Financial Report

30 June 2022

Corporate directory

Current Directors

Philip Robinson	*Managing Director and Chairman*
Mark Roesner	*Non-executive Director*
Anthony Campbell	*Non-executive Director*

Company Secretary

Mindy Ku

Registered Office

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Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of 10M Limited (referred to hereafter as the 'company 'or 'parent entity') and the entities it controlled at the end of, or during the year ended 30 June 2022.

1. Directors

The following persons were directors of 10M Limited during the financial year and up to the date of the report, unless otherwise stated:

Philip Robinson	*Managing Director (appointed 5 April 2022)*
Steven Crabbe	*Executive Director (resigned 17 February 2022)*
Mark Roesner	*Non-executive Director*
Anthony Campbell	*Non-executive Director*
Peter Kane	*Non-executive Director (resigned 5 March 2022)*

2. Dividends paid or recommended

The Company did not resolve to pay a dividend during the financial year ended 30 June 2022 (2021: nil).

3. Significant changes in the state of affairs

There were no significant changes to the state of affairs of the Company. The Company has been fortunate to not experience any significant adverse effects as a result of the COVID-19 pandemic.

4. Operating and financial review

4.1. Nature of Operations Principal Activities

10M is a locally owned iron ore explorer with tenements in the Mid-West Murchison region in Western Australia. Established in early 2021, the Company's board and management team has significant experience in project development, and mining, crushing and processing.

The Twin Peaks Iron Ore Project is 100% owned by 10M with a defined resource at Woolbung Peak within the Yalgoo Mineral Field and a first shipment planned for second quarter 2023 subject to Iron Ore pircing, transitioning the Company from explorer to producer.

4.2. Financial Review

a. Operating results

For the year ended 30 June 2022 the Company delivered a loss after tax of ($(749,922) (30 June 2021: $25,649 loss).

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

b. Financial position

The net assets of the Company have reduced from 30 June 2021 by $750,023 to ($774,747) at 30 June 2022 (30 June 2021: ($24,724)).

As at 30 June 2022, the Company's cash and cash equivalents increased from 30 June 2021 by $88,683 to $126,188 (30 June 2021: $37,505) and had a working capital deficit of ($2,708,718) (30 June 2021: ($35,352) working capital).

4.3. Events Subsequent to Reporting Date

There are no significant events after balance date that are not covered in this Directors' Report or within the financial statements at Note 12 Events subsequent to reporting date.

Directors' report

5. Meeting of directors

The following table sets out the number of meetings of directors held during the financial year and the number of meetings attended by each director:

Director	Meetings of Directors whilst a director	Meetings attended
P Robinson	1	1
S Crabbe	0	0
M Roesner	2	2
A Campbell	2	2
P Kane	2	2

The Company does not have any committees.

6. Directors' interest in shares and options

The number of shares and options in the Company held directly and indirectly by the directors as at the date of this report is set out below:

Director	Ordinary shares	Options over ordinary shares
P Robinson	2,500,000	-
M Roesner	4,402,778	-
A Campbell	2,500,000	-
P Kane	625,000	-

7. Director's remuneration

The following table sets out director's fees for each director during the financial year:

Director	Fees	Share based payments
P Robinson	$87,500	$250
M Roesner	$50,000	-
A Campbell	$62,500	-
P Kane	$50,000	-
Total	**$250,000**	**$250**

During the year, the Directors elected not to receive part or all of their fee in cash and agreed to accrue the outstanding amount for the work performed during the year. The Directors continue to accrue all of part of their fees for their services.

During the year S Crabbe resigned as Company Director, Secretary and Public Officer with effect 7 January 2022. During his tenure and prior to his resignation, S Crabbe was paid a salary for a period of four months. As part of S Crabbe's resignation, he was compensated three months of severance pay.

8. Indemnifying officers or auditor

8.1. Indemnification

The Company has not entered into any agreement with its officers or current auditors indemnifying them against any claims by third parties arising from their report on the financial report.

8.2. Insurance premiums

During the year the Company paid insurance premiums to insure directors and officers against certain liabilities arising out of their conduct while acting as an officer of the Company.

9. Options

9.1. Unissued shares under option

At the date of this report, the Company had no unissued ordinary shares under option.

10. Proceedings on behalf of the Company

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

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

Directors' report

11. Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* (Cth) for the year ended 30 June 2022 has been received and can be found on page 4 of the annual report.

Signed in accordance with a resolution of directors made pursuant to s307C of the *Corporations Act 2001* (Cth).

PHIL ROBINSON
Director
Dated this Monday, 21 November 2022

To the Board of Directors

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

As lead audit director for the audit of the financial statements of 10M Ltd for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours Faithfully,

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D Bell

D M BELL CA
Director

Dated at Perth this 21st day of November 2022

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Continuing operations			
Revenue		-	-
Other income		3	-
		3	-
Costs of Goods Sold		-	-
Administrative and other costs		(37,623)	(254)
Share based payments		(250)	-
Employment costs		(481,914)	-
Finance costs		(131,604)	(12,575)
Marketing and promotion costs		(8,959)	(1,885)
Occupancy costs		(13,303)	-
Professional fees		(76,272)	(9,366)
Travel and accommodation		-	(1,569)
Profit / (loss) before tax		(749,922)	(25,649)
Income tax benefit / (expense)	3	-	-
Net profit/(loss) for the year		(749,922)	(25,649)
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) attributable to members		(749,922)	(25,649)
Earnings before interest, taxation, depreciation, and amortisation		*(618,318)*	*(13,074)*

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Statement of financial position
as at 30 June 2022

	Note	Consolidated 2022 $	2021 $
Current assets			
Cash and cash equivalents	4	126,188	37,505
Other current assets	5	155,036	1,285
Total current assets		281,224	38,790
Non-current assets			
Exploration assets	6	1,933,971	375,000
Deferred tax asset	3a	-	-
Total non-current assets		1,933,971	375,000
Total assets		2,215,195	413,790
Current liabilities			
Trade and other payables	7	351,013	3,438
Borrowings	8	2,638,929	-
Total current liabilities		2,989,942	3,438
Non-current liabilities			
Borrowings	8	-	435,076
Total non-current liabilities		-	435,076
Total liabilities		2,989,942	438,514
Net assets / (liabilities)		(774,747)	(24,724)
Equity			
Issued capital	9	824	925
Retained profits / (accumulated losses)		(775,571)	(25,649)
Total equity		(774,747)	(24,724)

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of changes in equity

for the year ended 30 June 2022

Consolidated	Issued Capital $	Retained Profits / (Accumulated Losses) $	Total $
Balance at 1 July 2020	-	-	-
Loss for the year attributable to owners	-	(25,649)	(25,649)
Other comprehensive income for the year attributable owners	-	-	-
Total comprehensive loss for the year attributable to owners	-	(25,649)	(25,649)
Transaction with owners, directly in equity			
Shares issued during the year	925	-	925
Balance at 30 June 2021	925	(25,649)	(24,724)

Consolidated	Issued Capital $	Retained Profits / (Accumulated Losses) $	Total $
Balance at 1 July 2021	925	(25,649)	(24,724)
Loss for the year attributable to owners	-	(749,922)	(749,922)
Other comprehensive income for the year attributable owners	-	-	-
Total comprehensive loss for the year attributable to owners	-	(749,922)	(749,922)
Transaction with owners, directly in equity			
Shares issued during the year	1,175	-	1,175
Share based payments	250	-	250
Capital raising costs	(1,526)	-	(1,526)
Balance at 30 June 2022	824	(775,571)	(774,747)

The statement of changes in equity is to be read in conjunction with the accompanying notes.

Statement of cash flows
for the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Receipts from customers		3	-
Payments for exploration expenditure		(1,544,520)	
Payments to suppliers and employees		(424,246)	(10,921)
Net cash from operating activities	4c	(1,968,764)	(10,921)
Cash flows from investing activities			
Payments to acquire exploration and evaluation assets		(14,451)	(375,000)
Net cash used in investing activities		(14,451)	(375,000)
Cash flows from financing activities			
Net proceeds from issue of shares		(351)	925
Proceeds of borrowings		2,072,248	422,501
Net cash used in financing activities		2,071,898	423,501
Net increase in cash held		88,683	37,505
Cash and cash equivalents at the beginning of the year		37,505	-
Cash and cash equivalents at the end of the year	4b	126,188	37,505

The statement of cash flows is to be read in conjunction with the accompanying notes.

Notes to the financial statements
for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

These are the financial statements and notes of 10M Limited (**10M** or **the Company**). 10M is a company limited by shares, domiciled and incorporated in Australia.

The financial statements were authorised for issue on 21 November 2022 by the directors of the Company.

a. Basis of preparation

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

i. Statement of compliance

The financial statements have been prepared in accordance with the Corporations Act 2001, the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements of Accounting Standards:

- AASB 6 *Exploration for and Evaluation of Mineral Resources*
- AASB 16 *Leases*
- AASB 101 *Presentation of Financial Statements*
- AASB 107 *Statement of Cash Flows*
- AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*
- AASB 112 *Income Taxes*
- AASB 1048 *Interpretation of Standards*
- AASB 1053 *Application of Tiers of Australian Accounting Standards*
- AASB 1054 *Australian Additional Disclosures*
- AASB 1057 *Application of Australian Accounting Standards*

ii. Financial position

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted. The amounts presented in the financial statements have been rounded to the nearest dollar.

iii. Use of estimates and judgments

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates and associated assumptions are based on historical experience and various factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of AASBs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1n.

b. Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 10M Limited ('company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. 10M Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Notes to the financial statements
for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

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

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

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

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

c. Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

The Company has a net liability position of $774,747 as at 30 June 2022 (2021: $24,724).

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to manage cash flow in line with available funds and the continued support of its shareholders and lenders. Specifically, the Company is dependent on the lenders either converting the debt to equity or extending the repayment terms of the loans (which are currently due for repayment by 31 December 2022) until capital has been raised. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern.

The Directors believe it is appropriate to prepare these accounts on a going concern basis as at the end of the reporting period:

- The shareholder loans are convertible to shares at the election of the lender on or prior to the repayment date;
- The Directors have an appropriate plan to manage the expenditure of the Company if appropriate funding is unavailable; and
- With reference to Note 12, following the end of financial year the Company has raised $912,222 in share capital.

Based on the considerations above, the directors are satisfied that the going concern basis of preparation is appropriate.

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

d. Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

Notes to the financial statements

for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

e. Income tax

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

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

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items recognised outside profit or loss.

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

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

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

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

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

10M Limited (the 'head entity') and its wholly owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

f. Right-of-use assets

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

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

Notes to the financial statements

for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

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

g. Leases (the Company as Lessee)

At inception of a contract, 10M assesses if the contractor contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by 10M where 10M is a lessee. However, all contracts are classified as short-term leases (lease with a remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, 10M uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Lease payments under extension options if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is a at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that 10M anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Company does not act as a lessor in relation to lease contracts.

h. Financial instruments

a. Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b. Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Notes to the financial statements

for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

c. Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

i. Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises

ii. Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

d. Impairment

From 1 January 2018, the Company assesses on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Company applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

i. Financial instruments – liabilities

a. Classification

From 1 January 2018, the Company classifies its financial liabilities in the following measurement categories:

- those to be measured subsequently at FVTPL, and
- those to be measured at amortised cost.

Notes to the financial statements

for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

The classification depends on the entity's business model for managing the financial liabilities and the contractual terms of the cash flows.

For financial liabilities measured at FVTPL, gains and losses, including any interest expenses will be recorded in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

For financial liabilities measured at amortised cost, the effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

b. Recognition and derecognition

Regular way purchases of financial liabilities are recognised on trade-date, the date on which the Company commits to purchase the financial liability. Financial liabilities are derecognised when the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liabilities derecognised and the consideration paid and payable is recognised in profit or loss.

c. Measurement

At initial recognition, the Company measures financial liabilities at its fair value plus, in the case of financial liabilities not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial liabilities. Transaction costs of financial liabilities carried at FVTPL are expensed in profit or loss.

j. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets 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.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the income statement, unless the asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use. 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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 and amortisation, if no impairment loss had been recognised.

k. Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Notes to the financial statements

for the year ended 30 June 2022

Note 1 Statement of significant accounting policies

l. Finance income and expenses

The Company's finance income and finance costs include interest income and interest expense.

Interest income or expense is recognised using the effective interest method.

All revenue is stated net of the amount of value added taxes (note 1m Goods and Services Tax).

m. Goods and Services Tax

Goods and Services Tax (**GST**) is the term for the broad-based consumption taxes that the Company is exposed to in Australia.

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

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the balance sheet.

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

n. Critical Accounting Estimates and Judgments

The Board discusses the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

i. Key Estimate – Taxation

The Company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on the Company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

o. New, revised or amending Accounting Standards and Interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations (**AASB**) issued by the Australian Accounting Standards Board (AASB Board) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

p. New Accounting Standards and Interpretations not yet mandatory or early adopted

i. Conceptual Framework for Financial Reporting (Conceptual Framework)

The consolidated entity has adopted the revised Conceptual Framework from 1 July 2020. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the consolidated entity's financial statements.

ii. AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The consolidated entity has adopted AASB 1060 from 1 July 2020. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements for key management personnel, related parties, tax and financial instruments.

q. Share based payments

The Company measures the cost of equity settled transactions by reference to the fair value of the equity instrument at the date at which they are granted (for employees) or their measurement date (for other service providers).

Notes to the financial statements

for the year ended 30 June 2022

Note 2 Company details

The registered office of the Company is

Street: Lot 101, Turnbull Street
HARVEY WA 6220

Telephone: +61 439 900 935

Note 3 Income tax	Consolidated 2022 $	Consolidated 2021 $
Current tax	-	-
	-	-

a. **Income tax expense**

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

	2022 $	2021 $
Accounting loss before tax	(749,922)	(25,649)
Tax at the Australian Statutory income tax rate of 25% (2021: 26%)	(187,481)	(6,669)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Other assets	(21)	-
Blackhole expenditure	(134)	-
Tax losses not recognised	187,636	6,669
	-	-

b. **Deferred tax assets and (liabilities) are attributable to the following**

	2022 $	2021 $
Other assets	(23,431)	-
Blackhole expenditure	2,045	-
Borrowings	21,793	-
Tax losses recognised to the extent of deferred liabilities	(407)	-
	-	-

The balance of potential deferred tax assets attributable to tax losses carried forward of $2,067,592 (2021: $25,650) and other timing differences of nil (2021: nil) in respect of 10M Limited and its controlled entities in the tax consolidated group have not been brought to account because the Directors do not believe it is appropriate to regard realisation of future tax benefits as probable.

Notes to the financial statements

for the year ended 30 June 2022

Note 4 Cash and cash equivalents	Consolidated 2022 $	Consolidated 2021 $
a. **Current**		
Cash at bank	125,688	37,405
Cash on hand	500	100
	126,188	37,505
b. **Reconciliation of cash**		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	126,188	37,505
	126,188	37,505
c. **Reconciliation of cash flow from operations to loss after income tax**		
Loss after income tax	(749,922)	(25,649)
Non-cash flows in profit from ordinary activities:		
Accrued interest	87,173	-
Interest capitalised to borrowings	44,431	12,575
Share based payments	250	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in capitalised exploration costs	(1,544,520)	-
(Increase)/decrease in other assets and prepayments	(153,763)	(1,285)
Increase/(decrease) in trade and other payables	97,587	3,438
Increase/(decrease) in accrued expenses	250,000	-
Cash flow from operations	(1,968,764)	(10,921)

Note 5 Other assets	Consolidated 2022 $	Consolidated 2021 $
Current		
Prepayments	93,816	-
Net Goods and Services Tax receivable	61,220	1,285
	155,036	1,285

Notes to the financial statements
for the year ended 30 June 2022

Note 6 Exploration assets	Consolidated 2022 $	Consolidated 2021 $
Carrying amount	1,933,971	375,000

The carrying amount represents the initial acquisition cost of the tenement that forms the basis of the Twin Peaks Iron Ore Project and exploration and evaluation expenditure that is included in accordance with the following.

The balance of the carrying amount as at 30 June 2021 represents the purchase costs of the tenement by Deepsea Australia Pty Ltd.

Exploration and evaluation expenditure is recorded at historical cost on an area of interest basis. Expenditure on acquisition of an area of interest is carried forward where rights to tenure of the area of interest are current and:

- the costs are expected to be recouped through successful development, exploitation or sale of the area; or
- the exploration and evaluation activities in the area have not reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active exploration or evaluation of the area is continuing.

If neither of the above items are satisfied, exploration and evaluation expenditure incurred by the Company subsequent to acquisition is expensed as incurred. Once a decision to proceed to development has been taken, all further expenditure incurred relating to the area will be capitalised.

However, where project/s are advanced towards development status and it is expected that further expenditure can be recouped through sale or successful development and exploitation of the area of interest, all exploration and evaluation expenditure incurred by the Company is capitalised so long as it can be reasonably measured.

At each reporting date the Company assesses for impairment expenditure on acquisition of each area of interest that is to be carried forward to ensure that the carrying amount of the exploration and evaluation expenditure does not exceed its recoverable amount. Any resulting provision for impairment is recognised as a charge to the profit or loss.

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

Refer to Note 8 for details of loans provided which the lender has security over the Company's tenement.

Note 7 Trade and other payables	2022 $	2021 $
Current		
Unsecured		
Trade payables	99,335	3,438
PAYG withholding payable	1,678	-
Accrued expenses	250,000	-
	351,013	3,438

During the year, the Directors elected not to receive part or all of their fee in cash and agreed to accrue the outstanding amount for the work performed during the year. The Directors continue to accrue all of part of their fees for their services.

Notes to the financial statements
for the year ended 30 June 2022

Note 8 Borrowings	**Note**	**Consolidated 2022 $**	**Consolidated 2021 $**
a. Current			
Related party loans (secured)	10c	2,540,634	10,000
Insurance premium funding		98,295	-
		2,638,929	10,000
b. Non-current			
Related party loans (secured)		-	425,076
		-	435,076

Note 9 Issued capital	**Note**	**Consolidated 2022 No.**	**Consolidated 2021 No.**	**Consolidated 2022 $**	**Consolidated 2021 $**
a. Issued Capital					
Ordinary Shares		22,500,000	7,250,000	2,350	925
Share capital raising costs		-	-	(1,526)	-
Total issued capital		22,500,000	7,250,000	824	925

Note 10 Related party transactions

a. Key management personnel

During the financial year, the Company paid Vocatus Resources Pty Ltd, a private company of which P Robinson is a director and shareholder, for project management and exploration support activities amounting to $269,686 for the year.

b. Share based payments

During the financial year, following approval of the board, 2,500,000 shares were issued to Phil Robinson valued at $0.0001 per share.

c. Borrowings from shareholders

As at 30 June 2022, loans have been received from shareholders of $2,540,634 to fund the working capital of the Company, the loans are all on normal commercial terms, bearing an interest rate of 10% per annum and secured against the tenement E59/2408. The loans are all repayable as at 31 December 2022.

d. Other related parties

Other than the above, the only other significant related party is Kenworthy Diesel Pty Ltd, which is a related entity to the directors and shareholders of the Company. Kenworthy Diesel Pty Ltd provide plant and equipment and staffing either at market rates similar to other service providers or below market rate as agreed between the directors of each company amounting to $118,710 for the year.

Note 11 Commitments

10M Limited has a material commitment to repay the loan facilities to Roesner Pty Ltd and Roesner 1900 Pty Ltd by 31 December 2022. The loans secured by first and second mortgage over 100% of E59/2408 rights, title and interest held in Deepsea Australia Pty Ltd.

Note 12 Events subsequent to reporting date

Terms of the loan between 10M Limited and Roesner 1900 Pty Ltd were varied with board approval on 19 August 2022. As a result, a Deed of Amendment was executed to extend the loan facility from $325,000 to $500,000 and provide for an option to convert all, or part, of the outstanding loan to shares in 10M Limited at $0.05 per share.

Terms of the loan between 10M Limited and Roesner Pty Ltd were varied with board approval on 19 August 2022. As a result, a Deed of Amendment was executed to extend the loan facility from $2,000,000 to $2,500,000 and provide for an option to convert all, or part, of the outstanding loan to shares in 10M Limited at $0.05 per share.

On 22 August 2022, $459,068 of secured related party loans were repaid which included both principal and interest accrued from date of initial loan payment.

On 23 August 2022 9,200,000 shares were allotted for a share price of $0.05 each.

An additional share issue occurred on 14 September 2022. Shareholders that had received the share issue offer had until 13 September 2022 to confirm acceptance. The Company received several acceptances of the share offer and issued 4,600,000 fully paid ordinary shares at $0.05 per share.

On 6 October 2022, as part of a round 2 share offer to shareholders, the Company received several acceptances and issued 2,044,444 fully paid ordinary shares at $0.05 per share.

On 12 October 2022 10M issued a further 4,000,000 shares at $0.05 each as repayment of Outstanding Monies of $200,000 on receipt of the conversion of loan notice from Roesner Pty Ltd. The Board passed a resolution to that effect

Note 13 Contingent liabilities

There are no contingent liabilities as at 30 June 2022 (30 June 2021: Nil).

Directors' declaration

The Directors have determined that the Company is not a reporting entity, and determined that this general purpose financial report should be prepared in accordance with the policies outlined in Note 1 to the financial statements.

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 20 are in accordance with the *Corporations Act 2001* (Cth) and:

   (a) comply with Accounting Standards as described in Note 1 to the financial statements and the Corporations Regulations 2001; and

   (b) present fairly the Company's financial position as at 30 June 2022 and its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements; and

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

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

PHIL ROBINSON
Chairman
Dated this Monday, 21 November 2022

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF 10M LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 10M 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:

a. 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*.

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $749,922 during the year ended 30 June 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 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 conclusion thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state in accordance with Australian Accounting Standard *AASB 101 Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the 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.

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.

HALL CHADWICK WA AUDIT PTY LTD

D M BELL **CA**
Director

Dated at Perth this 21st day of November 2022

10M