

# **Korean Metals Exploration Limited**

**ABN 54 608 429 910**

**Annual Report - 30 June 2023**

**Korean Metals Exploration Limited**  
**Directors' report**  
**30 June 2023**

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Korean Metals Exploration Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

**Directors**

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

Christopher Sennitt (Managing Director)  
Kim Wan Joong (Executive Director)  
Waldemar Fick (Non-Executive Director, appointed on 2 September 2022)  
Peter Bird (Non-Executive Director, appointed on 10 November 2022)  
Garrick Higgins (Non-Executive Director, appointed on 10 November 2022)  
Katrina Hodgkinson (Non-Executive Director, resigned on 15 August 2022)  
Elias Khouri (Non-Executive Chairman, resigned on 15 August 2022)

**Principal activities**

During the financial year the principal continuing activities of the consolidated entity consisted of exploration and development of mineral resources particularly gold, silver, lead and zinc within the Republic of South Korea.

**Dividends**

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

**Review of operations**

The loss for the consolidated entity after providing for income tax amounted to \$499,189 (30 June 2022: \$508,110).

The net assets of the consolidated entity decreased by \$308,011 to \$832,383 as at 30 June 2023 (30 June 2022: \$1,140,394).

The Company's activities during the past year have been restricted by a lack of available investment capital in a prevailing bear stockmarket for junior exploration companies. The Company has concentrated on preserving capital but progressing its projects as best it can.

**Capital Raisings, Corporate Advisory & Investor Relations**

An investor presentation luncheon was held at the Mitre Tavern on 9 August 2022 and additional presentations made to interested finance groups. By the end of December 2022, the Company had raised \$237,000 (at \$0.10 per Share) from a capital raising managed by Beer & Co Pty Ltd. Some of these funds were invested by existing shareholders and the Board acknowledges the ongoing support by these persons.

The mandate for Beer & Co Pty Ltd to raise capital expired on 25 December 2022.

During February-March 2023, the Company made several presentations to interested Finance groups with respect to seeking participation as Lead Manager for an IPO.

As part of the Investor Relations effort, Perth-based *Corporate Story Time* has been engaged to assist the Company develop branding and marketing materials in preparation for IPO promotion and ongoing public media relations.

**Corporate Matters**

Mr Leo Khouri and Ms Katrina Hodgkinson resigned as directors on 15 August 2022. Mr Vincent Fayad resigned as Company Secretary on 15 August 2022.

Mr Christopher Sennitt acted as interim Company Secretary during 15 August to 5 September 2022.

Mr Waldemar Fick was appointed to the Board as Non-Executive Director on 2 September 2022.

Melanie Leyden was appointed Company Secretary on 5 September 2022. Vistra Australia was engaged as Accountant on 5 September 2022. The company's Registered Office moved to Level 4, 100 Albert Road, South Melbourne, VIC. 3205.

Subsequent to year end, Ms Leyden resigned and was replaced by Mr Andrew Draffin as Company Secretary on 28 September 2023. The registered office was also re-located to Level 4, 91 William Street, Melbourne Vic 3000

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Mr Garrick Higgins was appointed to the Board as Non-Executive Chairman and Mr Peter Bird was appointed to the Board as Non-Executive Director on 10 November 2022.

***New Projects Generation***

Three new mineral projects were generated by the Company in early 2023. Applications for Exploration Rights (“ER”) have been lodged over the Jeongseon gold project (21 ER) and the Sujung (6 ER) and Oksan (3 ER) molybdenum projects.

Jeongseon and Sujung are hosted in carbonate sediments of the Cambro-Ordovician Taebaeksan basin. The Jeongseon gold project is a “grassroots” conceptual sediment-hosted (Carlin type) project. Sujung is a tungsten-molybdenum porphyry-skarn project with some limited historical mining during 1941-1944.

Oksan is a previously drilled high-grade porphyry molybdenum stockwork-breccia pipe deposit, located near the margin of the Gyeongsang basin, only 30 minutes’ drive from Uiseong.

***Exploration Activities Update***

At the Company’s flagship prospect Dongil (Uiseong project), efforts during the past year were directed towards gaining the support of the local community. Land Use Agreements were signed between Shinhan Mine Inc and 8 Surface Right landowners covering the Dongil prospect. Drilling Permits were issued by the Uiseong County government on 19 October 2022.

During November 2022, geological mapping, rock chip sampling and surveying of proposed drill sites was completed on the Hwanghaksan, Jungang, Ogsan South, Kyungwha and Cheongji prospects (Uiseong project), Jaeilgunbuk and Ogok prospects (Haman project) and the Samsanjaeil South and Samjeon prospects (Goseong project). A total of 184 rock chip samples were collected. The assay results from these samples were received in February 2023 and are outstanding and very exciting. This field work has enabled the Company to refine both high-grade and bulk tonnage exploration targets, priority rank each prospect and optimise drillhole siting for future drilling proposed post-listing.

Following winter, field activities resumed in mid-February-May 2023. Geological mapping and rock chip sampling was conducted on the existing Applications covering the Jangheung, Cheongji, Goroseoksan, as well as new Applications lodged over the new Oksan, Sujung and Jeongseon projects. This field work was able to identify mineralisation in outcrop for the Registered Geologist to prepare a Mineral Deposit Report to enable these Applications to proceed to granting. During this period, a further 133 rock chip samples were collected, assay results confirming the molybdenum mineralisation at Oksan and tungsten-molybdenum at Sujung.

***Mine Development Permit Application – Dongil Prospect***

An Access Agreement over the Dongil North prospect was negotiated and signed on 13 April 2023 between Shinhan Mine Inc and the Uiseong Kim Otojae Family Group. This Access Agreement enabled Shinhan Mine Inc to proceed with an Application for Mine Development Permit (“MDP”).

Subsequent to year end, the Gyeongsangbuk-do Provincial government approved Shinhan Mine Inc application for MDP on 5 October 2023. Shinhan Mine Inc has deposited the necessary Rehabilitation and Replacement fees (Security Bonds and Insurance). This Mine Development Permit allows Shinhan Mine Inc to undertake mining and mineral processing activities on its flagship Dongil prospect over a disturbance area up to 5,000m<sup>2</sup>. The period is for 20 years, renewable every 3 years. Shin Han Mine Inc was issued with Mine Development Permit No 1734 on 10<sup>th</sup> November 2023.

***Prospectus***

The Prospectus for the IPO and ASX listing is substantially progressed. Detailed budgets for several capital raising scenarios have been prepared. The Corporate Governance Policies and Korean Due Diligence are now finalised. The Korean Legal Tenement Report on Title will be updated prior to finalisation of the Prospectus.

An update of the Independent Geologist Report was completed that includes the new projects.

***Outlook***

The Company anticipates that, subject to market factors, it will lodge its Prospectus with ASIC and the Listing Application with ASX early in the first half of calendar 2024. This is on the basis that Australian junior explorers have generally experienced a share price increase from the lows of mid-July 2022.

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Under the IPO, the Company will be the offeror of the Shares, a Prospectus will be made available when the Shares are offered, anyone who wants to acquire Shares under the IPO will need to consider that Prospectus and will need to complete an application form that will be in or will accompany the Prospectus. The Prospectus will be sent to Shareholders after it has been lodged with ASIC.

Despite the uncertain global geopolitical, economic and bear stockmarket backdrop, gold, copper, silver and other metal prices continue to hold up well, along with industrial minerals, oil and gas prices. The underlying long-term themes and trends, recognized in the global mining industry since the late 1990s, continue to support the demand for several metals and their prices; including lack of new mineral discoveries, declining mineral resources, lower-grades, massive capex requirement for the huge low-grade mines and exploration increasingly focused below deeper levels of cover.

The Company continues to pursue its exploration-development strategy-focus on high-grade polymetallic mines, near-surface, in an under-explored, low-sovereign risk country that is a major refiner and consumer of metals. The Board is increasingly optimistic for our prospects.

**Significant changes in the state of affairs**

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

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

The Gyeongsangbuk-do Provincial government approved Shinhan Mine Inc application for MDP on 5 October 2023. Shinhan Mine Inc has deposited the necessary Rehabilitation and Replacement fees (Security Bonds and Insurance). This Mine Development Permit allows Shinhan Mine Inc to undertake mining and mineral processing activities on its flagship Dongil prospect over a disturbance area up to 5,000m<sup>2</sup>. The period is for 20 years, renewable every 3 years. Shin Han Mine Inc was issued with Mine Development Permit No 1734 on 10<sup>th</sup> November 2023.

500,000 fully paid ordinary shares and 125,000 free attaching options, on the basis of 1 option for every 4 shares subscribed for, with an exercise price of A\$0.30 per option, expiring 30 June 2025 were allotted in the Company under a placement at a subscription price of A\$0.10 per share, allotted effective on Friday 25 August 2023, to Higgins Superannuation Fund Pty Ltd ATF Higgins Superannuation Fund, a related party of Mr Garrick Higgins.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Likely developments and expected results of operations**

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

**Environmental regulation**

The exploration activities of the consolidated entity are conducted in accordance with and controlled principally by the Australian federal and state government legislation. The consolidated entity has exploration land holdings in the Republic of Korea.

The consolidated entity employs a system for reporting environmental incidents, establishing and communicating accountability, and rating environmental performance. As required under various state and territory legislation, procedures are in place to ensure that the relevant authorities are notified prior to the commencement of ground disturbing exploration activities.

The consolidated entity is committed to minimising the impact of its activities on the surrounding environment at the same time aiming to maximise the social, environmental and economic returns for the local community. To this end, the environment is a key consideration in our exploration activities and during the rehabilitation of disturbed areas. Generally, rehabilitation occurs immediately following the completion of a particular phase of exploration. In addition, the consolidated entity continued to develop and maintain mutually beneficial relationships with the local communities affected by its activities. Rehabilitation initiatives include the extraction of all pegs and restoration of peg lines, plugging of all drill holes and the removal of plastic geological sample bags.

## Korean Metals Exploration Limited

### Directors' report

30 June 2023

#### Information on directors

Name: Christopher Sennitt  
Title: Managing Director  
Age: 63  
Qualifications: BSc Applied Science (Applied Geology), MSc (Economic Geology), Fellow of the Australian Institute of Geoscientists and a Fellow of the Society of Economic Geologists.

Experience and expertise: Christopher is a mineral exploration geologist with over 40 years' experience in multi-commodity mineral exploration & mining throughout Asia & Australia. Christopher formerly held senior corporate management roles in Indochina Goldfields, Oriental Minerals, Silk Road Resources and Metallica Minerals, and was a specialist project generator and vendor in Lamboo Resources, Stonehenge Metals, Southern Gold, Mantle Mining and Calcifer Industrial Minerals. Christopher has compiled an extensive mineral occurrence database for Korea, Madagascar, China, Myanmar and Indonesia.

Special responsibilities: None

Name: Kim Wan Joong  
Title: Executive Director  
Age: 51  
Qualifications: Bachelor of Science (Geology) degree and is a Special Member of the Korean Geological Society.

Experience and expertise: Kim is an experienced geologist with nearly 30 years in the mining industry in South Korea, Mongolia and Indonesia. Kim formerly held positions as Country Manager and acted as Representative Director for several Korean-subsiary companies of ASX and TSX-V listed junior mining companies, such as Oriental Minerals, Indochina Goldfields, Ivanhoe Mining, Stonehenge Metals, Lamboo Resources and Jina Engineering & Consulting. Kim has comprehensive knowledge of Korean Mining Act, Government Regulations and Processes including "Permit to Mine". Kim's field exploration experience includes epithermal Au-Ag, Orogenic Au, Iron Oxide Cu-Au, Porphyry Mo, Pb-Zn skarns, W-Mo skarns, Graphitic slate-hosted U-V-Mo-PGE, Graphite & Rare earth elements.

Listed directorships in prior 3 years: Nil

Name: Waldemar Fick  
Title: Non-Executive Director  
Age: 53  
Qualifications: BCom degree and is a Member of the National Institute of Accountants. Waldemar also holds Certificate III - Drilling Operations and an Advanced Dip. of Drilling

Experience and expertise: Waldemar is the owner of Townsville-based Interdrill Pty Ltd, a specialist drilling company with current operations in Lihir Island and Pakistan. Waldemar has over 25 years in the mineral drilling sector of the mining industry and has previously held the position of Group General Manager and Operations Manager for Radial Drilling Australia Pty Ltd. Past clients have included Tethyan Copper, Australian Solomons Gold, ARM, Centennial Coal, Ivanhoe Mines, Anglo American, Mincor/BHP, Lihir Gold, Thracean Gold, and Union Capita

Special responsibilities: None

Name: Peter Bird  
Title: Non-Executive Director  
Age: 60  
Qualifications: BSc (Hons Geology) degree and is a member of the AICD  
Experience and expertise: Peter is an experienced, well-known and highly respected mining industry executive. Peter's extensive experience covers capital markets, senior technical, management, investor relations and human resources positions with major mining companies.

Listed directorships in prior 3 years: Cosmo Metals Limited (ASX:CMO): 10 November 2021-Current  
Nelson Resources Limited (ASX:NES): 21 November 2022 - Current  
Zenith Minerals (ASX:ZNC):30 March 2020- 30 October 2021

## Korean Metals Exploration Limited

### Directors' report

30 June 2023

Name: Garrick Higgins  
Title: Non-Executive Director  
Age: 67  
Qualifications: B.Juris, LLB from Monash University  
Experience and expertise: Garrick is a commercial lawyer and founding partner of GrilloHiggins Lawyers and has extensive ASX Listed company experience in the Resource Sector. Garrick has provided legal and commercial advice to entities involved in the resource sector in respect to many areas including finance, capital raising and joint ventures for companies working both in Australia and overseas.

Listed directorships in prior 3 years: Nil

### Company secretary

Mr Andrew Draffin – Appointed 28 September 2023

Mr Draffin is a Director of DW Accounting & Advisory Pty Ltd. He holds a Bachelor of Commerce and is a member of the Chartered Accountants Australia and New Zealand. Andrew is a Director, Chief Financial Officer and Company Secretary of listed, unlisted and private companies operating across a broad range of industries. His focus is on financial reporting, treasury management, management accounting and corporate services, areas where he has gained over 25 years of experience.

Ms Melanie Leydin – Resigned 28 September 2023

Melanie Leydin holds a Bachelor of Business majoring in Accounting and Corporate Law. Melanie is a member of the Institute of Chartered Accountants, Fellow of the Governance Institute of Australia and is a Registered Company Auditor. Melanie graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of Leydin Freyer. Upon the merger of Leydin Freyer with Vistra in November 2021, Melanie is the country head of Vistra Australia. Vistra is a prominent provider of specialised consulting and administrative services to clients in the Fund, Corporate, Capital Markets, and Private Wealth sectors.

Melanie has over 25 years' experience in the accounting profession and has extensive experience holding Board positions including Company Secretary of ASX listed entities. She has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
Christopher Sennitt	6	6
Kim Wan Joong	4	6
Waldemar Fick	3	6
Peter Bird	5	6
Garrick Higgins	6	6

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

**Korean Metals Exploration Limited**  
**Directors' report**  
**30 June 2023**

**Shares under option**

Shareholders who participated in the Company's pre-initial public offering (IPO) allotment during November 2022 and December 2022 received a free attaching unlisted option for every ordinary share subscribed. A total of 593,000 options were issued to such shareholders.

There were 5,517,500 unissued ordinary shares of Korean Metals Exploration Limited under option outstanding at the date of this report.

Issuing entity: Korean Metals Exploration Limited  
Class of Shares: Options over Ordinary Shares  
Exercise Price: \$0.30  
Expiry Date: 30 June 2025

**Shares issued on the exercise of options**

There were no ordinary shares of Korean Metals Exploration Limited issued on the exercise of options during the year ended 30 June 2023 and up to the date of this report.

**Indemnity and insurance of officers**

The consolidated entity has not paid insurance premiums so as to indemnify all Directors and Executive Officers of the consolidated entity, against liabilities to another person (other than the consolidated entity or a related body corporate) that may arise from their position.

**Indemnity and insurance of auditor**

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

**Proceedings on behalf of the company**

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

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

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

**Auditor's independence declaration**

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

**Auditor**

RSM Australia Partners continues in office in accordance with section 327 of the Corporations Act 2001.

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

On behalf of the directors



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Mr Garrick Higgins

1 December 2023

**RSM Australia Partners**

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**AUDITOR'S INDEPENDENCE DECLARATION**

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

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

A handwritten signature in blue ink, appearing to read "RSM".

**RSM AUSTRALIA PARTNERS**

A handwritten signature in blue ink, appearing to read "C J Hume".

**C J HUME**  
Partner

Sydney, NSW

Dated: 1 December 2023



## **Korean Metals Exploration Limited**

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### **General information**

The financial statements cover Korean Metals Exploration Limited as a consolidated entity consisting of Korean Metals Exploration Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Korean Metals Exploration Limited's functional and presentation currency.

Korean Metals Exploration Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

#### **Registered office**

Level 4  
96-100 Albert Road  
South Melbourne  
VIC 3205

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

21 Pandian Crescent  
Bellbowrie  
Queensland  
4070

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 December 2023. The directors have the power to amend and reissue the financial statements.

**Korean Metals Exploration Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the year ended 30 June 2023**

	Note	Consolidated June 2023 \$	June 2022 \$
<b>Other income</b>			
Interest income		39	92
<b>Expenses</b>			
Administrative expenses		(296,930)	(184,751)
Consultancy and legal expenses		(118,608)	(292,748)
Employee benefits expense		(14,377)	(10,510)
Depreciation and amortisation expense	3	(66,246)	(5,966)
Other expenses		(3,067)	(14,227)
<b>Loss before income tax expense</b>		(499,189)	(508,110)
Income tax expense	4	-	-
<b>Loss after income tax expense for the year attributable to the owners of Korean Metals Exploration Limited</b>		(499,189)	(508,110)
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(26,862)	5,751
Other comprehensive income for the year, net of tax		(26,862)	5,751
<b>Total comprehensive income for the year attributable to the owners of Korean Metals Exploration Limited</b>		(526,051)	(502,359)
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	25	(1.32)	(2.79)
Diluted earnings per share	25	(1.32)	(2.79)

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

**Korean Metals Exploration Limited**  
**Statement of financial position**  
**As at 30 June 2023**

	Note	Consolidated June 2023 \$	June 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	86,394	428,358
Trade and other receivables	6	45,256	58,822
Other		4,651	17,087
Total current assets		<u>136,301</u>	<u>504,267</u>
<b>Non-current assets</b>			
Property, plant and equipment	7	131,461	160,000
Right-of-use assets	8	26,487	62,080
Exploration and evaluation	9	653,791	589,717
Total non-current assets		<u>811,739</u>	<u>811,797</u>
<b>Total assets</b>		<u>948,040</u>	<u>1,316,064</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	10	78,924	115,226
Lease liabilities	11	19,938	24,194
Provisions	12	16,795	-
Total current liabilities		<u>115,657</u>	<u>139,420</u>
<b>Non-current liabilities</b>			
Lease liabilities	11	-	19,455
Provisions	12	-	16,795
Total non-current liabilities		<u>-</u>	<u>36,250</u>
<b>Total liabilities</b>		<u>115,657</u>	<u>175,670</u>
<b>Net assets</b>		<u>832,383</u>	<u>1,140,394</u>
<b>Equity</b>			
Issued capital	13	2,314,444	2,096,404
Reserves		7,096	33,958
Accumulated losses		<u>(1,489,157)</u>	<u>(989,968)</u>
<b>Total equity</b>		<u>832,383</u>	<u>1,140,394</u>

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Korean Metals Exploration Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2023**

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Foreign currency reserve</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2021	368,371	28,207	(481,858)	(85,280)
Loss after income tax expense for the year	-	-	(508,110)	(508,110)
Other comprehensive income for the year, net of tax	-	5,751	-	5,751
Total comprehensive income for the year	-	5,751	(508,110)	(502,359)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	1,728,033	-	-	1,728,033
Balance at 30 June 2022	<u>2,096,404</u>	<u>33,958</u>	<u>(989,968)</u>	<u>1,140,394</u>

<b>Consolidated</b>	<b>Issued capital</b> <b>\$</b>	<b>Foreign currency Reserve</b> <b>\$</b>	<b>Accumulated losses</b> <b>\$</b>	<b>Total equity</b> <b>\$</b>
Balance at 1 July 2022	2,096,404	33,958	(989,968)	1,140,394
Loss after income tax expense for the year	-	-	(499,189)	(499,189)
Other comprehensive income for the year, net of tax	-	(26,862)	-	(26,862)
Total comprehensive income for the year	-	(26,862)	(499,189)	(526,051)
<i>Transactions with owners in their capacity as owners:</i>				
Contributions of equity, net of transaction costs (note 13)	218,040	-	-	218,040
Balance at 30 June 2023	<u>2,314,444</u>	<u>7,096</u>	<u>(1,489,157)</u>	<u>832,383</u>

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

**Korean Metals Exploration Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>Consolidated</b>	
		<b>June 2023</b>	<b>June 2022</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Interest received		39	92
Payments to suppliers and employees (inclusive of GST)		<u>(441,868)</u>	<u>(580,225)</u>
Net cash used in operating activities	24	<u>(441,829)</u>	<u>(580,133)</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	7	-	(158,445)
Payments for exploration and evaluation	9	(69,138)	(134,546)
Payments for security deposits		(22,645)	-
Proceeds from release of security deposits		<u>-</u>	<u>1,530</u>
Net cash used in investing activities		<u>(91,783)</u>	<u>(291,461)</u>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares	13	237,000	1,406,603
Share issue transaction costs		(18,960)	(113,636)
Repayment of lease liabilities		<u>(26,392)</u>	<u>-</u>
Net cash from financing activities		<u>191,648</u>	<u>1,292,967</u>
Net (decrease)/increase in cash and cash equivalents		(341,964)	421,373
Cash and cash equivalents at the beginning of the financial year		<u>428,358</u>	<u>6,985</u>
Cash and cash equivalents at the end of the financial year	5	<u><u>86,394</u></u>	<u><u>428,358</u></u>

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

## **Note 1. Significant accounting policies**

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

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

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

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

### **Basis of preparation**

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

#### *Historical cost convention*

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

#### *Critical accounting estimates*

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

### **Going Concern Basis**

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the consolidated entity incurred a loss of \$499,189 and had net cash outflows from operating and investing activities of \$441,829 and \$91,783 respectively for the year ended 30 June 2023. The company is in the process of finalising an initial public offering of shares. The capital raised will fund the continuing exploration operations of the consolidated entity.

As the initial public offering of shares is yet to occur at the time the financial statements have been signed there is a material uncertainty as to whether the consolidated entity will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report has been prepared on the following basis:

- the company expects to be successful in undertaking a capital raising for the purposes of the funding its plans to undertake an initial public offering of shares; and
- as at 30 June 2023, the consolidated entity had cash of \$86,394 and net assets of \$832,383.

Accordingly, the Directors believe that the company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the company does not continue as a going concern.

### **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 21.

### **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Korean Metals Exploration Limited ('company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Korean Metals Exploration Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

**Foreign currency translation**

The financial statements are presented in Australian dollars, which is Korean Metals Exploration Limited's functional and presentation currency.

*Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

*Foreign operations*

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

**Interest income**

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Other revenue**

Other revenue is recognised when it is received or when the right to receive payment is established.

**Income tax**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

**Current and non-current classification**

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

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

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

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

**Cash and cash equivalents**

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

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

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

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

**Investments and other financial assets**

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

*Financial assets at amortised cost*

A financial asset is measured at amortised cost only if both of the following conditions are met: (i) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and (ii) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

*Impairment of financial assets*

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.



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

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

**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 straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Property, plant & equipment – 5% to 50%

**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.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Right-of-use assets that meet the definition of investment property are measured at fair value where the consolidated entity has adopted a fair value measurement basis for investment property assets.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

**Exploration and evaluation assets**

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

**Trade and other payables**

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

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

**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 consolidated entity'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.

**Provisions**

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

**Issued capital**

Ordinary shares are classified as equity.

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

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

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

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

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

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

**Rounding of amounts**

The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8); and
- Deferred Tax Related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12).

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

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

*Share-based payment transactions*

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

*Estimation of useful lives of assets*

The consolidated entity 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.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

*Exploration and evaluation costs*

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

**Note 3. Depreciation**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Depreciation for property, plant and equipment	30,653	1,849
Depreciation of right of use of assets	35,593	4,117
	<u>66,246</u>	<u>5,966</u>

**Korean Metals Exploration Limited**  
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**Note 4. Income tax expense**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	(499,189)	(508,110)
Tax at the statutory tax rate of 25%	(124,797)	(127,028)
Current year tax losses not recognised	124,797	127,028
Income tax expense	<u>-</u>	<u>-</u>
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	(549,377)	(165,783)
Potential tax benefit @ 25%	(137,344)	(41,446)

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

**Note 5. Current assets - cash and cash equivalents**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	86,394	428,358

**Note 6. Current assets - trade and other receivables**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Deposits paid - Office	40,037	17,391
GST receivable	5,219	41,431
	<u>45,256</u>	<u>58,822</u>

**Note 7. Non-current assets - property, plant and equipment**

	<b>Consolidated</b>	<b>Consolidated</b>
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Plant and equipment	160,000	-
Additions	-	161,849
Less: Accumulated depreciation	(32,502)	(1,877)
Less: Unrealized foreign exchange	3,963	28
	<u>131,461</u>	<u>160,000</u>

**Korean Metals Exploration Limited**  
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**(a) Movements in Carrying Amounts**

Movements in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	<b>Motor Vehicle</b>	<b>Equipment</b>	<b>Structures</b>	<b>Total</b>
Consolidated Group				
Balance at 1 July 2021	<u>-</u>	<u>1,594</u>	<u>-</u>	<u>1,594</u>
Additions	55,396	77,245	27,642	160,283
Depreciation expense	-	(1,849)	-	(1,849)
Exchange gain/(loss)	<u>-</u>	<u>(28)</u>	<u>-</u>	<u>(28)</u>
Balance at 30 June 2022	<u>55,396</u>	<u>76,962</u>	<u>27,642</u>	<u>160,000</u>
Balance at 1 July 2022	55,396	76,962	27,642	160,000
Additions	-	-	-	-
Depreciation expense	(8,359)	(21,373)	(921)	(30,653)
Exchange gain/(loss)	<u>734</u>	<u>1,015</u>	<u>365</u>	<u>2,114</u>
Balance at 30 June 2023	<u>47,771</u>	<u>56,604</u>	<u>27,086</u>	<u>131,461</u>

**Note 8. Non-current assets - right-of-use assets**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Office Building - right-of-use	49,402	49,402
Less: Accumulated depreciation	<u>(39,710)</u>	<u>(4,117)</u>
	<u>9,692</u>	<u>45,285</u>
Make Good - right-of-use	<u>16,795</u>	<u>16,795</u>
	<u>26,487</u>	<u>62,080</u>

**Note 9. Non-current assets - exploration and evaluation**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Exploration and evaluation - at cost	<u>653,791</u>	<u>589,717</u>

**Korean Metals Exploration Limited**  
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**Note 9. Non-current assets - exploration and evaluation (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated</b>	Capitalised exploration cost \$
Balance at 1 July 2021	455,171
Additions	140,637
Exchange differences	(6,091)
	<hr/>
Balance at 30 June 2022	589,717
Additions during the year	69,138
Exchange differences	(5,064)
	<hr/>
Balance at 30 June 2023	<u>653,791</u>

**Note 10. Current liabilities - trade and other payables**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	\$	\$
Trade and other payables	<u>78,924</u>	<u>115,226</u>

Refer to note 15 for further information on financial instruments.

**Note 11. Lease Liabilities**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	\$	\$
<i>Current</i>		
Lease liability	<u>19,938</u>	<u>24,194</u>
	<hr/>	<hr/>
	<u>19,938</u>	<u>24,194</u>
<i>Non-Current</i>		
Lease liability	<u>-</u>	<u>19,455</u>
	<hr/>	<hr/>
	<u>-</u>	<u>19,455</u>

Refer to note 15 for further information on financial instruments.

**Korean Metals Exploration Limited**  
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**Note 12. Provisions**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Current</i>		
Make Good Provision	16,795	-
	<u>16,795</u>	<u>-</u>
<i>Non-Current</i>		
Make Good Provision	-	16,795
	<u>-</u>	<u>16,795</u>

Refer to note 15 for further information on financial instruments.

**Note 13. Equity - issued capital**

	<b>Consolidated</b>			
	<b>June 2023</b>	<b>June 2022</b>	<b>June 2023</b>	<b>June 2022</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$</b>	<b>\$</b>
Ordinary shares - fully paid	<u>38,870,000</u>	<u>36,500,000</u>	<u>2,314,444</u>	<u>2,096,404</u>

*Movements in ordinary share capital*

<b>Details</b>	<b>Date</b>	<b>Shares</b>	<b>Issue price</b>	<b>\$</b>
Balance	1/07/2021	42,000		368,371
Share issue	20/10/2021	42,000	\$10.35	435,065
Share issue	03/11/2021	7,000	\$9.78	68,494
Share issue	10/11/2021	9,000	\$9.79	88,110
Share split 230:1 basis	02/12/2021	22,900,000	\$0.00	-
Share issue (pre-IPO raise)	31/01/2022	9,050,000	\$0.10	905,000
Share issue (pre-IPO raise)	22/03/2022	3,450,000	\$0.10	345,000
Share issue (payment of consulting services)	31/03/2022	1,000,000	\$0.10	100,000
Share Issue costs		-	\$0.00	<u>(213,636)</u>
Balance	30/06/2022	36,500,000		2,096,404
Share issue	18/11/2022	1,370,000	\$0.10	137,000
Share issue	20/12/2022	1,000,000	\$0.10	100,000
Share issue costs		-	\$0.00	<u>(18,960)</u>
Balance	30/06/2023	<u>38,870,000</u>		<u>2,314,444</u>

*Ordinary shares*

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

**Note 13. Equity - issued capital (continued)**

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

The following reconciles with the outstanding unlisted options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial year.

*Movements in unlisted options*

<b>Details</b>	<b>Date</b>	<b>Options</b>
Balance	1/07/2021	-
Option issue (pre-IPO raise)	31/01/2022	2,262,500
Option issue (pre-IPO raise)	22/03/2022	<u>2,662,500</u>
Balance	30/06/2022	4,925,000
Option issue (pre-IPO raise)	18/11/2022	342,500
Option issue (pre-IPO raise)	20/12/2022	<u>250,000</u>
Balance	30/06/2023	<u><u>5,517,500</u></u>

**Note 14. Equity - dividends**

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

**Note 15. Financial instruments**

***Financial risk management objectives***

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior executives under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Senior executives identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

***Market risk***

***Foreign currency risk***

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Consolidated Entity's functional currency. The Consolidated Entity's exploration activities give rise to foreign exchange risk, which are mainly denominated South Korean Won.

The Consolidated Entity regularly monitors the potential impact of movements in foreign exchange exposure. At 30 June 2023, the Consolidated Entity's had the following exposure to South Korean Won currency not designated in cash flow hedges:



**Korean Metals Exploration Limited**  
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**Note 15. Financial instruments (continued)**

	June 2023 \$	June 2022 \$
Cash (in AUD equivalent)	35,480	115,889
Trade and other payables (in AUD equivalent)	25,233	17,087
	<u>60,713</u>	<u>132,976</u>

**Credit risk**

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group and arises principally from the Group's receivables.

The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

**Liquidity risk**

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

**Remaining contractual maturities**

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

<b>Consolidated - June 2023</b>	Weighted average interest rate %	1 year or less \$	Remaining contractual maturities \$
<b>Non-derivatives</b>			
<i>Non-interest bearing</i>			
Trade payables	-	60,224	60,224
<i>Interest-bearing - variable</i>			
Lease liability	-	21,280	21,280
Total non-derivatives		<u>81,504</u>	<u>81,504</u>

<b>Consolidated - June 2022</b>	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Remaining contractual maturities \$
<b>Non-derivatives</b>				
<i>Non-interest bearing</i>				
Trade payables	-	113,697	-	113,697
<i>Interest-bearing - variable</i>				
Lease liability	-	30,135	21,280	51,415
Total non-derivatives		<u>143,832</u>	<u>21,280</u>	<u>165,112</u>

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

**Korean Metals Exploration Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 15. Financial instruments (continued)**

**Capital Risk Management**

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

The capital structure of the Group consists of cash and cash equivalents, deposits in respect of bank guarantee and equity attributable to equity holders of the company, comprising issued capital, reserves and accumulated losses.

There are no externally imposed capital requirements. None of the Group's entities are subject to externally imposed capital requirements. The Group monitors capital through the gearing ratio, which is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is defined as equity per the statement of financial position plus net debt.

The Board reviews the capital structure on an annual basis. As a part of this review the Board considers the cost of capital and the risks associated with each class of capital. High gearing ratio will be expected as the Group enters into its development stage and more debts are required to fund the operation and development activities.

There have been no changes in the strategy adopted by management during the period.

**Note 16. Key management personnel disclosures**

*Directors*

The following persons were directors of Korean Metals Exploration Limited during the financial year:

Christopher Sennitt	Managing Director
Kim Wan Joong	Executive Director
Waldemar Fick	Non-Executive Director
Peter Bird	Non-Executive Director
Garrick Higgins	Non-Executive Director

*Compensation*

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

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	\$	\$
Short-term employee benefits	<u>10,510</u>	<u>15,666</u>

**Note 17. Remuneration of auditors**

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the company:

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit or review of the financial statements	<u>28,200</u>	<u>17,000</u>

**Note 18. Contingent assets and liabilities**

The consolidated entity had no contingent liabilities or assets as at the date of these financial statements.

**Korean Metals Exploration Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 19. Commitments**

Exploration expenditure commitments

The consolidated entity's Exploration Rights (licences) are registered with the Mine Registration Office (MRO) Seoul or with the Ministry of Trade, Industry & Energy (MOTIE). All applications have been made in the name of the Company's wholly owned subsidiary – Shin Han Mine Inc.

For the consolidated entity's future exploration expenditure targets for each of its rights, it is noted that:

1.the MRO, MOTIE, nor the Korean Mining Act 2011, do not impose a minimum expenditure requirement for any of the consolidated entity's exploration rights; and

2.the consolidated entity's incur future exploration expenditure based on the Board approved exploration budget for each of its rights.

The consolidated entity had no other commitments as at the date of these financial statements.

**Note 20. Related party transactions**

*Parent entity*

Korean Metals Exploration Limited is the parent entity.

*Subsidiaries*

Interests in subsidiaries are set out in note 22.

*Key management personnel*

Disclosures relating to key management personnel are set out in note 16.

*Transactions with related parties*

The following transactions occurred with related parties:

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Other transactions:		
Payment for professional services*	9,844	-

\*During the year the Company made payments to Grillo Higgins Lawyers, a related entity of Mr Garrick Higgins. The entity provides professional services to the Company throughout the year.

*Receivable from and payable to related parties*

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

*Loans to/from related parties*

There were no loans to or from related parties at the current and previous reporting date.

*Terms and conditions*

All transactions were made on normal commercial terms and conditions and at market rates.

**Korean Metals Exploration Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 21. Parent entity information**

Set out below is the supplementary information about the parent entity.

*Statement of profit or loss and other comprehensive income*

	<b>Parent</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax	(355,130)	(382,322)
Total comprehensive income	(355,130)	(382,322)

*Statement of financial position*

	<b>Parent</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Total current assets	56,133	353,900
Total assets	1,464,902	1,604,133
Total current liabilities	(53,692)	(55,833)
Total liabilities	(53,692)	(55,833)
Equity		
Issued capital	2,314,444	2,096,404
Accumulated losses	(903,234)	(548,104)
Total equity	<u>1,411,210</u>	<u>1,548,300</u>

**Note 22. Interests in subsidiaries**

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

<b>Name</b>	<b>Principal place of business / Country of incorporation</b>	<b>Ownership interest</b>	
		<b>June 2023</b>	<b>June 2022</b>
		<b>%</b>	<b>%</b>
<b>Parent Entity</b>			
<b>Subsidiaries of Korean Metals Exploration Limited</b>			
Shin Han Mines Inc	Republic of South Korea	100.00%	100.00%

**Korean Metals Exploration Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 23. Events after the reporting period**

The Gyeongsangbuk-do Provincial government approved Shinhan Mine Inc application for MDP on 5 October 2023. Shinhan Mine Inc has deposited the necessary Rehabilitation and Replacement fees (Security Bonds and Insurance). This Mine Development Permit allows Shinhan Mine Inc to undertake mining and mineral processing activities on its flagship Dongil prospect over a disturbance area up to 5,000m<sup>2</sup>. The period is for 20 years, renewable every 3 years. Shin Han Mine Inc was issued with Mine Development Permit No 1734 on 10<sup>th</sup> November 2023.

500,000 fully paid ordinary shares and 125,000 free attaching options, on the basis of 1 option for every 4 shares subscribed for, with an exercise price of A\$0.30 per option, expiring 30 June 2025 were allotted in the Company under a placement at a subscription price of A\$0.10 per share, allotted effective on Friday 25 August 2023, to Higgins Superannuation Fund Pty Ltd ATF Higgins Superannuation Fund, a related party of Mr Garrick Higgins.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 24. Reconciliation of loss after income tax to net cash used in operating activities**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax expense for the year	(499,189)	(508,110)
Adjustments for:		
Depreciation and amortisation	53,691	4,184
Other expenses	13,969	(5,260)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	26,002	(76,697)
Increase/(decrease) in trade and other payables	(36,302)	5,750
Net cash used in operating activities	<u>(441,829)</u>	<u>(580,133)</u>

**Note 25. Earnings per share**

	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
<i>Earnings per share for loss from continuing operations</i>		
Loss after income tax attributable to the owners of Korean Metals Exploration Limited	<u>(499,189)</u>	<u>(508,110)</u>
	<b>Consolidated</b>	
	<b>June 2023</b>	<b>June 2022</b>
	<b>\$</b>	<b>\$</b>
Loss after income tax attributable to the owners of Korean Metals Exploration Limited	<u>(499,189)</u>	<u>(508,110)</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>37,873,288</u>	<u>18,241,986</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>37,873,288</u>	<u>18,241,986</u>

**Korean Metals Exploration Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 25. Earnings per share (continued)**

	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	(1.32)	(2.79)
Diluted earnings per share	(1.32)	(2.79)

As at 30 June 2023, the Consolidated Entity had 3,718,000 (2022: 3,125,000) options, which are excluded from the calculation of basic and diluted earnings per share. These equity instruments are considered to be anti-dilutive, as their inclusion would not decrease earnings per share nor increase the loss per share, from continuing operations.

**Korean Metals Exploration Limited**  
**Directors' declaration**  
**30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



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Mr Garrick Higgins

1 December 2023

## INDEPENDENT AUDITOR'S REPORT

### To the Members of Korean Metals Exploration Limited

#### Opinion

We have audited the financial report of Korean Metals Exploration 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 profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of the 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 – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Regulations 2001.

#### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Consolidated entity incurred a net loss of \$499,189 and had net cash outflows from operating and investing activities of \$441,829 and \$91,783 respectively for the year ended 30 June 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, 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 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 the 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 Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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


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

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

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



**RSM AUSTRALIA PARTNERS**



**C J HUME**  
Partner

Sydney, NSW  
Dated: 1 December 2023