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Corporations Act 2001
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Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

KALBAR LIMITED

ACN

149 545 362

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial year ends

Financial year end date
30-06-2022

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Appointment of an auditor

Date of appointment **20-09-2018**

ASIC registered auditor number
378610

Name of Auditor

	STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
Address	**LEVEL 2 40 KINGS PARK ROAD WEST PERTH WA 6005 Australia**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.
Yes

Signature

Select the capacity in which you are lodging the form
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.
Yes

Authentication

This form has been authorised by

Name	ROBERT JOHN WARING , Secretary
Date	16-11-2022

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KALBAR

Limited

ABN 30 149 545 362

2022 Annual Report

CONTENTS

Cover: Sonic core of Heavy Mineral rich MA Unit in Fingerboards Upper Sands sequence

KALBAR
LIMITED

CORPORATE DIRECTORY

Directors

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

Dr Brad Farrell
Mr Neil O'Loughlin
Mr Brad Pettersson
Mr James Kerr
Mr Richard Crookes (Appointed as a Director on 30 March 2022)
Mr Robert Bishop (Ceased to be a Director on 4 January 2022)

Company Secretary

Mr Robert Waring

Principal Place of Business

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Email: Info@kalbarltd.com.au

Share Register

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Sydney NSW 2000
Telephone: 1300 288 664
International Telephone: +61 2 9698 5414
Email: hello@automic.com.au

Auditor and Registered Office

Stantons International Audit and Consulting Pty Ltd
Level 2, 40 Kings Park Road
West Perth, WA 6005

CHAIRMAN’S LETTER TO SHAREHOLDERS

Dear Shareholders

On behalf of the Board of Directors, it gives me pleasure to report to Shareholders on Kalbar Limited’s (“Kalbar” or the “Company”) activities in Financial Year 2022.

As per Financial Year 2021, the contents of this Annual Report have again been simplified as there is now no immediate need for listing the Company on the ASX with an associated project equity raising to compliment Kalbar’s share of debt for the Fingerboards Mineral Sands Project (“Project”). Notwithstanding this, the Annual Report still conforms and adheres to corporate financial reporting requirements under the Corporations Act 2001 (Cth).

Financial Year 2022 has been a difficult year for the Company’s Shareholders, and for Kalbar itself as the majority 80.41% equity investor Shareholder of Kalbar Operations Pty Ltd (“KOPL”), due to the adverse 24 November 2021 decision by the Minister for Planning’s (“Minister”) assessment of the Environment Effects Statement (“EES”) for the Project. To our extreme disappointment, the Minister’s assessment of the EES Tribunal’s (Inquiry and Advisory Committee’s (IAC)) report concluded that the Project had been evaluated as posing an unacceptable environmental risk as presented in the EES.

The purpose of the Minister’s assessment is to “inform” the various regulatory authorities, such as Earth Resources Regulation (“ERR”) and the Environmental Protection Agency (“EPA”). Whilst not binding, it strongly influences the decision-making process of all government agencies.

The Minister’s assessment has, however, raised concerns across the minerals industry in Victoria, as it was the first time that a mineral sands project had an adverse finding after an EES, and it followed an adverse assessment in late 2020 by the Minister regarding the development of AGL Resources’ Liquified Natural Gas terminal in Westernport Bay. While the impacts on these two projects are quite different, the two assessments back-to-back have highlighted an increased risk to approvals through the EES process in Victoria through which all significant resource projects proceed and flags the need for an urgent review of the overall project approvals process. For this reason, it was the view of KOPL’s management and the respective Kalbar Group boards that approvals for the Project are unlikely to be moved forward within the term of this parliament (the Victorian State election will occur on 26 November 2022). This viewpoint remains unchanged at the end of the 2022 Financial Year, as major changes to ministerial positions and leadership in the Labor government occurred in late June 2022, and the government has moved into a non-decision-making mode, in the lead up to the State election. Realistically, it will take time for a new government to “bed down” after the election and, coupled with the advent of the Christmas and January 2023 holiday season, it is not expected that there will be a government resolution until March quarter 2023 to the possibility of moving forward with the project approvals process.

The Minister’s assessment does open the door to a future approval of the Project, as the Minister says in his report: *“In the event that a Decision Maker does entertain an approval for the Project, I generally support the Inquiry and Advisory Committee’s (IAC) recommendations for further work.”* Also, there is encouragement from Victoria’s new Deputy Premier, Jaclyn Symes, who commented on the Project in July 2019, when she was then the Minister for Agriculture and Resources: *“Through the Mineral Resources Strategy we are supporting the development of an industry that can coexist with other regional industries and create additional jobs for local communities”.*

CHAIRMAN'S LETTER TO SHAREHOLDERS (continued)

The Minister's assessment decision has effectively exacerbated the timeline to production by putting the Project into holding mode, making the prognosticated 2025 production date in the 2021 Annual Report unrealistic and, at this stage, unknown. Project development activity, a substantial cost, which was to be accelerated post the EES assessment approval, was immediately suspended on the Minister's decision. It will continue to be on hold until there is knowledge and certainty on project approvals from the government, hopefully in early 2023. In the interim, the Project is being re-scoped by KOPL to consider all recommendations of the IAC report, and the Environmental, Social and Governance ("ESG") strategy is being reset to position the Project to ensure its better alignment with community, state, and national interests, and to ensure that this is communicated effectively to all stakeholders, including local communities and all levels of government. Critical on-ground activities will continue, such as environmental monitoring and the maintenance of the nursery, while KOPL's management continues to engage with community and the Victorian Government on moving the Project forward and achieving Project approvals.

Importantly, the Project is in good regulatory standing with ERR with respect to financial expenditure and reporting on its tenements, and all tenement titles are current or awaiting renewal approval.

Despite the Project's approval challenges, the macro-economic view for the Project has continued to strengthen, with significant increases in pricing for zircon, ilmenite, rutile and, most markedly, rare earths. The rare earths market is undergoing a major structural reform driven by tensions with China, and the now increasing frenetic, exponential pace of global green electrification and global de-carbonisation. Demand and, consequently, prices have surged for the magnetic rare earth metals Neodymium (Nd), Praseodymium (Pr), Terbium (Tb) and Dysprosium (Dy), which are used in electric motors in applications such as electric vehicles and wind turbines. These critical metals, Nd, Pr, Tb and Dy, are increasingly being sourced from the rare earth minerals, monazite and xenotime, which are particularly enriched in the heavy mineral concentrate to be sold from the Project.

An important initiative in the latter half of the recent financial year was the restatement of the 2018 Mineral Resource Estimate ("MRE") to reflect the neglected rare earth mineralogy and changing commodity prices, and a review of the significance of the rare earth minerals content of the Project. The results of the update are outlined in the Review of Operations section of this Annual Report and are critical to ongoing re-scoping of the Project by KOPL.

Importantly, there has been a significant increase in potential Project revenue from rare earth minerals that will only increase in the immediate future because of the exponential growth in global green electrification, the major consumer of Nd, Pr, Tb and Dy. The rare earths revenue is now almost equal to revenue from zircon, such that the Project emphasis has become Rare Earth-Zircon rather than the historically Ilmenite-Zircon focus. This significant revenue increase means the Project should still be robust in financial outcome for the benefit of all stakeholders, after implementation of the high cost EES amendments that need to be made to the Project to obtain future Project approvals. The exact financial impact of the amendments is, however, still being assessed.

The 2022 MRE focused on the revision of the 2018 MRE of the higher-grade Upper Sands sequence of the Fingerboards deposit, and the Central Lower Sands portion of the Lower Sands of the deposit, lying below and northern adjacent to the Upper Sands Fingerboards 2018 MRE, that is part of the global, Glenaladale 2.74Bt at 2% Heavy Mineral resource, that was last reported as an Inferred Resource in the 2016 MRE.

CHAIRMAN'S LETTER TO SHAREHOLDERS (continued)

The combined Fingerboards Upper Sands and Central Lower Sands MRE show that globally significant zircon, TREO and TiO2 resources are present: namely, zircon (10,100,000 tonnes), TREO (896,000 tonnes) and TiO2 (21,600,000 tonnes) (undifferentiated ilmenite dominant with leucoxene and rutile). The TREO resource of 896,000 tonnes occurs in the minerals, monazite (1,176,000 tonnes) and xenotime (207,000 tonnes). For the first time, rare earth resources, using the 'basket' standard for the rare earth industry, with a breakdown of the percentage individual Rare Earth Oxides ("REOs") in the total rare earths basket, are reported. The four critical REO metals in high demand, being Nd, Pr, Tb and Dy, can be quantified in the TREO resource: Nd2O3 (124,500 tonnes), Pr2O3 (35,800 tonnes), Dy2O3 (23,300 tonnes) and Tb2O3 (4,500 tonnes).

The value of the percentage individual REOs of the monazite concentrate in the basket was also quantified. The basket gauges the value of monazite as feed to a downstream REO processor. Oxides of the critical metals in monazite in high demand, being Nd, Pr, Tb and Dy, are 82% of the value of the monazite REO basket. The current worth of combined Nd, Pr, Tb and Dy REOs in the Fingerboards rare earth monazite basket approximates US$38,000/t and is shown to compare more than favourably with past, present and future monazite producers from mineral sands.

A rethink of the original concept on exporting Heavy Mineral Concentrate ("HMC") offshore rather than fully or part processing HMC in Australia is now required, notwithstanding it remains valid. This is due to recent and ongoing political and trade tensions with China, the major HMC market, defence imperatives with the allies in the western world with respect to the supply of critical minerals containing Nd, Pr, Tb and Dy, and, importantly, new federal financial incentives for critical minerals projects for downstream processing in Australia with the value-adding remaining in the country.

There are emerging opportunities for the Project's HMC to be processed in Australia that are being investigated by KOPL so that, particularly, the valuable monazite and xenotime critical minerals products can be further processed in Australia, feeding fully integrated rare earth refineries being built in Australia. Fingerboards, in the rare earths sense, is an important globally significant critical minerals project for Australia, contributing to its economic well-being, and to its share of global de-carbonisation and electrification. Particularly being part of a sustainable, traceable, long-term supply chain to end manufacturers of electric motors in applications such as electric vehicles and wind turbines.

The Board of Kalbar stays determined and focused on supporting KOPL's continuing consideration and implementation of potential amendments to the Project that could lead to future Project approval. The Company recognises the need to reduce the Project's environmental footprint for the Project to proceed, and that transport, power and water supply strategies are aligned with community expectations, and other users, to demonstrate benefits across the broader community, including First Nations stakeholders.

Immediate priorities for the Kalbar Board are to ensure the completion by KOPL of the re-scoping of the Project, by the end of November 2022, to reflect the recommendations of the IAC report and the ESG reset, in readiness for post-election government engagement to move forward with the approvals process for the Project on realistic timelines.

On a final positive note, it is important to point out that there is significant and evident support from within the Gippsland community and the Victorian government for the Project, and for the mineral sands industry, which contributes to state and national economic well-being and, importantly, global de-carbonisation and electrification. We know from experience in the mineral sands industry across Australia that the Project can co-exist and benefit other local Gippsland industries and the community, and we are confident that this can be proven to the Victorian government.

CHAIRMAN’S LETTER TO SHAREHOLDERS (continued)

In conclusion, the Company’s Board acknowledges “the KOPL team” (the KOPL Board, management, and staff) for its work on the Project on what has been a difficult and stressful year for all concerned and is appreciative of Shareholders’ ongoing support.

Yours sincerely

Dr Brad Farrell
Non-Executive Chairman

REVIEW OF OPERATIONS

Review of Financial Statement

Kalbar Limited's ("Kalbar") core business was exploration and project development until 1 May 2020, when it became an investment holding company, with its majority shareholding in Kalbar Operations Pty Ltd ("KOPL") rather than being an active hands-on operator. KOPL holds all the Fingerboards Mineral Sands Project ("Project" or "Fingerboards") assets (freehold land and tenements), and liabilities and, with its independent management team, has been tasked to bring the Project into production.

The other KOPL shareholder is ANRK B.V., an associated company of Appian Capital Advisory LLP ("Appian"), which is making a staged equity investment of up to A$164 million in KOPL on behalf of Appian to fund the Project. Appian is a long-term, UK-based metals and mining private equity investor that has made a series of investments, worldwide, in two mining funds (currently totaling ~US$2 billion) across high-quality (1st/2nd cost quartile) projects in rare earths, potash, gold, copper, nickel, cobalt, lead, zinc and minerals sands, and has successfully supported projects through to production. Importantly, Appian has an experienced financial and technical team, and a demonstrated history of working alongside the management teams of its portfolio companies to share development, financing and operational expertise.

At 30 June 2021, under the Subscription and Shareholders Agreement ("SSA"), Kalbar had contributed A$5 million and Appian had contributed $35 million of equity into KOPL, with equity interests in KOPL being Kalbar – 81.31% and ANRK – 18.69%. At this date Appian declined to exercise its A$10 million contingent funding right, as per the SSA, to fund the A$8.25 million budget for the remainder of the 2021 calendar year. Agreement was, however, reached that funding of this amount will be Kalbar – 60% and Appian – 40%, by way of a subscription for KOPL shares at A$1.50 per share. At 31 December 2021, on conclusions of this funding, equity interests in KOPL were Kalbar – 80.41% and ANRK – 19.59%.

Further agreement was reached between the KOPL shareholders on the funding of a Project holding budget for calendar year 2022 of A$4.53 million, after the Minister for Planning's ("Minister") adverse assessment on 24 November 2021 that the Project, as presented in the Environmental Effects Statement ("EES"), posed an unacceptable environmental risk. It was agreed that the A$4.53 million amount would be broken down into two components, being immediate shareholders' loans totalling A$2.25 million and shareholder-called funds of A$2.28 million. The shareholders' loans of A$2.25 million is a 50-50 pari-passu loan facility at 8% per annum interest accruing daily, with the loan to be repaid to KOPL's two shareholders on 31 March 2023. The remaining shareholder-called funds of A$2.28 million is inclusive of expected net receivables in train, being a A$0.440 million research and development receival, and a A$0.25 million insurance claim receival. The ~A$1.67 million residue of the KOPL shareholder funding will be called in the December half of 2022 and will be funded as per the SSA based on the KOPL shareholder's respective equities at 30 June 2022 that remain unchanged from 31 December 2021, being Kalbar – 80.41% and ANRK – 19.59%.

The loss for the Group for the financial year amounted to A$7,568,580 (2021 loss for the Group – A$6,127,990).

Board Changes

Mr Robert Bishop, the founder, ex-Chairman, ex-Managing Director and long-serving Director of Kalbar, ceased to be a Director on 4 January 2022 after eight years of service to Kalbar to focus his energies on other projects outside the resource sector. We thank Rob for his years of work and dedication to the Project and wish him well. As a major shareholder of Kalbar, he will remain close to Kalbar in the years to come.

Mr Richard Crookes was appointed to the Kalbar Board on 30 March 2022. He brings with him over 35 years' worth of experience in mining and resource investment. Richard's qualifications and experience are set out in the Directors' Report in this Annual Report. He has broad resources industry experience having been involved in the delivery and management of major projects, and the development of corporate strategy and investment management in mining private equity funds. Richard is the current Managing Partner of Lionhead Resources Advisors Limited, which became a significant investor in Kalbar in 2020.

REVIEW OF OPERATIONS (continued)

Review of Operations
As shareholders are aware, KOPL plans to develop the Fingerboards mineral sands deposit within Retention Licence RL 2026, 25 kilometres north-west of Bairnsdale, within the Shire of East Gippsland in the State of Victoria, Australia. The Project will produce mineral sands heavy mineral concentrate ("HMC") in a staged manner, initially 300,000 to 400,000 tonnes per annum, and eventually 500,000 to 600,000 tonnes per annum for a 15-to-20-year period. The HMC consists dominantly of the valuable economic minerals, ilmenite, zircon, rutile, leucoxene, monazite and xenotime. There are options to sell either the mine site HMC, or some or all the HMC production, which can be further magnetically separated at the mine site, to produce a zircon-rich, with minor amounts of rutile and rare-earth minerals, Non-Magnetic ("Non-Mag'') concentrate, and an ilmenite rare earth mineral, rich Magnetic ("Mag") concentrate.

The information below reports on activities KOPL has undertaken in the 2022 financial year to advance the Project. Technical activities associated with completion of the Definitive Feasibility Study ("DFS") were secondary to the main activity of closing out the Project's EES, which has become the main, continuing activity for the 2023 financial year.

Fingerboards Project Environment Effects Statement ("EES")
The EES process forms the primary mechanism upon which any project in Victoria obtains its required approvals. Although the Victorian government calibrates the EES development with the mining approvals process, the assessment of the EES is not an approval itself; it informs local and state governments, government agencies and statutory authorities with regards to the issuance of permits and consents necessary to progress a project.

The Project requires approval under both Victorian and Commonwealth legislation to construct and operate the Project. As an EES under Victorian legislation was already being prepared, the Commonwealth Minister for the Environment and Energy accredited the EES process under the bilateral agreement between the Commonwealth and the State of Victoria to Victoria's Department of Environment, Land, Water and Planning. The EES scoping requirements are to also incorporate the Commonwealth Government's requirements for the assessment of impacts on environmental Matters of National Environmental Significance.

The EES process involves seven major steps:

1. Scoping Requirements
2. Technical Studies
3. Impact Assessment
4. The EES Report
5. Exhibition
6. Public Inquiry
7. Minister's assessment

The EES process was commenced by Kalbar in November 2016. In March 2020, subsidiary KOPL became the proponent for the EES and dealt with completing the EES process. At 2021 financial year end, the EES was at its sixth step, i.e., the Public Inquiry being conducted by a Tribunal (Inquiry and Advisory Committee ("IAC")) appointed by the Minister. The Public Inquiry commenced on 4 May 2021 and was completed in the 2022 financial year, on 22 July 2021. IAC's Report of the Public Inquiry, inclusive of its recommendation, was lodged with the Minister in late September 2021 for step seven being the Minister's assessment and decision on Approval, which was made on 24 November 2021.

To Kalbar's extreme disappointment, after a six-year robust process, the Minister's assessment of the EES from IAC's report concluded that the Project had been evaluated as posing an unacceptable environmental risk as presented in the EES.

As remarked previously, the purpose of the Minister's Assessment is to "inform" the various regulatory authorities, such as Earth Resources Regulation ("ERR") and the Environmental Protection Agency ("EPA"). Whilst not binding, it strongly influences the decision-making process of all government agencies.

REVIEW OF OPERATIONS (continued)

Fingerboards Project Environment Effects Statement (continued)

The Minister's assessment has raised concerns across the minerals industry in Victoria as it was the first time that a mineral sands project had an adverse finding after an EES, and it followed an adverse assessment in late 2020 by the Minister regarding the development of AGL Resources' Liquified Natural Gas terminal in Westernport Bay. While the impact on each of the two projects is quite different, the two assessments, back-to-back, have highlighted an increased risk to approvals through the EES process in Victoria through which all significant resource projects proceed and flags the need for an urgent review of the overall project approvals process.

For this reason, it was the view of KOPL's management, and the Kalbar and KOPL Boards, that approvals for the Project are unlikely to be moved forward within the term of this parliament (the Victorian State election is set to take place on 26 November 2022). This viewpoint remained unchanged at the end of the 2022 Financial Year, as major changes to ministerial positions and leadership in the Labor government occurred in late June 2022, and the government has moved into a non-decision-making mode, in the lead up to the State election. Realistically, it will take time for a new government to "bed down" after the election and, coupled with the advent of the Christmas and January 2023 holiday season, it is not expected that there will be a government resolution until March quarter 2023 in regard to moving forward with the project approvals process.

The Minister's assessment does open the door to a future approval of the Project, as he says in his report: *"In the event that a Decision Maker does entertain an approval for the Project, I generally support the Inquiry and Advisory Committee's (IAC) recommendations for further work."* Also, there is encouragement from Victoria's new Deputy Premier, Jaclyn Symes, who commented on the Project in July 2019, when she was then the Minister for Agriculture and Resources: *"Through the Mineral Resources Strategy we are supporting the development of an industry that can coexist with other regional industries and create additional jobs for local communities".*

Technical Activities

Technical activities were subordinate to the EES focus for the 2022 financial year. Because of the Project being put into holding mode, all Project development activity, which was to be accelerated post EES approval, was immediately suspended, which has allowed for a substantial reduction in costs. The completion of the DFS was put on hold earlier, in the September quarter of 2021, until a positive EES November 2021 approval, though some refinement of capital and operating costs was achieved.

A re-scoped Project, considering all recommendations of the IAC report that is satisfactory to all regulatory authorities, will be necessary to resume work on the DFS. Notwithstanding, the original premise of the DFS to mining and production of HMC remains unchanged. Mining of areas of enriched HMC grades, of less than 5% of the volume of the deposit occurring close to the surface, within the mining reserve, will be conducted by a conventional dry surface mining methodology used in the mineral sands industry worldwide. The minerals will be concentrated at the mine site using wet gravity processing, which separates the heavier mineral sand minerals from the light quartz-dominated sand ore, to produce a 90 to 95% primary HMC that may in turn be subject to wet magnetic processing to produce Mag and Non-Mag concentrates to be exported. The treated ore, termed tailings from the mining and concentrating process, will be returned to the mining void, and once filled, the land will be rehabilitated.

Critical on-ground activities continue, such as environmental monitoring and the maintenance of the nursery, while KOPL's management continues to engage with the community and the Victorian government on going forward on Project approvals.

Project Commentary with respect to Rare Earths

Despite the Project's approval challenges, the macro-economic view for the Project has continued to strengthen, with significant increases in pricing for zircon, ilmenite, rutile and, most markedly, rare earths. Over the last few years, prices for rare earth metals have more than tripled and monazite in turn has risen in price from approximately US$3,000 per tonne to over US$10,000 per tonne in the same period. The potential revenue to the Project from its rare earth minerals, monazite and xenotime, is now almost equal to contributing revenue from zircon such that the Project in the commodity, and in the increasing rare earths value sense, is now Rare Earth-Zircon rather than historically Ilmenite-Zircon.

REVIEW OF OPERATIONS (continued)

Project Commentary with respect to Rare Earths (continued)

The rare earths market is undergoing a major structural reform driven by tensions with China and the now-increasing frenetic pace of global electrification contributing to global decarbonisation. Demand has surged for the rare earth metals Neodymium (Nd), Praseodymium (Pr), Terbium (Tb) and Dysprosium (Dy), which are termed “Critical Metals” and are sourced from the rare earth minerals, monazite and xenotime, in turn called “Critical Minerals” which are particularly enriched in the HMC to be sold from the Project. A “Critical Mineral” is defined as a non-fuel mineral or mineral material from which critical metals are extracted that are essential to the functioning of modern technologies, economies or national security that has a supply chain vulnerable to disruption.

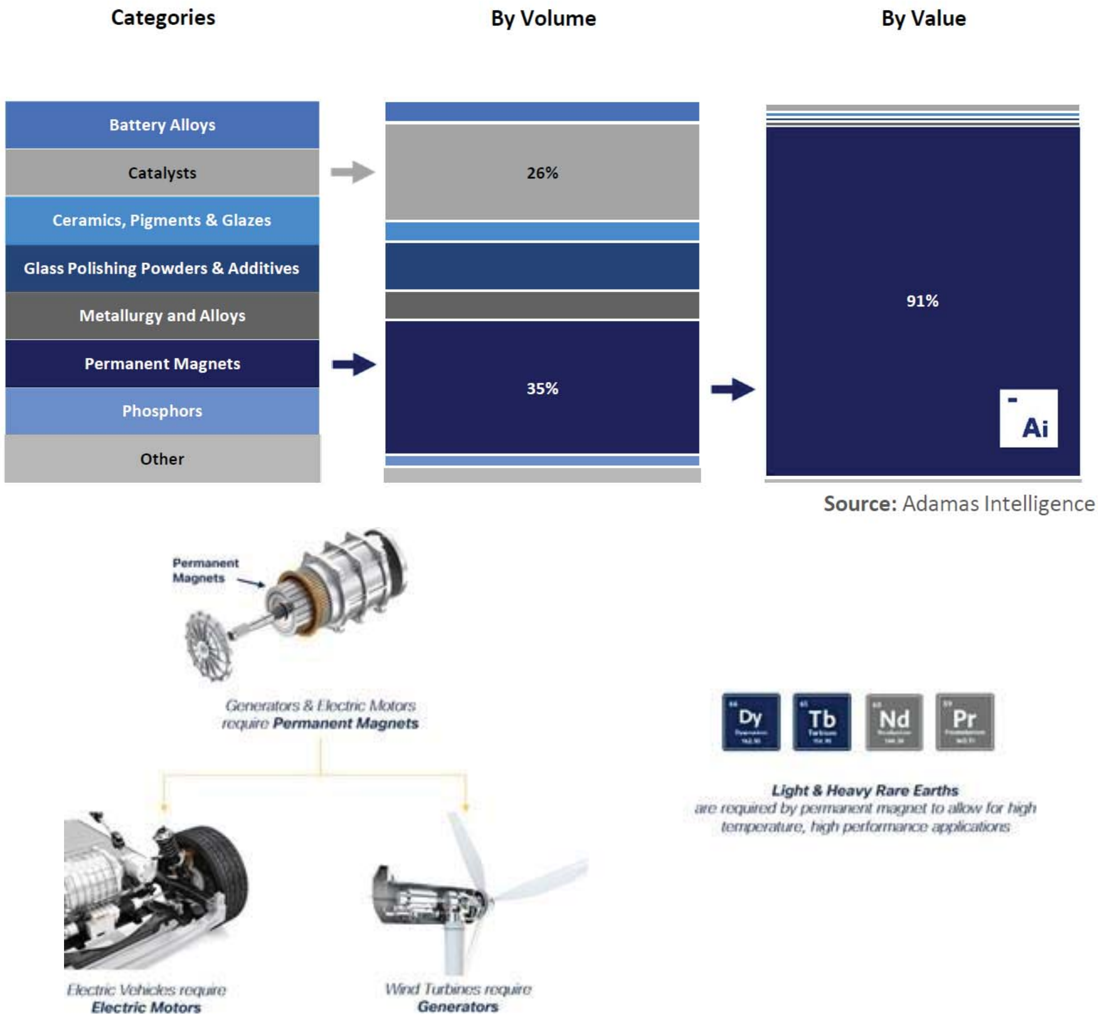

Figure 1. The largest, rare earth demand drivers in volume are permanent magnets in generators and electric motors and catalysts, with permanent magnets dominant in value.

Rare earth critical metals, Nd, Pr, Tb and Dy, are essential to manufacturing strategic products, particularly permanent power magnets (Figure 1) and catalysts for electric motors (used in electric vehicles (“EVs”) and wind turbines), airplanes and defence equipment, primarily in targeting and weapons systems, including smart bombs and missiles, as well as for their use in compact and powerful electric motors in air, sea and subsea weapons platforms.

REVIEW OF OPERATIONS (continued)

Project Commentary with respect to Rare Earths (continued)

Due to the rapid exponential growth of electric motors in global electrification (Figure 2), it is anticipated that a step change in demand growth, driven by the need of rare earths permanent magnets in electric motors, will far outpace supply, and will potentially lead to large supply deficits in heavy rare earths Dy and Tb, and the light rare earths Nd and Pr within the next five to10 years.

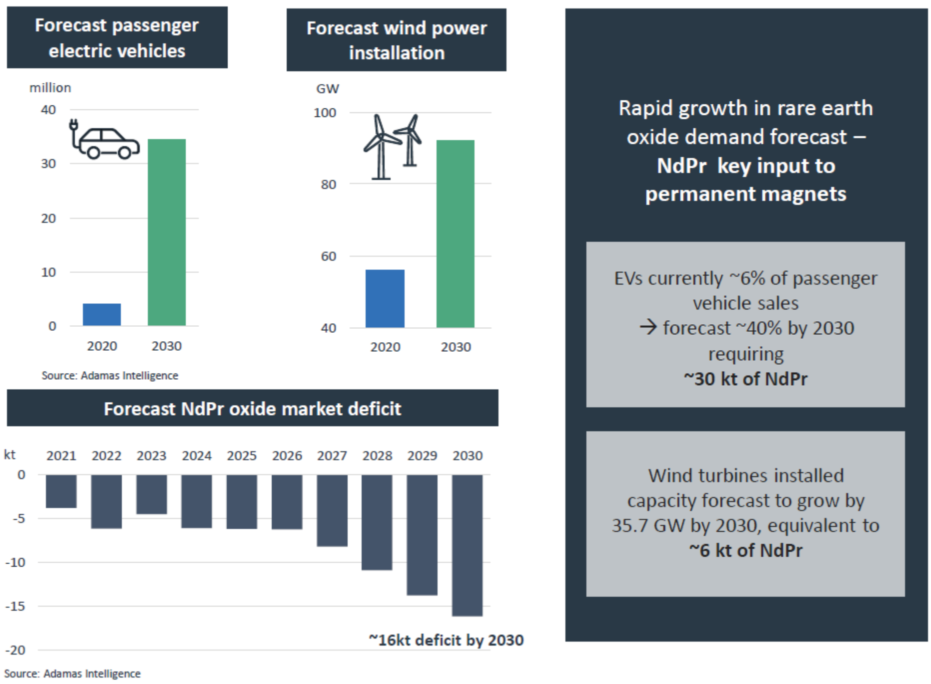

Figure 2. Growth demand forecast for Nd-Pr and for EV vehicles and wind power installation.

As previously mentioned above, Nd, Pr, Tb and Dy are of strategic importance to the western world's defence systems, particularly the USA, as China currently controls approximately 55% of the global rare earths mining capacity and approximately 85% of the global rare earths refining capacity. Importantly, this strategic imbalance (Figure 3) is more acute for heavy rare earths, with China producing over 95% of global heavy rare earths.

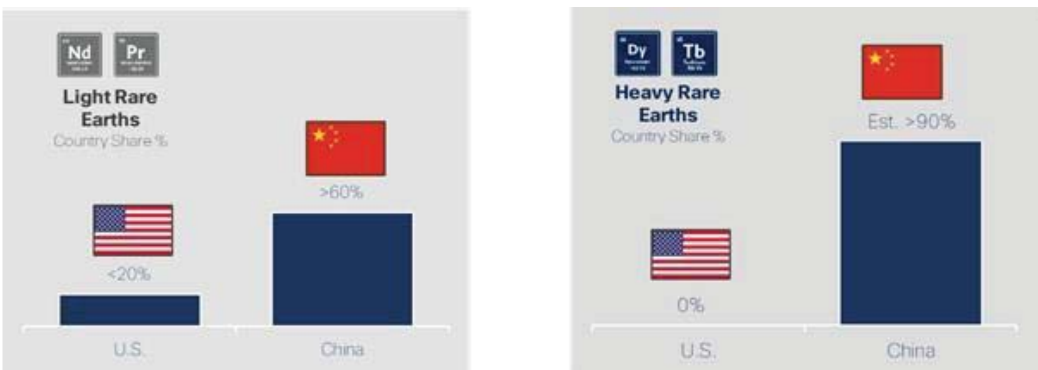

Figure 3. Imbalance of overall rare earth production between China and the USA.

As such, industry and governments of leading industrialised countries in the western world, particularly the USA, are making a concerted effort to secure reliable and sustainable supplies of rare earths beyond China's current dominance, to ensure resilience of their manufacturing and defence needs, particularly

REVIEW OF OPERATIONS (continued)

Project Commentary with respect to Rare Earths (continued)
to provide the certainty required to invest in the supply chains necessary for ex-China EVs and power turbine production.

Monazite is a cerium phosphate enriched in light rare earths (Ce>La>Nd>Pr>Sm in content) whereas xenotime is a yttrium phosphate enriched in heavy rare earths (Dy>Er>Yb>Gd>Ho>Sm, Tm>Nd, Tb, Lu in content). Both contain Yttrium ("Y") (dominant in xenotime), which is not a rare earth element per se, but has properties similar to those of the heavy rare earth elements. When individual grains are probed using scanning electron microscope ("SEM") the distinctly different rare earths content is evident, as can be seen below in Figure 4 from SEM probe data for 50 grains of monazite and xenotime from the Project.

	Monazite	Xenotime
Contained REO %	61.6	18.0
ReO + Y2O3 %	63.3	61.7

As Oxide	As % of Rare Earths 'Basket'	
La2O3	14.4	0.0
CeO2	29.7	0.1
Pr6O11	3.0	0.0
Nd2O3	10.6	0.5
Sm2O3	1.8	0.6
Eu2O3	0.1	0.1
Gd2O3	1.2	2.0
Tb4O7	0.1	0.5
Dy2O3	0.5	4.5
Ho2O3	0.1	1.2
Er2O3	0.1	3.8
Tm2O3	0.0	0.6
Yb2O3	0.0	3.6
Lu2O3	0.0	0.5
Y2O3	1.7	43.7
ThO2	6.2	0.5
U2O3	0.2	0.7

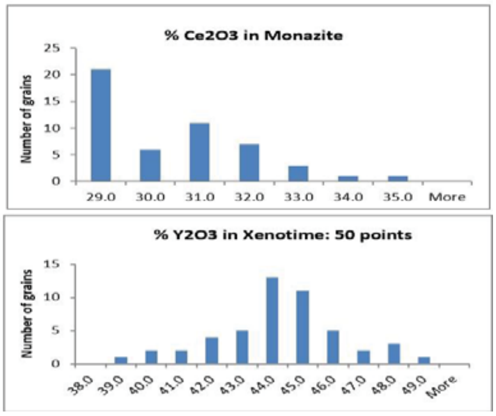

Figure 4. Chemical composition of Fingerboards monazite and xenotime by SEM.

To accommodate the change in nature of the Project to becoming Rare Earth-Zircon, KOPL has calculated an item called Mine Gate Value ("MGV") using the revenue contributions and Mineral Separation Plant ("MSP") recoveries for all the various products. In the figure below the change in Project status to Rare Earth-Zircon is confirmed by MGV. Importantly, the significant increase in Project revenue from rare earth minerals means the Project should still be robust in financial outcome for the benefit of all Stakeholders, after implementation of the high-cost EES amendments that need to be made to the Project to obtain future project approvals (refer Figure 5 below). The exact financial impact of the amendments, particularly on sterilization of areas of resources, is, however, still being assessed.

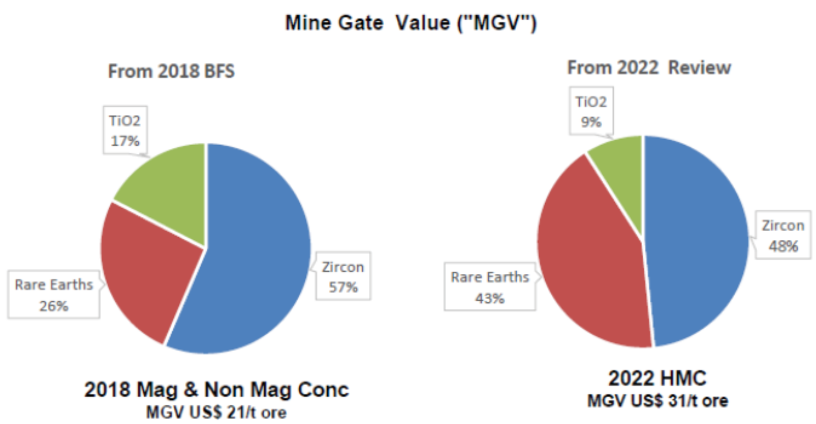

Figure 5. Mine Gate Value Comparisons 2018 and 2022.

REVIEW OF OPERATIONS (continued)

2022 Mineral Resource Estimates

An important KOPL initiative in the latter half of the 2022 financial year was the update of the previous mineral resource estimates to reflect the neglected rare earth mineralogy and changing commodity prices. Specifically, these updates focused on the 2018 Mineral Resource Estimate of the higher-grade Fingerboards Upper Sands ("FUS") sequence of the Fingerboard deposit, and the Central Lower Sands ("CLS") portion of the Lower Sands of the deposit, lying below and northern adjacent to the Upper Sands Fingerboards 2018 Resource, that is part of the global, Glenaladale 2.74Bt at 2% Heavy Mineral resource, that was last reported as an Inferred resource in the 2016 Mineral Resource Estimate. Refer Figures 6 and 7. The results of the update are critical to ongoing re-scoping of the Project by KOPL.

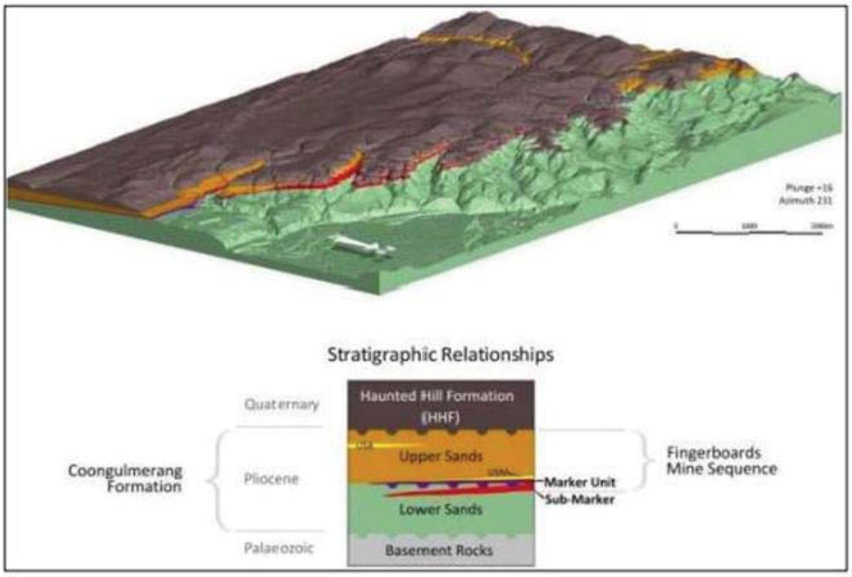

Figure 6. Project oblique SW view - geological units and stratigraphic relationships.

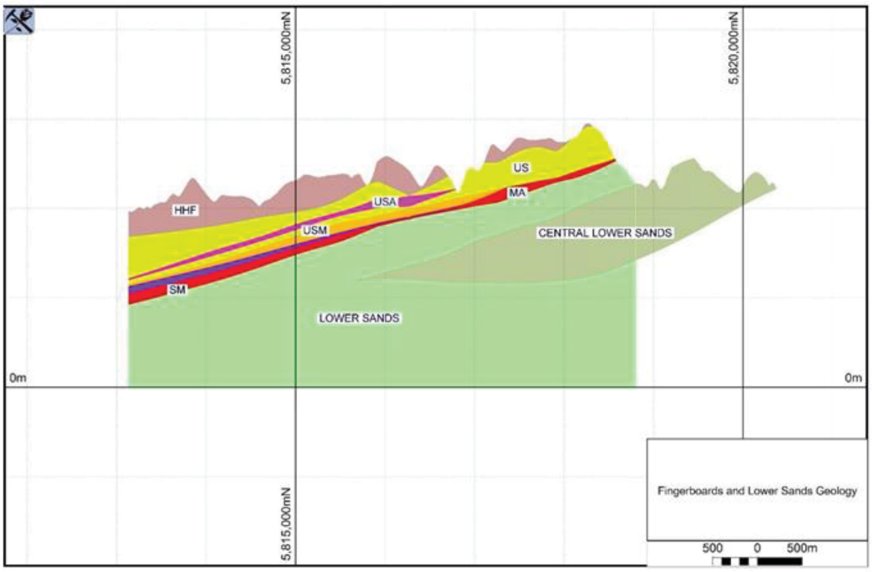

Figure 7. Project cross section looking west showing Fingerboards geology; the Upper Sands sequence (US, USA, USM, MA and SM) and Lower Sands.

REVIEW OF OPERATIONS (continued)

2022 Mineral Resource Estimates (continued)

Since 2017, Kalbar and subsequently KOPL, have routinely directly analysed 15 individual rare earth elements in drill samples using Bureau Veritas-Perth's XRF-ICPMS XRF-ICP-MS method, which reports to parts per billion of the individual rare earths. These elements are La, Ce, Pr, Nd, Sm (the light rare earth elements), Eu, Gd, Tb, Dy, Ho, Er, Tm, Yb, Lu (the heavy rare earth elements) and Y, which is not a rare earth element per se, but has properties to those of the heavy rare earth elements. The Kalbar Group sampling and analytical methodology, referred to as KIS (Method B), differs with respect to conventional mineral sands sampling and analytical methodology (HMC separation and subsequent mineralogical or chemical analyses of HMC), but is complementary. It differs in allowing reporting of the individual rare earth content of drill hole samples to a high degree of accuracy and, as such, the resulting drill hole REO data base is unique in the mineral sands industry.

2022 Mineral Resource Estimate ("MRE") – Fingerboards Upper Sands ("FUS")

The 2018 MRE of the FUS sequence lying in Retention Licence RL 2026 was reported at a cut-off grade of 0.2% zircon equivalent because zircon was the dominant revenue product. The new 2022 MRE has been re-stated using the MGV, at a new cut-off grade of A$5 per tonne and modified to include individual rare earth oxides ("REO"), rather than reporting only total rare earth oxides ("TREO"). At today's prices, the 0.2% zircon equivalent cut-off grade used in the 2018 MRE equals A$5.31 in MGV. Notwithstanding, both revenues and costs have increased, overall, the calculated cut-off grade can be decreased slightly to A$5 per tonne. Other than updating the reporting table, no further changes have been made to the 2018 Fingerboards resource model and classification of resources.

The 2022 restated MRE for the FUS sequence at A$5 per tonne cut-off grade and modified to include individual REO, rather than reporting only TREO (REO+Y_2O_3), is found in Tables 1A and 1B, respectively. The 260Mt change in tonnes from 910Mt (2018) to 1,170Mt (2022) (Table 1C) is due to the slightly decreased cut-off grade used in 2022, reporting more material from the Upper Sands ("US") unit of the FUS as a resource. The mineralisation in the other units has a high enough average grade that reducing the cut-off grade has no effect on their individual resource estimates. The extra 260Mt now included in the MRE contains 83Mt, classified as Measured and Indicated, and 180Mt classified as Inferred. There has been respective 4.4%, 4.6% and 9% increases in zircon, TREO and TiO_2 tonnes for a new total resource inventory of 6,269,000 tonnes zircon, 580,000 tonnes TREO and 11,572,000 tonnes TiO_2 in the Fingerboards Upper Sands sequence.

2022 MRE – CLS

The CLS mineralisation envelope, being a portion of the Lower Sands of the deposit lying below and adjacent to the Upper Sands (Figure 7), is now considered adequately drilled and assayed, and is reported here for the first time at a cut-off grade of A$5 per tonne though the estimation method used differed from that of the Fingerboards Upper Sands because of data adequacy. The Fingerboards Upper Sands estimate used Ordinary Kriging (OK) with a check estimate using Inverse Distance Weighting (IDW). OK was not used for the CLS because there were not enough drill hole samples with KIS data values to be able to model semi-variograms and the IDW method was only used.

The CLS mineralisation envelope has been modelled as a significant mineralised zone, notwithstanding approximately 50% of the CLS envelope does not have adequate data to allow an estimate to be reported. The resulting MRE at A$5 per tonne cut-off grade, and modified to include individual REOs, rather than reporting only TREO, are found in Tables 2A and 2B. The estimate has been classified as Inferred because of the limited number of samples with the full KIS suite of analyses. The larger number of samples with conventional HMC analyses and some bulk metallurgical work provide reasonable confidence in the geological continuity of the CLS zone. The calculated CLS 960Mt Inferred resource contains a significant resource inventory of 3,847,000 tonnes zircon, 341,000 tonnes TREO and 11,000,000 tonnes TiO_2.

REVIEW OF OPERATIONS (continued)

2022 Mineral Resource Estimates (continued)

Class	Zone	Vol (Mm3)	Tonnes (Mt)	Bulk Density (g/cm3)	In Situ Grades: ZrO2+ HfO2 (%)	In Situ Grades: TiO2 (%)	In Situ Grades: REO+ Y2O3 (ppm)	In Situ Grades: Zircon (%)	Contained Tonnes: Zircon Tonnes	Contained Tonnes: Rare Earths (REO+Y2O3) Tonnes	Contained Tonnes: TiO2 Tonnes	Slimes %
Measured	US	14.0	23.1	1.65	0.07	0.44	120	0.11	25,900	2,800	101,600	20.41
	USA	3.9	6.5	1.66	0.39	1.15	610	0.59	38,400	4,000	75,100	16.28
	USM	8.4	13.9	1.66	0.37	1.19	450	0.55	77,000	6,200	166,200	19.19
	MA	6.2	10.8	1.74	2.67	4.56	3840	4.05	436,100	41,400	490,600	20.91
	SM	26.6	44.4	1.67	0.53	1.49	650	0.80	355,500	28,800	662,500	22.68
Measured Total		**59.1**	**98.6**	**1.67**	**0.62**	**1.52**	**840**	**0.95**	**932,800**	**83,100**	**1,496,000**	**21.04**
Indicated	US	100.5	165.7	1.65	0.08	0.43	120	0.12	203,800	20,500	719,400	19.09
	USA	9.3	15.4	1.66	0.27	0.88	430	0.41	63,900	6,600	136,600	15.52
	USM	38.0	63.1	1.66	0.36	1.18	440	0.54	340,400	27,500	741,600	19.04
	MA	16.8	29.1	1.73	2.64	4.49	3840	4.00	1,165,900	112,000	1,307,900	20.35
	SM	68.4	113.9	1.66	0.45	1.37	620	0.68	770,800	71,000	1,554,900	21.68
Indicated Total		**233.0**	**387.2**	**1.66**	**0.43**	**1.15**	**610**	**0.66**	**2,544,700**	**237,500**	**4,460,400**	**19.80**
Inferred	US	250	410	1.6	0.1	0.4	110	0.1	485,000	46,000	1,632,000	19.00
	USA	20	20	1.7	0.2	0.8	350	0.3	86,000	9,000	189,000	15.80
	USM	40	70	1.7	0.3	1.0	390	0.5	324,000	27,000	718,000	19.00
	MA	20	30	1.7	2.0	3.6	2880	3.0	1,012,000	96,000	1,191,000	19.91
	SM	90	150	1.7	0.4	1.2	540	0.6	885,000	83,000	1,885,000	22.18
Inferred Total		**420**	**690**	**1.7**	**0.3**	**0.8**	**380**	**0.4**	**2,792,000**	**260,000**	**5,615,000**	**19.18**
TOTAL		**710**	**1,170**	**1.7**	**0.4**	**1.0**	**490**	**0.5**	**6,269,000**	**580,000**	**11,572,000**	**20.06**

Notes:

1. Depending on zone, oversize content (>2 mm) varies from 0.7% to 2.0%, Slimes content (-38u) varies between 17.5% and 22.5%, clay content (<2um) is less than 2% in situ and is kaolinite. In situ zircon content is based on direct analysis by x-ray fluorescence (XRF) and back calculation only (ZrO_2+HfO_2/0.66).

2. Mine Gate value Calculation. MGV is derived from MGV=(26.54(ZrO2+HfO2))+(171.49*(TREO))+(2.13*(TiO2)), where ZrO2+HfO2 is the grade in percent, TREO is the REO+Y2O3 grade in percent and TiO2 is the grade in percent, with pricing and recoveries determined on relevant information at 30 June 2022.*

Table 1A. 2022 Mineral Resource JORC 2012 Statement with contained assemblage for Fingerboards Upper Sands Mineral Sands Resource reported above an MGV cut-off grade of $5/t at 30 June 2022.

Class	Zone	Vol (Mm3)	Tonnes (Mt)	Bulk Density (g/cm3)	Rare Earths (ppm): La2O3 (ppm)	CeO2 (ppm)	Pr6O11 (ppm)	Nd2O3 (ppm)	Sm2O3 (ppm)	Eu2O3 (ppm)	Gd2O3 (ppm)	Tb4O7 (ppm)	Dy2O3 (ppm)	Ho2O3 (ppm)	Er2O3 (ppm)	Tm2O3 (ppm)	Yb2O3 (ppm)	Lu2O3 (ppm)	Y2O3 (ppm)
Measured	US	14.0	23.1	1.65	19.49	40.85	4.83	16.53	3.23	0.37	2.82	0.52	3.21	0.72	2.26	0.37	2.38	0.36	24.27
	USA	3.9	6.5	1.66	111.30	175.02	27.57	97.22	18.17	1.26	16.06	2.96	18.46	4.14	13.24	2.06	13.77	2.06	102.94
	USM	8.4	13.9	1.66	62.58	159.33	15.89	54.36	10.72	0.88	9.40	1.73	10.67	2.46	7.87	1.24	8.60	1.30	98.06
	MA	6.2	10.8	1.74	632.66	1277.19	160.96	548.58	105.56	5.54	90.02	16.02	97.33	22.40	71.26	10.81	74.57	11.39	719.09
	SM	26.6	44.4	1.67	103.72	212.33	26.38	90.88	17.75	1.34	15.41	2.77	16.97	3.93	12.59	1.95	13.59	2.08	126.13
Measured Total		**59.1**	**98.6**	**1.67**	**136.43**	**278.46**	**34.62**	**118.69**	**22.97**	**1.50**	**19.80**	**3.55**	**21.73**	**5.00**	**15.95**	**2.45**	**16.93**	**2.58**	**161.50**
Indicated	US	100.5	165.7	1.65	19.55	40.44	4.84	16.73	3.28	0.36	2.93	0.54	3.42	0.75	2.37	0.40	2.51	0.37	25.09
	USA	9.3	15.4	1.66	70.30	139.33	17.65	60.97	11.66	0.83	10.39	1.85	11.62	2.64	8.31	1.32	8.67	1.31	81.08
	USM	38.0	63.1	1.66	65.00	150.63	16.54	56.71	11.02	0.91	9.86	1.75	11.13	2.52	8.07	1.30	8.70	1.32	90.04
	MA	16.8	29.1	1.73	631.85	1318.95	159.10	548.46	104.96	5.60	88.89	15.40	94.38	21.28	67.41	10.35	70.94	10.75	695.65
	SM	68.4	113.9	1.66	101.43	208.59	25.60	88.43	17.05	1.30	14.73	2.61	16.18	3.62	11.47	1.81	12.32	1.84	116.22
Indicated Total		**233.0**	**387.2**	**1.66**	**99.11**	**207.95**	**24.97**	**86.09**	**16.57**	**1.14**	**14.29**	**2.52**	**15.60**	**3.50**	**11.10**	**1.75**	**11.80**	**1.78**	**115.14**
Inferred	US	250	410	1.6	17	36	4	15	3	0	3	1	3	1	2	0	2	0	24
	USA	20	20	1.7	57	115	14	49	10	1	8	2	9	2	7	1	7	1	67
	USM	40	70	1.7	60	133	15	51	10	1	9	2	10	2	7	1	8	1	81
	MA	20	30	1.7	476	990	120	410	79	4	66	11	70	16	50	8	52	8	518
	SM	90	150	1.7	88	182	22	74	14	1	12	2	13	3	10	2	10	2	100
Inferred Total		**420**	**690**	**1.7**	**61**	**127**	**15**	**52**	**10**	**1**	**9**	**2**	**10**	**2**	**7**	**1**	**7**	**1**	**72**
TOTAL		**710**	**1,170**	**1.7**	**80**	**167**	**20**	**69**	**13**	**1**	**12**	**2**	**13**	**3**	**9**	**1**	**10**	**1**	**94**

Notes: MGV determined as shown in 1A

Table 1B. 2022 Mineral Resource JORC 2012 statement of Rare Earth assemblage for 2018 Fingerboards Upper Sands Resource reported above an MGV cut-off grade of $5/t at 30 June 2022.

REVIEW OF OPERATIONS (continued)

2022 Mineral Resource Estimates (continued)

Class	Zone	2018 Vol (Mm3)	MGV Vol (Mm3)	Diff Vol (Mm3)	2018 Tonnes (Mt)	MGV Tonnes (Mt)	Diff Tonnes) (Mt)	2018 Bulk Density (g/cm3)	MGV Bulk Density (g/cm3)	Diff Density (g/cm3)	2018 Zircon Tonnes	MGV Zircon Tonnes	Diff Zircon Tonnes	2018 Rare Earths REO+Y2O3 Tonnes	MGV Rare Earths REO+Y2O3 Tonnes	Difference Rare Earths REO+Y2O3 Tonnes	2018 TiO2 Tonnes	MGV TiO2 Tonnes	Diff TiO2 Tonnes
Measured	US	7.8	14.0	6.2	12.9	23.1	10.2	1.65	1.65	-	17,000	25,900	8,900	1,800	2,800	1,000	62,500	101,600	39,100
	USA	3.9	3.9	-	6.5	6.5	-	1.66	1.66	-	38,400	38,400	-	4,000	4,000	-	75,100	75,100	-
	USM	8.4	8.4	-	13.9	13.9	-	1.66	1.66	-	77,000	77,000	-	6,200	6,200	-	166,200	166,200	-
	MA	6.2	6.2	-	10.8	10.8	-	1.76	1.74	- 0.02	436,100	436,100	-	41,400	41,400	-	490,600	490,600	-
	SM	26.6	26.6	-	44.4	44.4	-	1.67	1.67	-	355,500	355,500	-	28,800	28,800	-	662,500	662,500	-
Measured Total		**52.9**	**59.1**	**6.2**	**88.5**	**98.6**	**10.1**	**1.68**	**1.67**	**- 0.01**	**924,000**	**932,800**	**8,800**	**82,100**	**83,100**	**1,000**	**1,457,000**	**1,496,000**	**39,000**
Indicated	US	56.5	100.5	44.0	93.2	165.7	72.5	1.65	1.65	-	140,100	203,800	63,700	13,900	20,500	6,600	470,100	719,400	249,300
	USA	9.2	9.3	0.1	15.3	15.4	0.1	1.65	1.66	0.01	63,700	63,900	200	6,600	6,600	-	136,100	136,600	500
	USM	38.0	38.0	-	63.0	63.1	0.1	1.66	1.66	-	339,900	340,400	500	27,500	27,500	-	740,600	741,600	1,000
	MA	16.8	16.8	-	29.1	29.1	-	1.72	1.73	0.01	1,165,700	1,165,900	200	111,900	112,000	100	1,307,800	1,307,900	100
	SM	68.4	68.4	-	113.9	113.9	-	1.67	1.66	- 0.01	770,800	770,800	-	71,000	71,000	-	1,554,800	1,554,900	100
Indicated Total		**189.0**	**233.0**	**44.0**	**314.6**	**387.2**	**72.6**	**1.67**	**1.66**	**- 0.01**	**2,480,300**	**2,544,700**	**64,400**	**230,900**	**237,500**	**6,600**	**4,209,500**	**4,460,400**	**250,900**
Inferred	US	140.0	250.0	110.0	230.0	410.0	180.0	1.60	1.60	-	312,000	485,000	173,000	29,000	46,000	17,000	989,000	1,632,000	643,000
	USA	10.0	20.0	10.0	20.0	20.0	-	1.70	1.70	-	85,000	86,000	1,000	9,000	9,000	-	187,000	189,000	2,000
	USM	40.0	40.0	-	70.0	70.0	-	1.70	1.70	-	321,000	324,000	3,000	27,000	27,000	-	713,000	718,000	5,000
	MA	20.0	20.0	-	30.0	30.0	-	1.70	1.70	-	1,005,000	1,012,000	7,000	95,000	96,000	1,000	1,182,000	1,191,000	9,000
	SM	90.0	90.0	-	150.0	150.0	-	1.70	1.70	-	878,000	885,000	7,000	82,000	83,000	1,000	1,871,000	1,885,000	14,000
Inferred Total		**300.0**	**420.0**	**120.0**	**510.0**	**690.0**	**180.0**	**1.70**	**1.70**	**-**	**2,601,000**	**2,792,000**	**191,000**	**241,000**	**260,000**	**19,000**	**4,943,000**	**5,615,000**	**672,000**
TOTAL		**550.0**	**710.0**	**160.0**	**910.0**	**1,170.0**	**260.0**	**1.70**	**1.70**	**-**	**6,006,000**	**6,269,000**	**263,000**	**554,000**	**580,000**	**26,000**	**10,609,000**	**11,572,000**	**963,000**

Tonnage Comparison (2018 v. 2022 MGV)

Table 1C. Change in Mineral Resource Report by changing the cut-off grade from 2018 0.2% Zircon equivalent to 2022 A$5/t MGV for Fingerboards Upper Sands.

Class	Zone	Vol (Mm3)	Tonnes (Mt)	Bulk Density (g/cm3)	In Situ Grades: ZrO2+ HfO2 (%)	TiO2 (%)	REO+ Y2O3 (ppm)	Zircon (%)	Contained Tonnes: Zircon Tonnes	Rare Earths (REO+Y2O3) Tonnes	TiO2 Tonnes	Slimes %
			Note 1					*Note 2*				
Inferred	CLS	580	960	1.7	0.3	1.1	360	0.4	3,847,000	341,000	11,000,000	26
Inferred Total		**580**	**960**	**1.7**	**0.3**	**1.1**	**360**	**0.4**	**3,847,000**	**341,000**	**11,000,000**	**26**
TOTAL		**580**	**960**	**1.7**	**0.3**	**1.1**	**360**	**0.4**	**3,847,000**	**341,000**	**11,000,000**	**26**

Notes: MGV is as per Table 1A, derived from MGV=(26.54(ZrO_2+HfO_2))+(171.49*(TREO))+(2.13*(TiO_2)), where ZrO_2+HfO_2 is the grade in percent, TREO is the REO+Y_2O_3 grade in percent and TiO_2 is the grade in percent, with pricing and recoveries as set out below, which form the MGV calculated in Table 1A at 30 June 2022.*

Table 2A. 2022 Mineral Resource JORC 2012 Statement with contained assemblage for Central Lower Sands Mineral Sands Resource reported above an MGV cut-off grade of $5/t at 30 June 2022.

Class	Zone	Vol (Mm3)	Tonnes (Mt)	Bulk Density (g/cm3)	Rare Earths (ppm): La2O3 (ppm)	CeO2 (ppm)	Pr6O11 (ppm)	Nd2O3 (ppm)	Sm2O3 (ppm)	Eu2O3 (ppm)	Gd2O3 (ppm)	Tb4O7 (ppm)	Dy2O3 (ppm)	Ho2O3 (ppm)	Er2O3 (ppm)	Tm2O3 (ppm)	Yb2O3 (ppm)	Lu2O3 (ppm)	Y2O3 (ppm)
			Note 1																
Inferred	CLS	580	960	1.7	56	117	14	50	10	1	8	2	9	2	7	1	7	1	70
Inferred Total		**580**	**960**	**1.7**	**56**	**117**	**14**	**50**	**10**	**1**	**8**	**2**	**9**	**2**	**7**	**1**	**7**	**1**	**70**
TOTAL		**580**	**960**	**1.7**	**56**	**117**	**14**	**50**	**10**	**1**	**8**	**2**	**9**	**2**	**7**	**1**	**7**	**1**	**70**

*Notes: *MGV determined as shown in Table 2A*

Table 2B. 2022 Mineral Resource JORC 2012 Statement of Rare Earth assemblage for Central Lower Sands Mineral Sands Resource reported above an MGV* cut-off grade of $5/t at 30 June 2022.

REVIEW OF OPERATIONS (continued)

2022 Mineral Resource Estimates (continued)

2022 MRE Combined

The Fingerboards Upper Sands and the CLS 2022 MREs have been combined and summarised in Table 3. Globally-significant zircon, TREO and TiO2 resources are present, namely, zircon – 9,850,000 tonnes, TREO – 896,000 tonnes and TiO2 – 21,600,000 tonnes (undifferentiated ilmenite dominant, with leucoxene and rutile). The TREO resource of 896,000 tonnes occurs in the minerals monazite (1,176,000 tonnes) and xenotime (207,000 tonnes).

Class	Recoveries* to HMC			HMC# Projected Yield & Grade					Contained Tonnes					
	Zircon recovery* to HMC	TiO2 recovery* to HMC	Rare Earth Recovery* to HMC	Mass Yield as HMC#	HMC # Zircon Grade	ZrO2+ HfO2# (%)	TiO2 (%)	REO+ Y2O3 (%)	Tonnes Heavy Mineral Concentrate (HMC)	Zircon Tonnes	Total Rare Earths (REO+Y2O3) Tonnes	Monazite Tonnes	Xenotime Tonnes	TiO2 Tonnes
Measured	98%	75%	96%	3.70%	28.00%	18.50%	33.80%	2.40%	3,230,500	924,000	82,100	107,653	18,998	1,457,000
Indicated	98%	75%	96%	2.80%	28.00%	18.50%	36.40%	2.60%	8,671,700	2,480,300	230,900	303,166	53,500	4,209,500
Inferred	98%	75%	92%	1.50%	28.00%	18.50%	53.00%	2.40%	22,543,600	6,448,000	583,000	764,838	134,971	15,942,000
Total				**2.03%**	**28.00%**	**18.50%**	**47.00%**	**2.40%**	**34,445,800**	**9,852,300**	**896,000**	**1,175,657**	**207,469**	**21,608,500**

*Notes reported above a MGV cut-off grade of $5/t on 30th June as shown in Table 1A. *Recoveries to HMC are projected based on several phases of bulk test work and include recovery of finer heavy mineral (<38u), which is not measured in the resource (drill samples are always screened at 38u).*

 # Concentrate grade is in practice dictated by zircon and rare earth grade. KOPL advise that they routinely ensure that the concentrate has a specification of 18.5% ZrO2+HfO2, which equates to 28% Zircon. Zircon grade calculated as ZrO2%/0.66. Monazite tonnes calculated as Resource tonnes((TREO%-(Zircon%*0.25%))/0.63*0.85). Xenotime tonnes calculated as Resource tonnes*((TREO%-(Zircon%*0.25%))/0.63*0.15).*

Table 3. Combined Fingerboards Upper Sands and Central Lower Sands Resource reported by expected Heavy Mineral Concentrate and expected grade.

The yield to HMC has also been estimated in Table 4. The yield is estimated at 3% for a total of 11.9Mt of HMC for the Measured and Indicated parts of the Fingerboards Upper Sands and CLS Mineral Resource, while the yield to HMC for the Inferred Fingerboards Upper Sands and Inferred CLS Mineral Resource is estimated at 1.5% for a total 22.5Mt of HMC. The HMC from mineralogical studies is ~82% valuable heavy mineral. The concentrate contains particularly high zircon and rare earth grades, with Fingerboards Upper Sands and CLS mineral concentrates both expected to grade 18.5% ZrO2 and HfO2 (approximately 28% zircon) and 2.4% TREO (approximately 4% monazite and xenotime in the approximate ratio of 85% to 15% monazite to xenotime) with between 40% and 60% titanium minerals (approximately half of which is ilmenite and half is rutile, anatase and other high titanium species).

Class	Tonnes TREO	Rare Earths Basket (Expressed as % of TREO)															
		La2O3 %	CeO2 %	Pr6O11 %	Nd2O3 %	Sm2O3 %	Eu2O3 %	Gd2O3 %	Tb4O7 %	Dy2O3 %	Ho2O3 %	Er2O3 %	Tm2O3 %	Yb2O3 %	Lu2O3 %	Y2O3 %	TREO %
Measured	82,100	16.2%	33.1%	4.1%	14.1%	2.7%	0.2%	2.4%	0.4%	2.6%	0.6%	1.9%	0.3%	2.0%	0.3%	19.2%	100%
Indicated	230,900	16.2%	33.9%	4.1%	14.0%	2.7%	0.2%	2.3%	0.4%	2.5%	0.6%	1.8%	0.3%	1.9%	0.3%	18.8%	100%
Inferred	583,000	16.2%	33.8%	4.0%	13.9%	2.7%	0.2%	2.4%	0.5%	2.6%	0.6%	1.8%	0.3%	1.9%	0.3%	18.9%	100%
Total	**896,000**	**16.2%**	**33.8%**	**4.0%**	**13.9%**	**2.7%**	**0.2%**	**2.4%**	**0.5%**	**2.6%**	**0.6%**	**1.8%**	**0.3%**	**1.9%**	**0.3%**	**18.9%**	**100%**

Notes reported above a MGV cutoff grade of $5/t on 30th June as shown in Table 1A* *Magnetic Rare Earths 21% of Rare Earths Basket.*

Table 4. Combined Fingerboards Upper Sands and Central Lower Sands Rare Earths Resource reported as a Rare Earths Basket.

Table 4 also sets out the combined Fingerboards Upper Sands and CLS rare earth resource using the 'basket' standard for the rare earth industry, with a breakdown of the percentage of individual REOs in the total rare earths basket. For the first time the four critical REO metals in high demand, being Nd, Pr, Tb and Dy, can be quantified in the TREO resource: Nd2O3 – 124,500 tonnes, Pr2O3 – 35,800 tonnes, Dy2O3 – 23,300 tonnes and Tb2O3 – 4,500 tonnes.

REVIEW OF OPERATIONS (continued)

2022 Mineral Resource Estimates (continued)

## SMM REO prices 26/08/22			KOPL			Iluka Resources Ltd						IperionX Ltd		
Monazite Concentrate			Fingerboards Future Production			Enneaba WA Producer ILU 09/2021 ASX			Capel WA Past significant producer			Titan USA Future Production		
	REO	REO price #	% REO	Basket Price	% of	% REO	Basket Price	% of	% REO	Basket Price	% of	% REO	Basket Price	% of
		US$/kg		Value US$/kg	Total		Value US$/kg	Total		Value US$/kg	Total		Value US$/kg	Total
Light REO	La2O3	1.06	16.20%	0.17	7.6	22.00%	0.23	0.9	23.90%	0.25	0.9	17.90%	0.19	0.5
	CeO2	1.13	33.80%	0.38	0.9	45.00%	0.51	2.1	46.02%	0.52	1.9	37.30%	0.42	1.1
	Pr6O11	**102.20**	**4.00%**	**4.09**	**9.2**	**5.00%**	**5.11**	**20.6**	**5.04%**	**5.15**	**18.4**	**4.40%**	**4.50**	**11.6**
	Nd2O3	**101.50**	**13.90%**	**14.11**	**31.9**	**17.00%**	**17.26**	**69.6**	**17.38%**	**17.64**	**63.0**	**16.80%**	**17.05**	**43.8**
	Sm2O3	2.77	2.70%	0.07	0.2	3.00%	0.08	0.3	2.53%	0.07	0.3	3.10%	0.09	0.2
Heavy REO	Eu2O3	28.17	0.20%	0.06	0.1	0.00%	0.00	0.0	0.05%	0.01	0.1	0.30%	0.08	0.2
	Gd2O3	41.60	2.40%	1.00	2.3	1.00%	0.42	1.7	1.49%	0.62	2.2	2.50%	1.04	2.7
	Tb4O7	**1,913**	**0.50%**	**9.56**	**21.6**	**0.00%**	**0.00**	**0.0**	**0.04%**	**0.77**	**2.7**	**0.30%**	**5.74**	**14.7**
	Dy2O3	**319.80**	**2.60%**	**8.31**	**18.8**	**0.34%**	**1.09**	**4.4**	**0.69%**	**2.21**	**7.9**	**2.00%**	**6.40**	**16.4**
	Ho2O3	91.90	0.60%	0.55	1.2	0.00%	0.00	0.0	0.05%	0.05	0.2	0.40%	0.37	0.9
	Er2O3	41.61	1.80%	0.75	1.7	0.00%	0.00	0.0	0.21%	0.09	0.3	1.10%	0.46	1.2
	Tm2O3	180.00	0.30%	0.54	1.2	0.00%	0.00	0.0	0.02%	0.04	0.1	0.20%	0.36	0.9
	Yb2O3	14.60	1.90%	0.28	0.6	0.00%	0.00	0.0	0.12%	0.02	0.1	0.90%	0.13	0.3
	Lu2O3	814.00	0.30%	2.44	5.5	0.00%	0.00	0.0	0.04%	0.33	1.2	0.10%	0.81	2.1
Other	Y2O3	10.10	18.90%	1.91	4.3	1.00%	0.10	0.4	2.41%	0.24	0.9	12.70%	1.28	3.3
Basket price TREO US$/kg				**44.23**			**24.79**			**28.00**			**38.92**	
Basket price Pr+Nd+Tb+Dy REO US$/kg				**36.08**			**23.45**			**25.76**			**33.68**	
Basket price Pr+Nd+Tb+Dy REO %				**81.6%**			**94.6%**			**92.0%**			**86.5%**	
Magnet REOs														

Table 5. Fingerboards monazite Rare Earths basket compared to past, present and future mineral sands monazite concentrate producers.

Table 5 sets out the value of the percentage individual monazite component REOs in the basket, and compares the Fingerboards basket to that of past, present and future mineral sands monazite concentrate producers. The basket gauges the value of monazite as feed to a downstream REO processor. Oxides of the critical metals in monazite in high demand, being Nd, Pr, Tb and Dy, can be seen to range from 21% to 24% of the total REO basket, but in value these four elements are 82% to 95% of the value of the monazite REO basket. The current worth of combined Nd, Pr, Tb and Dy REOs in the Fingerboards rare earth basket is ~US$38,000 per tonne, and compares more than favorably with past, present and future monazite producers from mineral sands.

Tenement Status
No tenement activity related to the Glenaladale and Mossiface projects took place in the financial year apart from the statutory renewal of RL 2026 in the former project. The Project is in good regulatory standing with ERR with respect to financial expenditure and reporting on its tenements, and all tenement titles are current or awaiting renewal approval.

Health, Safety and Environment
Health, Safety and Environment are a key tenet for the Kalbar Group. KOPL is committed to managing its business, focusing on the health, safety and wellbeing of its employees and community at large, and to caring for the environment in which it operates. KOPL does this by providing a safe workplace where no injury or harm to health is considered acceptable, and through acknowledging a responsibility to our environment by using resources efficiently and responsibly.

There were no Health, Safety and Environment reportable incidents in the financial year. However, the worldwide COVID-19 pandemic from early March 2020 to-date has affected KOPL's operations. KOPL has adopted a COVID-19 plan with strict procedures (social distancing, hygiene, use of face masks, working from home, weekly and, if necessary, daily COVID-19 update meetings) and adherence to the Victorian government's strict requirements when in force.

Critical on-ground project activities continue, such as environmental monitoring, and the maintenance of the native flora and grasses nursery. Kalbar's commitment to the local environment is evident with its flagship Native Grasses Rehabilitation ("NGR") project discussed in depth in the Financial Year 2019 to 2021 Annual Reports. NGR was initiated and is led by Dr Paul Gibson-Roy. The Project has set itself

REVIEW OF OPERATIONS (continued)

Health, Safety and Environment (continued)

an ambitious goal to play a part in reversing the demise of critical native biota. As part of its post-mining rehabilitation, KOPL has committed to plans that will attempt, over the 20-year mine life, to restore species-rich native Redgum Grassy Woodland to its Project site. If successful, this would be likely to represent the largest and most complex ecological restoration of its type in Australia.

Going Forward

The Minister's EES assessment decision has effectively exacerbated the timeline to production by putting the Project into holding mode making the prognosticated 2025 production date in the 2021 Annual Report unrealistic and, at this stage, unknown. Because of this, all Project development activity, a substantial cost, will continue to be suspended until there is knowledge and certainty on project approvals from the government. However, critical on-ground activities will continue, such as environmental monitoring and the maintenance of the nursery, while KOPL's management continues to engage with the community and the Victorian government on the way forward with Project approvals.

In the interim, the Project is being re-scoped by KOPL to consider all recommendations of the IAC report, and Environmental, Social and Governance ("ESG") strategy is being reset to position the Project to ensure better alignment with community, state and national interests, and ensure that this is communicated effectively to all stakeholders, including local communities and all levels of government.

Immediate priorities for the Kalbar Board are to ensure the completion, by KOPL, by the end of November 2022, of the re-scoping of the Project to reflect the recommendations in the IAC report and the ESG reset in readiness for post-election government engagement to move forward with the approvals process for the Project on realistic timelines.

The original investment premise for the Project was the recognition that mineral processing has progressively moved from countries like Australia, where minerals are being mined, to where minerals are being consumed on a significant scale, for example China. The associated creation of significant low-capital cost, mineral processing capacity in China, meant that the development of a mineral sands mine in Australia, with a sufficiently high enough mineral assemblage value, as per the Project, would allow for a concentrate to be profitably exported to China and sold for secondary processing. This negates the requirement to build an MSP in Australia, which is capital intensive in Australian dollar terms.

A rethink of the original concept above on exporting HMC offshore rather than fully or part processing HMC in Australia is now required, notwithstanding it remains valid. This is due to recent and ongoing political and trade tensions with China, the major HMC market, defence imperatives with Australia's western world allies with respect to the supply of critical minerals containing Nd, Pr, Tb and Dy, and, importantly, new federal financial incentives for Critical Minerals projects for downstream processing in Australia with the value adding remaining in the country.

There are emerging opportunities for the Project's HMC to be processed in Australia that are being investigated by KOPL so that, particularly, the valuable monazite and xenotime critical minerals products can be further processed in Australia, feeding fully integrated rare earth refineries being built in Australia. Fingerboards, in the rare earths sense, is an important globally significant critical minerals project for Australia, contributing to its economic well-being, and to its share of global decarbonization and electrification. Particularly being part of a sustainable, traceable, long-term supply chain to end manufacturers of electric motors in applications such as EVs and wind turbines.

The Board of Kalbar stays determined and focused on supporting KOPL's continuing consideration and implementation of potential amendments to the Project that could lead to future Project approval. Kalbar recognizes the need to reduce the Project's environmental footprint for the Project to proceed, and that transport, power and water supply strategies are aligned with community expectations and other users, to demonstrate benefits across the broader community, including First Nations stakeholders.

REVIEW OF OPERATIONS (continued)

Going Forward (continued)

On a final positive note, going forward, it is important to point out that there is significant and evident support from within the Gippsland community and the Victorian government for the Project, and for the mineral sands industry, which contributes to state and national economic well-being and, importantly, global de-carbonisation and electrification. We know from experience in the mineral sands industry across Australia that the Project can co-exist and benefit other local Gippsland industries and the community, and we are confident that this can be proven to the Victorian government.

DIRECTORS' REPORT

The Directors present their report, together with the financial statements, on the consolidated entity consisting of Kalbar Limited and the entities it controlled for the year ended 30 June 2022.

1. Directors and Company Secretary

The following were Directors of Kalbar during the whole of the financial period and up to the date of this report, unless otherwise stated.

Brad Farrell	**Non-Executive Chairman**
Qualifications	BSc Hons. Eco. Geol., MSc, PhD, FAusIMM, CP, MIMMM, CEng
Experience	Brad has some 45 years' experience in the resources industry. During this time, he has been involved in several significant mineral sands discoveries and developments including Sierra Leone (Rotifunk); Western Australia (Scott Coastal Plain and Gwindinup – later mined by BeMax Ltd); and the Murray Basin of Victoria and NSW. He was the founder, Managing Director and Executive Chairman, and major shareholder of Basin Minerals Ltd which developed the Douglas Mineral Sands Project in Victoria before merging with Iluka Resources in October 2002.
Interest in equity	13,950,793 ordinary shares and 195,000 escrowed shares.
Other directorships	Ceased to be a director of ASX Ionic Rare Earths Ltd (formerly Oro Verde) in November 2018. During the financial year, the Non-Executive Chairman and a Director of Kalbar Operations Pty Ltd.

Neil O'Loughlin	**Non-Executive Director**
Qualifications	BSc, M.A. Analytical Science
Experience	Neil is a geologist with over 30 years' experience in mineral exploration and mine development. In the mineral sands industry, he is well known as the co- founder and Executive Director of Basin Minerals Ltd which developed the Douglas Mineral Sands Project in Victoria before merging with Iluka Resources in 2002.
Interest in equity	6,387,211 ordinary shares and 1,120,000 escrowed shares.
Other Directorships	None. Former Kalbar Executive Director Technical and Project Development, and Chairman of the Technical Committee of Kalbar Operations Pty Ltd.

Brad Pettersson	**Non-Executive Director – Finance**
Qualifications	B Commerce
Experience	Brad is an accountant with 25 years' experience specialising in tax law and commercial transactions. He commenced work with Arthur Andersen Sydney and became a Tax Partner with Ernst & Young within the Corporate and International Tax Practice. He then became Managing Director of Mining Advisory Consultants, a company providing support to clients in transactions, the financing of transactions, and effective tax structuring. Brad has held various advisory roles specialising in the Mining industry around financial strategy and M&A.
Interest in equity	8,230,260 ordinary shares and 269,740 escrowed shares.
Other directorships	During the financial year, a Non-Executive Director of Kalbar Operations Pty Ltd.

James Kerr	**Non-Executive Director**
Qualifications	BSc (Geology), MSc (Mineral Economics), AusIMM, MSEG, Fellow LGS, MWASM
Experience	Jim is a Geologist who has over 25 years' experience in the global mining industry having developed projects across the commodity spectrum in Australia, Asia-Pacific and Sub-Sahara Africa. He has held senior executive roles for companies including Iscor, Barrick Gold Corporation, Mincor, Tethyan Copper, Lithic Metals and Energy (as Managing Director) and Hillgrove Resources.
Interest in equity	2,005,000 ordinary shares and 252,436 escrowed shares.
Other directorships	None

Robert Bishop	**Non-Executive Director (ceased to be a Director on 4 January 2022)**
Qualifications	BEng Chem
Experience	Rob is a Chemical Engineer with 20 years' experience in the mining sector, including mineral sands at Tiwest Mineral Sands in Western Australia. As well as practical mining experience, Rob has spent over 10 years in the finance industry focusing on the resources sector. Rob is a founding director of Kalbar Resources and was formerly Managing Director and Executive Chairman of Kalbar Resources.
Interest in equity	10,921,440 ordinary shares and 171,978 escrowed shares.
Other directorships	None. Former Chairman of the Technical Committee of Kalbar Operations Pty Ltd.

Richard Crookes	**Non-Executive Director (appointed as a Director on 30 March 2022)**
Qualifications	BSc (Geology), Grad Dip Applied Finance, MAusIMM, FINSIA
Experience	Richard is the current Managing Partner of Lionhead Resources Advisors Limited, which became a significant investor in Kalbar in 2020. He has over 35 years' worth of experience in mining and resource investment. His broad resources' industry experience includes the delivery and management of major projects with the Mt Isa Mines Group in Australia (now Glencore), and the development of corporate strategy and investment management in mining private equity funds, as former Executive Director of Macquarie's Metals & Energy Capital (MEC) division and as a senior Investment Partner in EMR Capital.
Interest in equity	None
Other directorships	Director of ASX-listed Lithium Power International Ltd and of Black Rock Mining Ltd.
Robert Waring	**Company Secretary**
Qualifications	BEc, CA, FCIS, FFin, FAICD, MAusIMM
Experience	Robert is a Chartered Accountant with an initial nine years of experience with the major international accounting firm Coopers & Lybrand. Robert's experience has been gained over 40 years in financial corporate roles, including over 35 years' experience in the resources sector. He is currently Company Secretary for the ASX-listed companies Aeris Environmental Ltd, Vectus Biosystems Limited and Xref Limited. Resigned as a Director and as Company Secretary of ASX-listed R3D Resources Limited on 31 July 2022.
Interest in equity	549,555 ordinary shares.

2. Directors' meetings

The number of Director meetings (including meeting of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are tabulated below. As Kalbar became an investment holding company from 1 May 2020 all Committees have been disbanded and their subject matters are dealt with directly at Board meetings when they arise.

	Directors Meetings	
Name of Director	**Number Eligible to Attend**	**Number Attended**
Dr Brad Farrell	6	6
Mr Neil O'Loughlin	6	6
Mr Brad Pettersson	6	6
Mr Jim Kerr	6	6
Mr Richard Crookes	1	1
Mr Robert Bishop	4	4

3. Principal activities

The principal activity of the consolidated entity during the year was mineral exploration and evaluation, including associated metallurgical test work and research and development activities.

4. Significant changes in state of affairs

Kalbar Limited Equity

On 15 July 2021, Kalbar entered into an agreement with Lionhead Capital ("Lionhead") to raise in a staged manner because of FIRB approval, A$15 million at A$1.50 per share for 10 million shares, to facilitate an additional investment by Kalbar into KOPL under the SSA. This capital raising was completed on 12 October 2021.

On 31 July 2021 the remaining 772,689 Performance Rights for directors, employees and eligible consultants from the suspended April 2021 Kalbar Equity Incentive Scheme ("KEIP") converted into 31 July 2024 escrowed fully paid ordinary shares.

Kalbar Operations Pty Ltd ("KOPL")

At 30 June 2021, Kalbar had contributed A$5 million and Appian had contributed $35 million of equity into KOPL, with equity interests in KOPL being Kalbar – 81.31% and ANRK – 18.69%.

For the period 1 July to 31 December 2021, further equity of A$8,500,000 was received by KOPL under an amendment to the SSA whereby Kalbar contributed 60% and Appian 40% by way of a subscription for KOPL shares at A$1.50 per share. At 31 December 2021, on conclusions of this funding, equity interests in KOPL were Kalbar – 80.41% and ANRK – 19.59%.

For the period 1 January to 30 June 2022, shareholders' loans of A$2.25 million were advanced to KOPL as a 50-50 pari-passu loan facility at 8% per annum interest accruing daily, with the loan to be repaid to KOPL's two shareholders on 31 March 2023.

5. Events subsequent to the reporting date

The Directors of the Company have not identified any material matters subsequent to year end.

6. Dividends paid or recommended

No dividend has been recommended and no amount has been paid or declared by way of dividends to the date of this report.

7. Likely Developments

The Minister for Planning appointed a joint Inquiry and Advisory Committee (IAC) to consider and advise on Kalbar's Environment Effects Statement (EES), a Works Approval Application (WAA), a draft Planning Scheme Amendment (PSA) affecting the East Gippsland Planning Scheme and the public submissions received on the EES for proposed Fingerboards project. The Public Hearing of the Environment Effects Statement (EES) with the IAC commenced on 3 May 2022 and concluded 22 July 2022. IAC's Report of the Public Inquiry, inclusive of its recommendation, was lodged with the Minister in late September 2021 and the Minister's assessment and decision on Approval was made on 24 November 2021. The Minister's assessment of the EES from IAC's report concluded that the Project had been evaluated as posing an unacceptable environmental risk as presented in the EES and should not proceed as currently proposed. This adverse decision also negated consideration of the WAA and PSA by government.

The Minister's assessment decision has put the Project into holding mode making any prognosticated production date unrealistic and, at this stage, unknown.

Project development activity, a substantial cost, which was immediately suspended on the Minister's decision, will continue to be on hold until there is knowledge and certainty on project approvals from the government, hopefully in early 2023. In the interim, the Project is being re-scoped by KOPL to consider all recommendations of the IAC report, and the Environmental, Social and Governance ("ESG") strategy is being reset to position the Project to ensure its better alignment with community, state, and national interests, and to ensure that this is communicated effectively to all stakeholders, including local communities and all levels of government.

8. Performance-based Equity Share Schemes

Kalbar Limited ("Kalbar") – Equity Incentive Scheme

The Performance Rights based Kalbar Equity Incentive Scheme ("KEIP") for Directors, employees and eligible consultants was suspended April 2020. As such during the 2022 financial year no additional performance rights were issued to Directors (2021: 0) and no performance rights were issued to employees (2021: 0).

There were 772,689 performance rights outstanding as at 30 June 2021, and the equivalent unissued shares in relation to this. On 31 July 2021 these remaining 772,689 performance rights converted into escrowed fully paid ordinary shares, with the escrow period to end on 31 July 2024.

Kalbar Operations Pty Ltd ("KOPL") – Management Equity Incentive Scheme

The Company has yet to finalise a Management Equity Incentive Scheme in relation to its majority owned subsidiary KOPL. No equity has yet been granted to management. The Management Equity Incentive Scheme will include options over fully paid ordinary shares in KOPL. Share options granted carry no dividend or voting rights. When exercised, each option is convertible into one ordinary share subject satisfying vesting conditions and performance criteria. The shares when issued rank pari-passu in all respects with previously issued fully paid ordinary shares. Option holders cannot participate in new issues of capital which may be offered to shareholders prior to exercise.

9. Corporate Governance Policies

The Board of Directors is responsible for the overall strategy, governance and performance of the Company. The Board has adopted a corporate governance framework which it considers to be suitable given the size, current nature of its operations and strategy of the Company. The Company's corporate governance policies are available on the KOPL website: https://www.kalbaroperations.com.au/about-kalbar/policies

The Company and its controlled entities together are referred to as the Group in this statement.

10. Indemnification and insurance of Officers

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

During the financial year, the Company paid a premium in respect of a contract to ensure the Directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

11. Audit and non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important. Details of the amounts paid or payable to Stantons, the Group's auditor for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit, Risk and Compliance Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants'.

Details of the amounts paid to the auditor, Stantons, and its related practices for audit and non-audit services provided during the year are set out as followed.

	30 June 2022 $	**30 June 2021 $**
Audit services:		
Audit and review of financial reports	48,000	56,000
	48,000	56,000
Total Services Provided	48,000	56,000

12. Proceedings on behalf of the Group

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

13. Lead Auditor's Independence Declaration

Section 307C of the Corporations Act 2001 requires the Group's auditors to provide the Directors of Kalbar Limited with an Independence Declaration in relation to the audit of the full-year financial report. A copy of that declaration is included on page 28 of this report. There were no non-audit services provided by the Group's auditor.

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.

On behalf of the Directors

Dr Brad Farrell
Non-Executive Chairman

Perth, 10 November 2022

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10 November 2022

Board of Directors
Kalbar Limited
Level 2, 40 Kings Park Road
West Perth 6005 WA

Dear Directors

RE: KALBAR LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Kalbar Limited.

As Audit Director for the audit of the financial statements of Kalbar Limited for the year ended 30 June 2022, 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.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir Tirodkar
Director

Liability limited by a scheme approved under Professional Standards Legislation

Stantons Is a member of the Russell Bedford International network of firms

KALBAR LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2022

	Notes	Group 2022 $	Group 2021 $
Income			
Other income	4	512,764	123,424
Interest income		1,142	2,807
Accounting, Audit and Tax		(159,712)	(196,212)
Legal costs		(142,495)	(104,683)
Depreciation and amortisation		(137,049)	(118,820)
Salary and oncosts		(1,983,640)	(1,865,755)
Director fees		(430,000)	(440,000)
Share based payments	16	-	3,000
Transaction costs		-	(1,400,000)
Community and Government Relations		(32,761)	(407,013)
Professional fees		(982,554)	(493,095)
Compliance Costs		(76,345)	(118,175)
Other expenses		(553,613)	(622,335)
Loss sale of fixed assets		(14,411)	(5,271)
Exploration Expense	9	(3,567,691)	-
Business Development		-	(196,903)
Interest expense		(2,215)	(164,966)
Finance costs		-	(122,525)
Realised FX Gains and Losses		-	(1,468)
Loss before income tax		**(7,568,580)**	**(6,127,990)**
Income tax expense	5	-	-
Loss for the year		**(7,568,580)**	**(6,127,990)**
Other comprehensive income		-	-
Total other comprehensive income for the year, net of tax		**(7,568,580)**	**(6,127,990)**
Total comprehensive income for the year is attributable to:			
Owners of the Company		(6,160,894)	(5,226,253)
Non-controlling interest	3	(1,407,686)	(901,737)
Loss for the year		**(7,568,580)**	**(6,127,990)**
Loss per share for the year attributable to the owners of Kalbar Limited			
Basic (loss) per share (A$ cents)	19	(5.65)	(4.66)
Diluted (loss) per share (A$ cents)	19	(5.65)	(4.66)

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

KALBAR LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	Group 2022 $	Group 2021 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	4,650,327	10,982,407
Term deposits		-	25,000
Trade and other receivables		8,991	143,353
Prepayments		12,398	41,478
TOTAL CURRENT ASSETS		**4,671,716**	**11,192,238**
NON-CURRENT ASSETS			
Other financial assets	7	73,999	145,650
Right of use asset	8	-	48,901
Property, plant and equipment	10	205,433	309,096
Deferred exploration and evaluation expenditure	9	47,042,863	46,415,054
TOTAL NON-CURRENT ASSETS		**47,322,295**	**46,918,701**
TOTAL ASSETS		**51,994,011**	**58,110,939**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	238,895	2,631,819
Loans payable	13	676,250	-
Lease liability	12	-	48,901
Provisions	14	104,271	171,503
TOTAL CURRENT LIABILITIES		**1,019,416**	**2,852,223**
NON-CURRENT LIABILITIES			
Provisions	14	29,538	45,079
Lease liability	12	-	-
TOTAL NON-CURRENT LIABILITIES		**29,538**	**45,079**
TOTAL LIABILITIES		**1,048,954**	**2,897,302**
NET ASSETS		**50,945,057**	**55,213,637**
EQUITY			
Issued capital	15	41,246,853	40,035,333
Reserves	16	230,374	1,441,893
Accumulated losses		(26,410,059)	(20,249,165)
Total equity attributable to equity holders of the Company		15,067,168	21,228,061
Non-controlling interest	3	35,877,889	33,985,576
TOTAL EQUITY		**50,945,057**	**55,213,637**

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

KALBAR LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 30 June 2022

CONSOLIDATED	Share Capital $	Reserves $	Accumulated Losses $	Non-Controlling Interest $	Total $
Balance as at 1 July 2020	**35,785,332**	**1,444,893**	**(15,022,912)**	**9,887,313**	**32,094,626**
Total comprehensive income					
Loss after income tax expense for the year	-	-	(5,226,253)	(901,737)	(6,127,990)
Total comprehensive income for the year	-	-	(5,226,253)	(901,737)	(6,127,990)
Transactions with owners, in their capacity as owners					
Issue of ordinary shares	15,000,001	-	-	15,000,000	30,000,001
Costs of raising equity	(750,000)	-	-	-	(750,000)
Liquidity Offer from non-controlling interest – return of capital	(10,000,000)	-	-	10,000,000	-
Share based payment	-	(3,000)	-	-	(3,000)
Total transactions with owners	4,250,001	(3,000)	-	25,000,000	29,247,001
Balance at 30 June 2021	**40,035,333**	**1,441,893**	**(20,249,165)**	**33,985,576**	**55,213,637**

CONSOLIDATED	Share Capital $	Reserves $	Accumulated Losses $	Non-Controlling Interest $	Total $
Balance as at 1 July 2021	**40,035,333**	**1,441,893**	**(20,249,165)**	**33,985,576**	**55,213,637**
Total comprehensive income					
Loss after income tax expense for the year	-	-	(6,160,894)	(1,407,686)	(7,568,580)
Total comprehensive income for the year	-	-	(6,160,894)	(1,407,686)	(7,568,580)
Transactions with owners, in their capacity as owners					
Issue of ordinary shares	1,211,520	-	-	3,299,999	4,511,519
Costs of raising equity	-	-	-	-	-
Share based payment	-	(1,211,519)	-	-	(1,211,519)
Total transactions with owners	1,211,520	(1,211,519)	-	3,299,999	3,300,000
Balance at 30 June 2022	**41,246,853**	**230,374**	**(26,410,059)**	**35,877,889**	**50,945,057**

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

KALBAR LIMITED AND ITS CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2022

	Notes	Group 2022 $	Group 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from tax concessions/refunds	4	-	67,500
Sundry income	4	512,764	55,924
Payments to suppliers and employees		(6,645,191)	(4,399,430)
Interest paid		(2,215)	-
Net cash (used in) operating activities	17	**(6,134,642)**	**(4,276,006)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,142	2,807
Payments for property plant and equipment		(560)	(215,566)
Payment for exploration and evaluation		(4,197,019)	(13,691,015)
Payments/refunds – security deposits and advances		71,651	80,000
Net cash (used in) investing activities		**(4,124,786)**	**(13,823,774)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue		-	40,000,001
Additional Capital from non-controlling interest	3	3,299,999	-
Loans received from non-controlling interest	13	676,250	-
Repayment of lease liability		(48,901)	-
Share issue transaction costs		-	(750,000)
Transaction costs		-	(1,400,000)
Return of capital		-	(10,000,000)
Loan repayment – related company	13	-	(5,560,164)
Project Financing costs paid		-	(122,525)
Net cash provided by financing activities		**3,927,348**	**22,167,312**
Net increase (decrease) in cash and cash equivalents		(6,332,080)	4,067,532
Cash and cash equivalents at beginning of the period		10,982,407	6,914,875
Effects of exchange rate changes on cash and cash equivalents		-	-
Cash and cash equivalents at end of financial year	6	**4,650,327**	**10,982,407**

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

1 Corporate information

The consolidated financial statements of Kalbar Limited (the Company) and its controlled entities (together referred to as the Group) for the year ended 30 June 2022 was authorised to be issued in accordance with a resolution of the Directors on 6 November 2022.

Kalbar Limited is a public company limited by shares, incorporated and domiciled in Australia.

The Group is principally engaged in exploration for, development and production of, mineral sands. Further information on the Group operations and activities can be found in the Directors' report.

2 Basis of preparation

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which has been prepared in accordance with the requirements of the Corporation Acts 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). The consolidated financial statements comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs unless stated otherwise. Where necessary, comparative figures have been reclassified and repositioned for consistency with the current year disclosure.

The consolidated financial statements are presented in Australian dollars.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity to obtain benefits from its activities. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combination by the Group.

All intercompany transactions, balances, expenses and unrealised gains on transactions are eliminated on consolidation. 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 group.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

(d) 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 26.

(e) Adoption of new and amended accounting standards

The Group has adopted all the new, revised or amending Australian Accounting Standards and Interpretations issued by the AASB that are relevant to the operations and mandatory in the 30 June 2022 reporting period.

Any new, revised or amending Australian Accounting Standards or Interpretation that are not yet mandatory for 30 June 2022 reporting period have not been early adopted.

New and Amended Accounting Policies Adopted by the Group/Company

- **AASB 2021-3:** ***Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions beyond 30 June 2021***

  The Group has applied AASB 2021-3: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions beyond 30 June 2021* this reporting period.

  The amendment amends AASB 16 to extend by one year, the application of the practical expedient added to AASB 16 by AASB 2020-4: *Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions*. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and instead, to account for those rent concessions as if they were not lease modifications. The amendment has not had a material impact on the Group's financial statements.

- **AASB 2020-8:** ***Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2***

  The Group has applied AASB 2020-8 which amends various standards to help listed entities to provide financial statement users with useful information about the effects of the interest rate benchmark reform on those entities' financial statements. As a result of these amendments, an entity:

  - will not have to de-recognise or adjust the carrying amount of financial statements for changes required by the reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
  - will not have to discontinue its hedge accounting solely because it makes changes required by the reform, if the hedge meets other hedge accounting criteria; and
  - will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates. The amendment has not had a material impact on the Group's financials.

New and Amended Accounting Policies Not Yet Adopted by the Group/Company

- *AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current*

  The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- *AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

  AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments is an omnibus standard that amends AASB 1, AASB 3, AASB 9, AASB 116, AASB 137 and AASB 141. The Group plans on adopting the amendment for the reporting period ending 30 June 2023. The impact of the initial application is not yet known.

- *AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates*

  The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8).

  The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

- *AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendment amends the initial recognition exemption in AASB 112: *Income Taxes* such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period ending 30 June 2024. The impact of the initial application is not yet known.

(f) Going concern

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

As at 30 June 2022, the Group had cash and cash equivalents of $4,650,327 (2021: $10,982,407), total current assets of $4,671,716 (2021: $11,192,238) and total current liabilities of $1,019,416 (2021: $2,852,223), resulting in net current assets of $3,652,300 (2021: $8,340,015).

For the year ended 30 June 2022, the Group had incurred a loss from operations of $7,568,580 (2021: loss of $6,127,990) and had net equity of $50,945,057 (2021: $55,213,637). The Group has recorded net cash outflows from Operating activities of $6,134,642 (2021: outflows of $4,276,006), net cash outflows from investing activities of $4,124,786 (2021: outflow of $13,823,774), and net cash inflows from financing activities of $3,927,348 (2021: inflow of $22,167,312).

The Group's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to be focused on meeting the Group's business objectives and is mindful of the funding requirements to meet these objectives.

The Directors consider the basis of going concern to be appropriate for the following reasons:

a) The current cash balance of the Group relative to its fixed and discretionary commitments;
b) The contingent nature of certain of the Group's project expenditure commitments;
c) The ability of the Group to terminate certain agreements without any further on-going obligation beyond what has accrued up to the date of termination; and
d) The underlying prospects for the Group to raise funds from the capital markets.

The Directors are confident that the Group can continue as a going concern and as such are of the opinion that the consolidated financial statements have been appropriately prepared on a going concern basis.

The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(g) Critical Accounting Estimates and Judgements

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the reported amounts in the consolidated financial statements. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities withing the next financial year are discussed below:

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

Factors which could impact the future recoverability include the size and composition of any future mineral resource and ore reserve estimates, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices. To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Taxation
Judgement is required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised in the Consolidated Statement of Financial Position. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depends on management's estimates of future cash flows. These depend on estimates of future production and sales volumes, operating costs, restoration costs, capital expenditure, and other capital management transactions. Judgements are also required about the application of income tax legislation. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the Consolidation Statement of Financial Position and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to profit or loss.

(h) Impairment

Non-derivative financial assets (including receivables)
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be measured reliably.

All impairment losses are recognised in profit or loss. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its' carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

Non-financial assets
The carrying amounts of the Group's non-financial assets except for exploration and evaluation assets and mineral rights, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. For exploration and evaluation assets and mineral rights an impairment assessment takes place when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying value of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Income Tax

The income tax expense recognised in the consolidated statements of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the financial statements.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax consequences relating to a non-monetary asset carried at fair value are determined using the assumption that the carrying amount of the asset will be recovered through sale.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(j) 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(k) Revenue and Other Income

Revenue is recognised when a performance obligation in the contract with a customer is satisfied or when control of the goods or service underlying the particular performance obligation is transferred to the customer.

Interest Income
Interest income is recognised as the interest accrues.

Government grants
Grants received from government are recognised upon receipt of cash.

(l) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less, that are subject to an insignificant risk of changes in value.

(m) Trade and Other Receivable

Trade receivable are amounts due from customers for subleasing the Group leased property. They are due for settlement within 30 days. No interest is charged on outstanding trade receivables. Trade receivables are recognized at fair value less any allowance for credit losses.

The Group has applied the simplified approach measuring expected credit losses, which uses a lifetime expected loss allowance.

(n) Financial Instruments

Financial Assets

Financial assets are initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and all risks and rewards are transferred.

For the purpose of subsequent measurement, financial assets are classified into four categories:

(j) Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through OCI (debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost.

The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

(iii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

<u>Impairment of financial assets</u>

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial Liabilities

After initial recognition, interest-bearing loans, borrowings, trade and other payable are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

(o) Right of Use Assets and Leases

The Group uses the definition of a lease under AASB 16. All leases are accounted for by recognizing a right of use asset and a lease liability except for leases of low value assets and leases with a duration of 12 months or less. Lease payments associated with these leases are recognized as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease term.

Right use of assets is initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease and initial direct costs incurred. Right use of assets is depreciated on a straight-line basis over the remaining term of the lease.

Lease liabilities are measured at amortised cost using the effective interest method, with the discount rate determined by reference to the rate inherent in the lease or, if that rate cannot be determined, the Group’s incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduce for the lease payments made.

(p) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less accumulated depreciation and impairment. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

The depreciable amount of all property, plant and equipment, except for freehold land is depreciated on a diminishing balance method over their useful lives commencing from the time the assets are held ready for use.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

The depreciation rates used for each class of depreciable asset are shown below:

Plant and Equipment	20.00% Diminishing
Motor Vehicle	25.00% Diminishing
Computer Equipment	25.00% Diminishing
Furniture and Fittings	25.00% Diminishing
Leasehold Improvements	2.50% Diminishing

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

De-recognition

An item of property, plant and equipment is de-recognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses on disposals are calculated by comparing proceeds with the carrying amount. These gains and losses are recognised in the profit or loss.

Impairment

The carrying values of property, plant and equipment are reviewed for impairment when changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where carrying value exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

(q) Exploration Expenditure

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as deferred exploration and evaluation assets on an area of interest basis. Costs incurred before the Group has obtained the legal rights to explore an area are recognised in the consolidated statement of profit or loss, and other comprehensive income.

Exploration and evaluation assets are only recognised if the rights to the area of interest are current and either:

- the expenditures are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- activities in the area of interest have not, at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as deferred exploration and evaluation assets are assessed for impairment if:

- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

A regular review is undertaken of each area of interest. Expenditure which no longer satisfies the above policy is written off. In addition, a provision is raised against expenditure where the Directors are of the opinion that the carried forward net cost may not be recoverable under the above policy. The creation and increase in the provision are taken to the profit or loss for the year.

In the event that an area of interest is abandoned or if the Directors consider the expenditure to be of reduced value, any expenditure carried forward in respect of that area is written off in the period in which the decision to abandon is made, firstly against any existing provision for that expenditure, with any remaining balance being charged to earnings. Each area of interest is reviewed at the end of each accounting period and accumulated costs are written off to the extent that they are not expected to be recoverable in the future.

Expenditure is not carried forward in respect of an area of interest/mineral resource unless the Group's right to tenure to that area of interest is current.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

For exploration and evaluation assets an impairment assessment takes place when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

(r) Trade and Other Payables

Trade and other payables represent the liabilities at the end of the reporting period for goods and services received by the Group that remain unpaid.

Trade payables are recognised initially at fair value and subsequently measured at amortised costs. Trade payables are obligations based on normal credit terms.

(s) Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Share based payments

The Company provides benefits to employees (including directors) in the form of equity-based payment transactions as an incentive for performance, whereby employees render services in exchange for shares or options or rights over shares ("share based payments" or "equity settled transactions"). The Kalbar Equity Incentive Plan (''KEIP'') provides these benefits to employees.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date they are granted.

The cost of equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the vesting conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date").

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of awards that, in the opinion of the Directors, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The Consolidated Statement of Profit or Loss and Other Comprehensive Income charge or credit for the period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification as measured at the date of modification.

Where an equity-settled award is cancelled (other than cancellation when a vesting condition is not satisfied), it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of the outstanding equity is reflected as additional share dilution in the computation of loss per share.

The Performance Rights based Kalbar Equity Incentive Scheme ("KEIP") for directors, employees and eligible consultants was suspended April 2020 with no further performance rights issued. On 31 July 2021 the remaining 772,689 performance rights in KEIP were converted into 31 July 2024 escrowed fully paid ordinary shares.

(t) Fair Value Measurement

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(u) 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. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

(v) Earnings Per Share

Basic Earnings Per Share

Basic earnings (loss) per share is calculated by dividing the profit (loss) attributable to equity holders of the Kalbar Limited, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted Earnings Per Share

Diluted earnings (loss) per share is calculated as net profit (loss) attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after-tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares,

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(w) Comparatives

Where necessary, comparatives have been re-classified and re-positioned for consistency with the current year disclosures.

(x) Segment

The Group has identified a single reportable geographical segment, exploration and evaluation activities, based on the internal reports used and reviewed by the Kalbar Operations Pty Ltd Chief Executive Officer (the chief operating decision maker), in assessing performance and determining the allocation of resources.

3 Non-controlling interest

On 8 March 2020, Kalbar and its 100% owned subsidiary KOPL entered into a binding Subscription and Shareholders Agreement (“SSA”) with ANRK B.V., an associated company of Appian Capital Advisory LLP (“Appian”) regarding a staged equity investment of up to $164 million in KOPL by Appian to fund the Project. To facilitate the investment by Appian in KOPL, a Project Acquisition Agreement (“PAA”) between Kalbar and KOPL was also executed so that all the assets, freehold land, options on freehold land, tenements, ongoing lease and contracts and staff and liabilities of the Fingerboards Project were transferred from Kalbar to KOPL, the Project investment vehicle so that KOPL has unencumbered right-of-use of Kalbar’s assets. Effectively from 1 May 2021, Kalbar itself has become an investment holding company, being the current major investor in KOPL rather than an active hand on operator.

Pursuant to the terms of the SSA, the total equity contributed by both shareholders into KOPL was A$40.0 million at 30 June 2021 (Kalbar A$5.0 million; Appian A$35.0 million) with equity interests in KOPL being Kalbar 81.32% and Appian 18.68%.

For the period 1 July to 31 December 2021, further equity of A$8.25 million was contributed into KOPL under an amendment to the SSA whereby Kalbar contributed 60% ($4.95 million) and Appian 40% ($3.3 million) by way of a subscription for KOPL shares at A$1.50 per share. At 31 December 2021, on conclusions of this funding, equity interests in KOPL were Kalbar 80.41% and ANRK 19.59%. These equity interests in KOPL remained the same at 30 June 2022 as KOPL was funded by shareholders’ loans of A$2.25 million for the period 1 January to 30 June 2022 which were advanced to KOPL as a 50-50 pari-passu shareholders loan facility at 8% per annum interest accruing daily, with the loan to be repaid to KOPL’s two shareholders on 31 March 2023.

The breakdown of the non-controlling interest as at 30 June 2022 are as follows:

	30 June 2022 $	30 June 2021 $
Opening balance	33,985,576	9,887,313
Capital injection	3,299,999	15,000,000
Liquidity offer to existing shareholders of Kalbar Limited (refer note 15 (a))	-	10,000,000
Loss for the year attributable to non-controlling interest	(1,407,686)	(901,737)
Total non-controlling interest	**35,877,889**	**33,985,576**

4 Other income

	Group 2022 $	**Group** 2021 $
Cash flow boost and COVID support	-	67,500
Research and development offset	492,737	-
Others	20,027	55,924
Total other income	**512,764**	**123,424**

5 Income tax expense

	Group 2022 $	**Group** 2021 $
Income tax expense		
Current tax	-	-
Deferred tax	-	-
	-	-

Numerical reconciliation between aggregate tax expense recognised in the consolidated statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable tax rate is as follows:

	Group 2022 $	Group 2021 $
(Loss) from operations before income tax expense	(7,568,580)	(6,127,990)
Tax at the statutory rate of 25% (21/22) & 26% (20/21)	(1,892,145)	(1,593,277)
Research & Development tax rebate	(123,184)	-
Non accessible income	-	(17,550)
Other non-deductible expenditure for income tax purposes:		
Other non-deductible expenses	(456,852)	327,983
Share based payments expense	-	(780)
Deferred tax assets not recognised	(2,472,181)	(1,283,624)
Income Tax Expense	-	-

Deferred tax

The following deferred tax balances have not been brought to account:		
Deferred Tax Liabilities		
Unrealised forex gain	-	-
Deferred tax liability	-	-
Deferred Tax Assets		
Unused tax losses for which no DTA has been recognised	22,733,713	12,844,990
Deferred Tax Assets not recognised at tax rate 25% (2021: 25.0%)	5,683,428	3,211,247

Due to uncertainty regarding the utilisation of prior year tax loses in future years the tax losses have not been recognised as an asset.

6 Cash and cash equivalents

	Group 2022 $	Group 2021 $
Business Classic	4,390,489	10,229,894
Business Account	259,838	752,513
Total cash and cash equivalents	**4,650,327**	**10,982,407**

7 Other financial assets

	Group 2022 $	Group 2021 $
Bank guarantee	46,249	138,850
Security deposits	27,750	6,800
Total other financial assets	73,999	145,650

The bank guarantees are non-interest bearing and generally act as bonds for tenements held by the Group.

8 Right-of-use asset

	Group 2022 $	Group 2021 $
Cost	108,886	108,886
Accumulated depreciation	(108,886)	(59,985)
Total right of use assets	-	**48,901**
Premises Reconciliation		
Balance of right-of-use assets at 1 July	48,901	102,343
Additions	-	-
Depreciation expense	(48,901)	(53,442)
Balance of right-of-use assets at 30 June	**-**	**48,901**

The above right-of-use asset and lease liability relate to the office and property lease entered into by the Group.

Option to extend or terminate
The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

9 Deferred exploration and evaluation expenditure

	Group 2022 $	Group 2021 $
Acquisitions costs		
Gippsland HMS Project	335,950	335,950
Rio Tinto Encumbrance	4,750,000	4,750,000
Land acquisition	6,184,016	5,554,688
Capitalised Expenditure	35,772,897	35,774,416
Total deferred exploration and evaluation expenditure	**47,042,863**	**46,415,054**

During the year, the Group's Environmental Effect Statements ("EES") for its Fingerboards Mineral Sands Project ("Project") have been reviewed by the Minister for Planning ("Minister") of the Victorian Government. Based on the report issued by the Minister, it has concluded that the Project had been evaluated as posing an unacceptable environmental risk as presented in the EES. As a result, the total exploration expenses incurred in the Project which totalled $3,567,691 have been recognised as expense during the year.

The Group's accounting policy is to capitalise expenditure on exploration and evaluation on an area of interest basis. The recoverability of the carrying amounts of exploration and evaluation assets is dependent on the successful development and commercial exploitation or sale of the respective area of interest.

Exploration and evaluation costs, including the costs of acquiring licences, are capitalised as deferred exploration and evaluation expenditure are assessed for impairment if:
- sufficient data exists to determine technical feasibility and commercial viability; and
- facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

	Group 2022 $	Group 2021 $
Opening balance	46,415,054	33,019,881
Additional Land Acquisition	629,328	-
Expenditure incurred and capitalised/(reversed)	(1,519)	13,395,173
Deferred exploration and evaluation expenditure at end of year	**47,042,863**	**46,415,054**
Impairment	-	-
Deferred exploration and evaluation expenditure	**47,042,863**	**46,415,054**

10 Property, Plant and Equipment

GROUP – 2022	Plant & Equipment $	Computer Equipment $	Leasehold Improvements $	Furniture & fittings $	Motor Vehicle $	Total $
Cost						
As at 1 July 2021	108,668	43,879	13,767	84,190	129,139	379,643
Additions	560	-	-	-	-	560
Disposals	-	-	-	-	-	-
Write-down	-	(7,009)	-	(13,070)	-	(20,079)
As at 30 June 2022	109,228	36,870	13,767	71,120	129,139	360,124
Accumulated depreciation						
As at 1 July 2021	(22,935)	(15,797)	(399)	(19,079)	(12,337)	(70,547)
Depreciation charge for the year	(18,722)	(27,892)	(335)	(28,074)	(29,200)	(104,223)
Disposals	-	-	-	-	-	-
Write-down	-	7,009	-	13,070	-	20,079
As at 30 June 2022	(41,657)	(36,680)	(734)	(34,083)	(41,537)	(154,691)
Net book value at 30 June 2022	**67,571**	**190**	**13,033**	**37,037**	**87,602**	**205,433**

GROUP - 2021	Plant & Equipment $	Computer Equipment $	Leasehold Improvements $	Furniture & fittings $	Motor Vehicle $	Total $
Cost						
As at 1 July 2020	64,826	58,301	14,378	94,817	48,984	281,306
Additions	56,491	12,837	-	39,704	108,491	217,523
Disposals	-	-	-	(7,228)	-	(7,228)
Write-down	(12,649)	(27,259)	(611)	(43,103)	(28,336)	(111,958)
As at 30 June 2021	108,668	43,879	13,767	84,190	129,139	379,643
Accumulated depreciation						
As at 1 July 2020	(14,403)	(29,099)	(667)	(44,788)	(29,626)	(118,583)
Depreciation charge for the year	(21,181)	(13,957)	(343)	(18,850)	(11,047)	(65,378)
Disposals	-	-	-	1,456	-	1,456
Write-down	12,649	27,259	611	43,103	28,336	111,958
As at 30 June 2021	(22,935)	(15,797)	(399)	(19,079)	(12,337)	(70,547)
Net book value at 30 June 2021	**85,733**	**28,082**	**13,368**	**65,111**	**116,802**	**309,096**

11 Trade and other payables

	Group 2022 $	Group 2021 $
Trade creditors and accruals	91,713	2,435,076
Payroll liabilities	40,218	70,183
Payroll tax	106,964	126,560
Total trade and other payables	**238,895**	**2,631,819**

12 Lease liability

	Group 2022 $	Group 2021 $
Balance of lease liability at 1 July	48,901	102,343
Additions	-	-
Interest	2,148	5,117
Repayments during the year	(51,049)	(58,559)
Total lease liability at 30 June	**-**	**48,901**
Current portion	-	48,901
Non-current portion	-	-
	-	**48,901**

All leases are accounted for by recognising a right of use asset and a lease liability except for leases of low value assets and leases with duration of 12 months or less. Lease payments associated with these leases are recognised as an expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease term.

13 Loans payable

	Group 2022 $	Group 2021 $
Secured Loan – ANRK	676,250	-
Total loan from a related company	**676,250**	**-**

The ANRK secured loan incurs interest of 8% p.a. compounded daily and expires 31 March 2023.

14 Provisions

	Group 2022 $	Group 2021 $
Current		
Employee entitlements	104,271	171,503
	104,271	171,503
Non-current		
Employee entitlements	29,538	45,079

15 Issued Capital

(a) Issued and paid-up capital

	Group 2022 $	Group 2021 $
Total issued capital	41,246,853	40,035,333

	No of shares	Issue Price $	A$'000
Opening balance at 1 July 2020	**104,747,411**		**35,785,332**
Movements in 2020/21			
Issue of ordinary shares – conversion of performance rights – July 2020	24,990	-	-
Capital raising – July 2020	936,666	1.50	1,405,000
Issue of ordinary shares –August 2020 (1)	36,267	1.50	-
Issue of ordinary shares – conversion of performance rights September 2020	10,000	-	-
Capital raising – September 2020	1,833,333	1.50	2,750,000
Issue of Ordinary Shares	7,230,001	1.50	10,845,001
Liquidity Offer to existing shareholders	(6,666,666)	1.50	(10,000,000)
Capital raising cost			(750,000)
Closing share capital balance at 30 June 2021	**108,152,002**		**40,035,333**

(1) Shares issued in August 2020, however funds of $54,400 were received in 2019 financial year.

	No of shares	Issue Price $	A$'000
Opening balance at 1 July 2021	**108,152,002**		**40,035,333**
Movements in 2021/22			
Issue of ordinary shares – conversion of performance rights – July 2021	772,689	1.50	1,211,520
Closing share capital balance at 30 June 2022	**108,924,691**		**41,246,853**

Share capital includes 3,638,396 escrowed shares. There are no externally imposed capital requirements. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. Fully paid ordinary shares carry one vote per share and carry the rights to dividends.

(b) Ordinary Shares

The Company does not have authorised capital nor par value in respect of its issued capital. Shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(c) Capital Risk Management

The Company's capital comprises share capital, reserves less accumulated losses amounting to $50,945,057 at 30 June 2022 (2021: $55,213,636). The Company manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Company was ungeared at year end and not subject to any externally imposed capital requirements. Refer to Note 22 for further information on the Company's financial risk management policies.

(d) Performance rights

As at the balance sheet date, there were no performance rights. The 772,689 unissued ordinary shares under performance rights with an expiry date of 1 July 2022 were converted into escrowed ordinary share and were capitalised.

No Performance Rights were issued or exercised during the year ended 30 June 25022 (2021: 34,999 exercised).

16 Reserves

	Group 2022 $	**Group** 2021 $
Option reserves	230,374	230,374
Performance rights reserves	-	1,211,519
	230,374	1,441,893

Share based payment reserve
The reserve is used to record the value of equity instruments issued to employees and directors as part of their remuneration, and other parties as part of compensation for their services.

Movement in reserves

	Group 2022 $	**Group** 2021 $
Option reserves		
Opening balance	230,374	230,374
Movement	-	-
Closing balance	230,374	230,374
Performance rights reserve		
Opening balance	1,211,519	1,214,519
Share based payment expense (income)	-	(3,000)
Converted to Escrowed Shares	(1,211,519)	-
Closing balance	-	1,211,519

17 Cash flow information

Reconciliation of cash flow from operations with loss after income tax:

	Group 2022 $	Group 2021 $
Loss after income tax	(7,568,580)	(6,127,990)
Non-cash items		
Depreciation and amortisation	137,049	118,820
Share Based Payments	-	(3,000)
Changes in assets and liabilities		
Decrease in current receivables & prepayment	163,442	203,518
Increase in other payables & provisions	1,133,447	1,532,646
Cash flows (used in) operating activities	**(6,134,642)**	**(4,276,006)**

18 Commitments

(a) Tenement expenditure commitments within one year

RL 2023	$328,000
RL 2025	$340,000
RL 2026	$400,000
EL 5595	$ 17,500

(b) Operating Lease Commitments

The Group reduced its leasing commitments late financial year to a small storage area in Bairnsdale and now carries out its business from its owned Glenaladale property, both in Victoria.

19 Loss per Share

	30 June 2022 $	**30 June 2021 $**
Loss for the year attributable to owners of Kalbar Limited	(6,160,894)	(5,226,253)
Non-controlling interest		
Loss attributable to owners of Kalbar Limited		
Basic (loss) per share – cents	(5.65)	(4.66)
Diluted (loss) per share – cents	(5.65)	(4.66)

Basic and diluted loss per share

The calculation of basic earnings per share and diluted earnings per share for the year ended 30 June 2022 was based on the loss attributable to ordinary equity holders of the Company of A$6,160,894 (30 June 2021: loss A$5,226,253) and a weighted average number of ordinary shares outstanding during the year ended 30 June 2022 of 108,892,937 (30 June 2021: 112,889,932).

Employee options and performance rights granted have been included in the determination of diluted earnings per share.

20 Auditor's Remuneration

During the financial year, the following audit fees were paid or payable:

	30 June 2022 $	30 June 2021 $
Audit services:		
Audit and review of financial reports	48,000	56,000
	48,000	56,000
Total Services Provided	48,000	56,000

21 Related Party Transactions and Key Management Personnel

Related party disclosure

The related party transaction between the Company's subsidiary Kalbar Operations Pty Ltd and Jozsef Patarica (Chief Executive Officer of subsidiary Kalbar Operations Pty Ltd) on a property owned by Jozsef Patarica, located in Bairnsdale, Victoria, near the Fingerboards Project, for the use of employees and contractors traveling to Bairnsdale as accommodation in lieu of normal hotel and motel accommodation, which commenced on 14 May 2021 was terminated in April 2022. For the year ended 30 June 2022, A$15,960 was paid (period to 30 June 2021 A$2,280).

Neil O'Loughlin has provided services through his entity Indi Holdings Pty Ltd to Kalbar Operations Pty Ltd during the year ended 30 June 2022. Neil O'Loughlin serves as a Director on the Kalbar Limited Board. Payments made to Indi Holdings Pty Ltd were solely for expert geological services provided during the year and were in accordance with normal commercial time-based fee rates and arrangements.

Total amounts paid to Indi Holding Pty Ltd for the year ended 30 June 2022 were A$17,160 (period to 30 June 2021 A$191,181).

Key management personnel

Key management personnel of the Group are the board of directors and senior executives of the Group.

The key management personnel compensation included in "Salaries and on-costs" and "Share-based payments" and is as follows:

	30 June 2022 $	30 June 2021 $
Short-term employee benefits	1,962,747	1,415,586
Post-employment benefits	104,886	99,260
Other long-term benefits	-	-
Share-based payments	-	29,929
Total	2,067,633	1,544,775

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

Superannuation contributions made during the year.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, performance rights and shares granted on grant date.

22 Financial Instruments and Financial Risk Management

Exposure to interest rate, liquidity and credit risk arises in the normal course of the Group's business. The Group does not hold or issue derivative financial instruments.

The Company uses different methods as discussed below to manage risks that arise from financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

a. Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short-term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing future capital needs include the Group's cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for capital needs. It is expected that, absent a material adverse change in a combination of sources of liquidity, present levels of liquidity will be adequate to meet expected capital needs.

Maturity analysis for financial liabilities
Financial liabilities of the Company comprise trade and other payables. As at 30 June 2022 and 30 June 2021, all financial liabilities are contractually matured within 60 days.

b. Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group does not currently hold any long-term borrowings and is therefore not exposed to interest rate risk.

c. Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the statement of financial position. The Group holds financial instruments with credit worthy third parties.

At 30 June 2022, the Group held cash deposits. Cash deposits were held with financial institutions with a rating from Standard & Poors of AAA or above (long term). The Company has no past due or impaired debtors as at 30 June 2022 (2021: Nil).

d. Foreign Currency Risk Exposure

The Group was exposed to foreign currency risk during the year through the binding Subscription and Shareholders Agreement with ANRK B.V., an associated company of Appian Capital Advisory LLP ("Appian"). As part of the agreement Kalbar was required to reimburse reasonable costs incurred by Appian in hedging the USD : AUD exchange rate exposure arising from Appian's commitment to subscribe for the Subscription Shares (if any such costs), the Liquidity Offer Shares (if any such costs) and the Follow-on Shares, not exceeding $1.4 million.

The Group has no other significant foreign currency risk exposure.

e. Fair Value

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

23 Share Based Payments Plans

Share based payment to employees

The Performance Rights based Kalbar Equity Incentive Scheme ("KEIP") for directors, employees and eligible consultants was suspended April 2020.

24 Contingent Liabilities

There are no contingent liabilities as at 30 June 2022.

25 Interest in Subsidiaries

	Country of Incorporation	Ownership Interest 2022	2021
Parent entity			
Kalbar Limited	Australia		
Subsidiaries			
Kalbar Operations Pty Ltd	Australia	80.41%	81.31%
Subsidiaries of Kalbar Operations Pty Ltd:			
Kalbar Property Pty Ltd	Australia	100%	100%
Kalbar Asia Pte Ltd (1)	Singapore	100%	100%
Kalbar Pastoral Pty Ltd	Australia	100%	100%

(1) De-registered and struck off by ACRA Singapore on 7 April 2022.

26 Parent entity disclosure

As at, and throughout the financial year ended 30 June 2022, the parent entity of the Group was Kalbar Limited. Information relating to the parent entity follows.

	30 June 2022 $	30 June 2021 $
Results of parent entity		
Profit / (Loss) for the year	(328,356)	9,716,917
Total comprehensive income	(328,356)	9,716,917
Financial position of parent entity		
Current assets	5,064,241	10,229,994
Non-Current Assets	34,070,077	29,238,927
Total assets	39,134,318	39,468,921
Current liabilities	71,579	77,826
Total liabilities	71,579	77,826
Net Assets	39,062,739	39,391,095
Total equity of the parent entity comprising		
Share capital	41,246,853	40,035,335
Reserves	230,374	1,441,893
(Accumulated losses)	(2,414,488)	(2,086,133)
Total equity	39,062,739	39,391,095

Contingent liabilities of the parent entity

There are no contingent liabilities for the parent entity.

Capital commitments of the parent entity

There are no capital expenditure commitments contracted for by the parent entity.

27 Events after the reporting date

The following are the subsequent events after the reporting date:

- July 2022, further equity was received by Kalbar Operations Pty Ltd from Kalbar Limited (A$350,000) and Appian (A$350,000)
- November 2022, further equity was received by Kalbar Operations Pty Ltd from Kalbar Limited (A$98,750) and Appian (A$98,750)

Apart from the above, there are no other significant subsequent events to the end of the financial year to the date of this report, which significantly affects the operations or the state of affairs of the Group in future years.

Directors' Declaration

1. In the opinion of the Directors of Kalbar Limited ('the Company'):

    a. the consolidated financial statements and notes are in accordance with the Corporations Act 2001, including:

        i. giving a true and fair view of the Group's financial position as at 30 June 2022 and of its performance for the financial year ended on that date; and

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

    b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

This declaration is signed in accordance with a resolution of the Board of Directors:

Dated 10 November 2022

Dr Brad Farrell
Chairman

Stantons

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
KALBAR LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kalbar Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

Emphasis of Matter Relating to Recoverability of Deferred Exploration and Evaluation Expenditure

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

The Group has recorded a non-current deferred exploration and evaluation expenditure totalling $47,042,863 of which $35,772,897 relates to capitalised exploration expenses. During the year, the Group's Environmental Effects Statements ("EES") for its Fingerboards Mineral Sands Project ("Project") have been reviewed by the Minster for Planning ("Minister") of the Victorian Government. Based on the report issued by the Minister, it was concluded that the Project had been evaluated as posing an unacceptable environmental risk as presented in the EES. The decision by the Minister has effectively put the Project's initial production date on hold. At the date of this report, the Project is being re-scoped to consider all the recommendations from the Minister's report.

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The ability of the Group to realise and ultimately recover the deferred exploration and evaluation expenditure in full is dependent on the Group obtaining all the approvals from the Government and successfully exploiting and commercialising the asset by undertaking mining operations, or through the sale of the relevant mineral interests in excess of its carrying value. If the Group is not successful in the above activities, the realisable value of its deferred exploration and evaluation expenditure may be significantly less than its current carrying amount.

Material Uncertainty Related to Going Concern

Without modifying our opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(f) to the consolidated financial statements, the consolidated financial statements have been prepared on a going concern basis. The ability of the Group to continue as a going concern and meet its planned commitment is dependent upon the Group being successful in raising funds through the issue of share capital. In the event that the Group is not successful in raising further capital, the Group maybe not be able to meet its liabilities as and when they fall due, and the realisable value of the Group's current and non-current assets may be significantly less than book values.

The consolidated financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Group not be able to continue as a going concern.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

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

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group 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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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 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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir Tirodkar
Director
West Perth, Western Australia
10 November 2022

ADDITIONAL INFORMATION

Information in relation to the Company's securities as of 1 August 2022 is provided below.

Distribution of Shareholders

The issued capital of the Company is 108,924,691 fully paid ordinary shares. The number of shareholders by holding is as follows:

Holding	Number of Shareholders	Total Units	% Issued Share Capital
1 - 1,000	0	0	0.00
1,001 – 5,000	1	5,000	0.00
5,001 – 10,000	12	96,572	0.09
10,001 – 100,000	66	3,289,606	3.02
100,001 and over	73	105,533,513	96.89
Totals:	**152**	**108,924,691**	**100.00**

There are no shareholders holding less than a marketable parcel of ordinary shares.

Statement of Restricted Securities

There are 3,638,396 shares that are subject to Company-imposed escrow. The shares are due to come out of escrow on 31 July 2024 at the discretion of the Board.

Substantial Shareholders

The substantial shareholders holding greater than 5% of the shares on issue i.e., 50.71% of the Company, are as follows:

Shareholder	Number of Shares	%
INKJAR PTY LTD	11,800,793	10.83
CLOVIS CLOTILDE PTY LTD	10,883,299	9.99
LHR INVESTCO I LTD	10,000,000	9.18
BRADLEY PETTERSSON	8,355,260	7.67
KENNETH PATRICK FARRELL	8,158,620	7.49
HAMISH JOHN WYLLIE	6,039,963	5.55

Voting Rights

Each ordinary share is entitled to one vote when a poll is called; otherwise, each member present at a meeting or by proxy has one vote on a show of hands.

Top 20 Shareholders

The names of the 20 largest fully paid ordinary shareholders of the Company as at 1 August 2022 holding 79.64% of the 108,924,691 issued capital are as follows:

No.	Shareholder	Number of Shares	% of Issued Capital
1	INKJAR PTY LTD	11,800,793	10.83
2	CLOVIS CLOTILDE PTY LTD	10,883,299	9.99
3	LHR INVESTCO I LTD	10,000,000	9.18
4	BRADLEY PETTERSSON	8,355,260	7.67
5	KENNETH PATRICK FARRELL	8,158,620	7.49
6	HAMISH JOHN WYLLIE	6,039,963	5.55
7	SABINE CAPITAL LTD	5,086,393	4.67
8	MR KRIANGSAK LAWATANATRAKUL	3,900,000	3.58
9	INDI HOLDINGS PTY LTD	3,194,392	2.93
10	IAN ROSS WARDEN	3,186,575	2.93
11	NEIL THOMAS O'LOUGHLIN & CATHERINE ELIZABETH O'LOUGHLIN <CHALLENGER INVESTMENT FUND>	2,992,819	2.75
12	SUPARELL PTY LTD <FARRELL SUPER FUND>	2,150,000	1.97
13	CITICORP NOMINEES PTY LIMITED	1,872,857	1.72
14	ARROWSMITH CAPITAL PTY LTD <KERR FAMILY A/C>	1,455,000	1.34
15	HUGO AND HUGO PTY LTD <HUGO AND HUGO SUPERFUND>	1,406,250	1.29
16	ARLINGTON PARTNERS FUND LIMITED	1,341,370	1.23
17	NEIL THOMAS O'LOUGHLIN	1,320,000	1.21
18	PROCONA PTY LTD <PROCONA SUPER FUND A/C>	1,221,485	1.12
19	PETER JOHN CHAPMAN & LYNETTE MARGARET CHAPMAN <WAVERLEY SUPERANNUATION FUND>	1,211,747	1.11
20	FARVEST PTY LTD	1,170,535	1.07
	TOTAL:	**86,747,358**	**79.63**
	TOTAL ISSUED CAPITAL:	**108,924,691**	**100.00**

Restricted and Issued Shareholders

Class	Number	Number of holders	Holders with more than 20%
Escrowed Ordinary Shares	3,638,396	14	2

What are mineral sands?

Mineral sands are usually mined from beach sands. These may be modern beaches as in the case of the Eastern Coast of Australia, or ancient beaches like the Fingerboards Project. Mineral sands is the term used to describe the valuable heavier sands of the beach. The valuable mineral sands of the Fingerboards deposit are zircon, rutile, ilmenite and rare earths. Mineral sands minerals are used in a range of everyday products including tiles, paint, plastics, sunscreen and even in foodstuffs. They are also essential to high-tech industries, with uses in renewable energy. Around 45% of zircon is used in ceramics, with the biggest use is in tiles, bathroom fixtures and tableware. It is also used in high-tech applications like bone replacements, abrasion resistance and solid oxide fuel cells. Rutile and ilmenite are generally converted into titanium dioxide and titanium metal. Titanium dioxide is the white pigment that is used in paints and plastics. It replaced lead oxide in paint when lead oxide was found to be poisonous. Most of us will use a product containing titanium dioxide on a daily basis – brushing our teeth with toothpaste, applying sunscreen or making a note on a piece of white paper. Titanium metal is used to lighten the weight of the transport industry, for sporting goods, medical equipment like hip replacements and even in the space industry.

NOTES

KALBAR

KALBAR

LIMITED

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