,105,263 drawn down on 22 August 2023 and US$5,263,158 drawn down on 6 October 2023.

On 7 July 2023, it was announced that the Company reached conditional agreement with Medcaw Investments plc (LSE:MCI), an acquisition vehicle listed on the standard segment of the London Stock Exchange, to offer the shares in the Company in exchange for ordinary shares in Medcaw Investments plc.

The purpose of the transaction with MCI is for AML to achieve a listing of its securities on the LSE; and for the shareholders of AML to have a market to trade their shares. At the date of this report, the Company is in the process of executing arrangements and workstreams to bring about this transaction in the most expeditious and timely fashion.

Further details of the listing process will be released in due course.

On 19 July 2023 proceedings were commenced in the Supreme Court of Western Australia against the Company, its Directors, and various shareholders connected with the Directors. Those proceedings were resolved by consent and on 18 August 2023 orders were made setting aside the issue of 15,000,000 milestone shares and 5,000,000 outstanding options.

On 11 August 2023 the Company received a letter from Oromia Mining Share Company (“OMSC”), 49% shareholder in Kenticha Mining PLC, making a number of allegations and notifying the Company of its intention to terminate the business partnership. The Company has formally responded to OMSC denying all allegations and disputing the validity of OMSC’s ability to terminate the business partnership. The Company has consistently been negotiating with OMSC in relation to the operation of Kenticha Mining PLC. However, due to recent acts of government interference (perpetrated largely by the Government of Oromia State), the Board concluded that it would be necessary to issue a Force Majeure Notice and a Notice of Dispute under the Bilateral Investment Treaty to resolve the situation. On 10 November 2023 the Company, through its subsidiaries, lodged these notices. The lodgement of the Notice of Dispute triggers a process of mandatory negotiation with the Federal Government of Ethiopia under the Bilateral Investment Treaty. The Board is satisfied that these steps are in the best interests of the Company and is confident that an amicable resolution of the dispute will be achieved through negotiation under the Bilateral Investment Treaty. The Company has engaged international law firm Clifford Chance as counsel in these matters.

Kenticha Mining PLC’s right to mine and explore under the Mining Licence (LSML 2049) and surrounding Exploration Licence (EL 01778) are not affected.

On 6 September 2023 the Company announced a strategic investment and collaboration, encompassed in a binding MOU, signed between African Mining and Energy Pty Ltd (as bare trustee for the AML group) and Critical Engineering Co., Ltd Group. The MOU concerns an initial and secondary investment in the Company and an Offtake Agreement with prepayment for supply of spodumene concentrate.

On 15 September 2023 a general meeting was held pursuant to Section 249D of the Corporations Act. All resolutions put to the meeting were defeated.

23. Company details

The registered office and principal place of business is Suite 14, 162 Colin Street, West Perth WA 6005.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF ABYSSINIAN METALS LIMITED

Opinion

We have audited the financial report of Abyssinian Metals Limited ("the Company") and its subsidiaries ("the Consolidated Entity"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. 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 30 June 2023 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. 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* (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 1b in the financial report which indicates that the Consolidated Entity incurred a net loss of $15,999,000 during the year ended 30 June 2023. As stated in Note 1b, these events or conditions, along with other matters as set forth in Note 1b, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our opinion is not modified in this respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Consolidated Entity'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 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 Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Consolidated Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

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

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

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

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

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

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

CHRIS NICOLOFF CA
Director

Dated Perth, Western Australia this 16th day of November 2023