

PANDA HILL MINING LIMITED

Consolidated Financial Report

31 December 2022

ABN: 29 160 217 069

CONTENTS

Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	10
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15
Directors' Declaration	30
Independent Auditor's Report to the Members	31

CORPORATE DIRECTORY

DIRECTORS

Craig Ian Burton – Non-Executive Director
Timothy Nicholas Wise - Non-Executive Director
David Noel Riekie - Non-Executive Director

COMPANY SECRETARY

Gemma Louise Ellis – *Appointed 22 September 2021*

PRINCIPAL PLACE OF BUSINESS

102 Forrest Street
Cottesloe WA 6011

REGISTERED OFFICE

102 Forrest Street
Cottesloe WA 6011

AUDITORS

Pitcher Partners BA&A Pty Ltd
Level 11, 12-14 The Esplanade
Perth WA 6000

DIRECTORS' REPORT

The Directors present their report on Panda Hill Mining Limited (**PHM** or the **Company**) and its controlled entity (the **Group**) for the 18 month period from 1 July 2021 to 31 December 2022 (the **period**).

DIRECTORS

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

Mr Craig Ian Burton
Mr Timothy Nicholas Wise
Mr David Noel Riekie

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

PRINCIPAL ACTIVITIES

The Group's principal activity is exploration and development of mineral deposits in Tanzania.

RESULTS

The loss for the Group for the period, after providing for income tax amounted to \$157,203 (2021: \$NIL).

REVIEW OF OPERATIONS

The Group's primary asset is a 36.82% interest in Panda Hills Tanzania Ltd (**PHT**), a company incorporated in Mauritius which holds the Panda Hill Niobium Project in Tanzania (**Project**). This interest was acquired as part of the Group's approved demerger from Cradle Resources Limited (ASX:CXX, or **Cradle**) which occurred during period.

Cradle and Tremont Investments Limited (**Tremont**) reached agreement in 2020 on a pathway forward for the Project, which resulted in the following events taking place:

1. Cradle transferring 19.5% of its interest in PHT to Tremont, reducing Cradle's interest in PHT from 50% to 36.97%. As part of this transaction and subject to approval from the FCC (**FCC Transfer Approval**)
2. Cradle to transfer the 19,086,345 fully paid ordinary shares it holds in PHT to its wholly owned subsidiary, **PHM**. Until FCC Transfer Approval was formally received, PHM held a 36.97% beneficial interest in PHT (with rights to a further 0.51% upon receipt of FCC Subscription Approval), subject to the trust structure between Cradle and PHM.

This FCC Transfer Approval was received and effected on 10 February 2022.

On 30 July 2021, shareholders of Cradle approved the disposal of its 37.2% interest in PHT to PHM and the in-specie distribution of the shares it holds in PHM to eligible Cradle shareholders. Cradle distributed the in-specie shares on 9 August 2021, effected by way of transfer of the benefit interest to eligible Cradle shareholders on a pro-rata basis and the transfer of the legal interest in those shares to Panda Hill Mining Nominees Pty Ltd (**PHMN**), a wholly owned subsidiary of PHM.

The resulting corporate structure is summarised below:

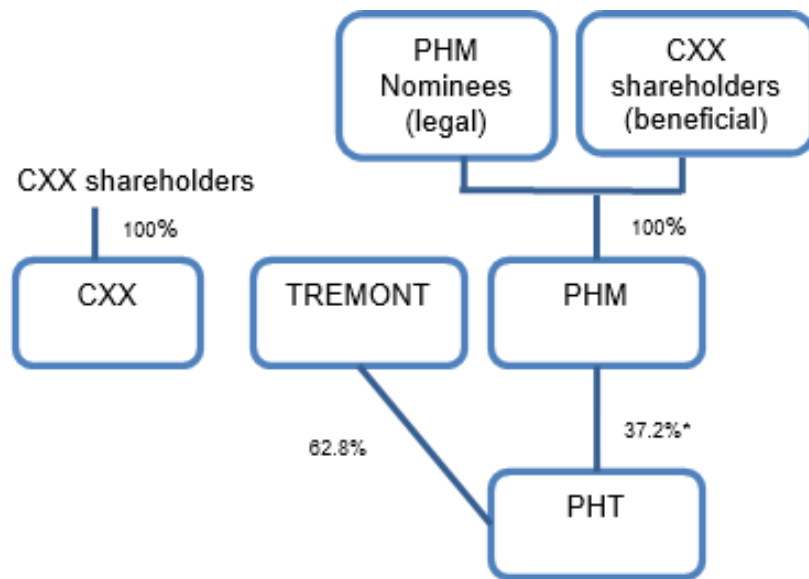


Figure 1. Post Demerger structure

As a result of the demerger and the agreed transaction terms, Tremont, will fund all ongoing financial requirements of the Project until the development costs of the Project are raised.

Further, under the shareholder agreement:

- Upon all development costs of the Panda Hill Project being raised, Tremont will purchase from PHM 10 million PHT shares at the average subscription price per PHT share under the equity component of the development capital raising (or at least US\$1.00 per PHT share);
- PHM has the option to participate in the development capital raising for up to 5 million PHT shares; and
- PHT may only undertake a development capital raising for the Project by a combination of bank debt and the issue of new ordinary shares at US\$1.00 minimum or such greater price as third parties participate. The balance of the Group’s interest in PHT shares will follow PHT into production, with tag along and drag along rights against a sale of Tremont’s PHT shares.

Tremont assumed Board control of PHT, and PHM has appointed Mr. Riekie as a director of PHT in order to protect general minority shareholder rights.

PANDA HILL NIOBIUM PROJECT

PHM currently owns 36.82% and Tremont owns 63.18%. However, PHT is subject to the legislation imposed by Tanzania, which entitles the Tanzanian Government 16% shareholding in all Tanzanian mining companies, referred to as “free carry”.

In addition, it is noted that legislation allows the Tanzanian Government to negotiate all existing Mine Development Agreements. PHT does not have an agreement with the Tanzanian Government. It currently holds three standard mining licences, which therefore do not require these agreements.

The PHT Board comprises one PHM representative and two Tremont representatives.

The Project is located in the Mbeya region in southwestern Tanzania, approximately 680km west of the capital Dar es Salaam (Figure 1). The industrial city of Mbeya is situated only 26km from the project area and has a population of approximately 280,000 people. The Project is located near the main highway to the capital Dar es Salaam and in close proximity to the Songwe Airport which has regular domestic flights from Dar es Salaam and plans for regional expansion.

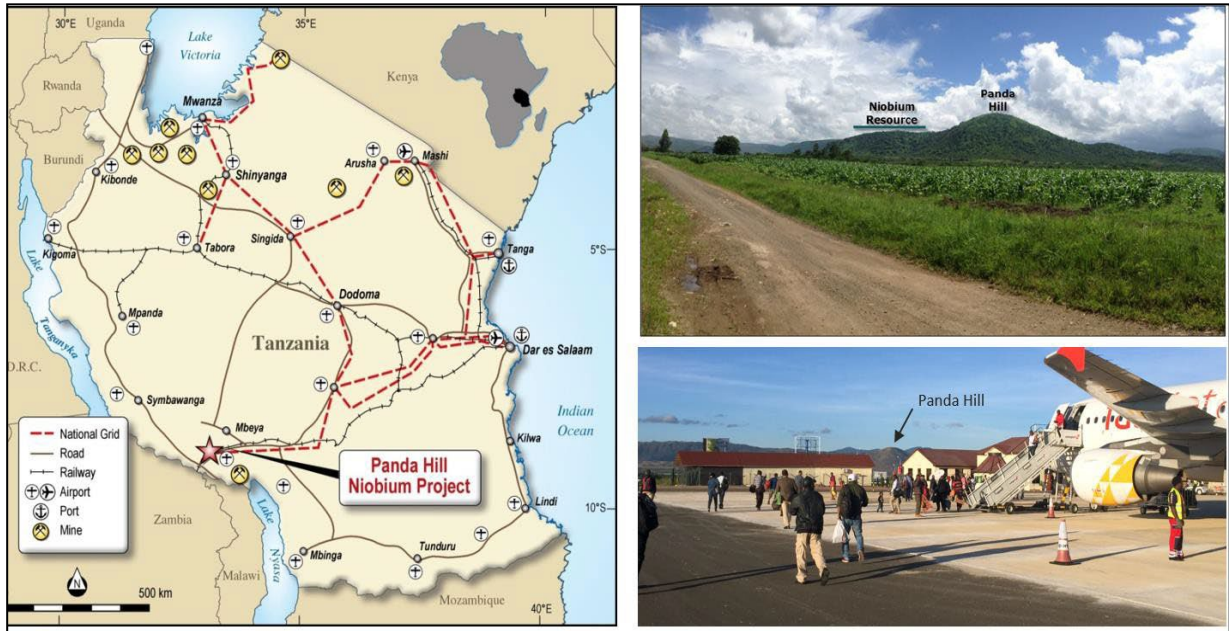


Figure 1: Location of the Panda Hill Niobium Project

The Project is covered by three granted Mining Licences (Figure 2) totalling 22.1km², which will enable a quicker transition from the study and development phases, through construction and into operation. The area has excellent access to infrastructure, with existing roads, rail, airports and power available in close proximity. The three granted Mining Licences were all renewed during the December 2015 quarter for a further 10-year period (valid until November 2026).

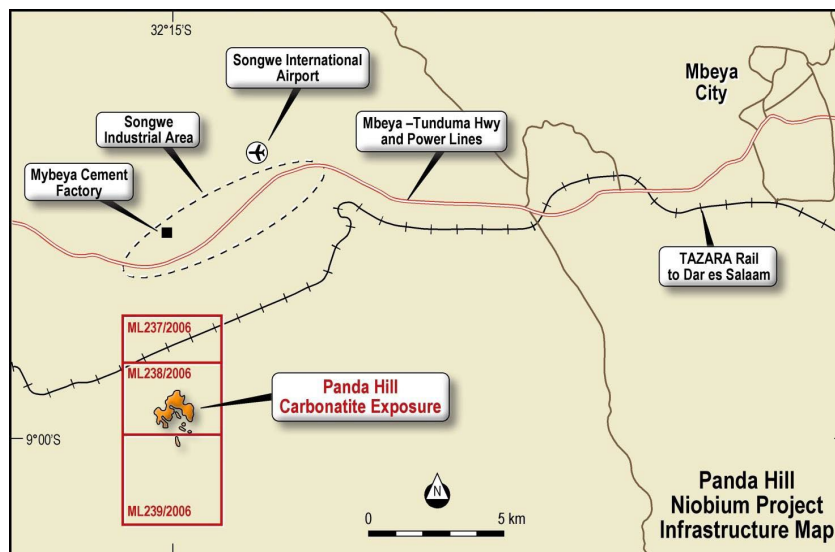


Figure 2: Mining Licences and Local Infrastructure

The Project has a current Mineral Resource estimate of 178 Mt at 0.50% Nb₂O₅ (Niobium pentoxide) for 891 kt of contained Nb₂O₅, which was reported at a cut-off grade of 0.50% Nb₂O₅ (Refer to ASX announcement "Substantial Increase in Panda Hill Resource" dated 30 April 2015 for further information - https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2995-01620661-6A717654?access_token=83ff96335c2d45a094df02a206a39ff4).

The information in this Notice relating to the Project's Mineral Resource estimate is extracted from the ASX announcement released by Cradle entitled "Substantial Increase in Panda Hill Resource" dated 30 April 2015. PHM confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of the Mineral Resource estimate, confirms that all material assumptions and technical parameters underpinning the estimates in the market announcement continue to apply and have not materially changed.

While a Feasibility Study was previously completed at the Project and an Ore Reserve declared, the Project is not supported by an Ore Reserve estimate at the date of this financial report.

The Ore Reserve estimate was withdrawn by Cradle due to the ongoing negotiation required with the Tanzanian Government with regards to finalising a binding framework agreement between the project owners and the Government at this time. Ongoing negotiations are advancing to resolve this position.

INDUSTRY OVERVIEW – NIOBIUM

Niobium additions in steel significantly increases strength, so less steel is required overall, which can reduce cost substantially. This has been the basis for the development and growth in its use over the last few decades and should remain the driver in the years to come.

Approximately 90% of all niobium is consumed as ferroniobium used in steelmaking. Besides ferroniobium, niobium is consumed in a wide range of smaller-volume but higher-value applications, such as high-performance alloys (which include superalloys), carbides, superconductors, electronic components, and functional ceramics.

Almost all ferroniobium supply is from three industrialised producers, two in Brazil and one in Canada. By far the largest is Companhia Brasileira de Metalurgia e Mineração (CBMM), which operates a pyrochlore mine and processing plant near Araxá in east-central Minas Gerais state in Brazil. While historically the company has operated comfortably below operational capacity, recent increases in demand translated into rising operating rates and prompted a 50% expansion, to be commissioned in Q1 2021. The other major producers, Magris Resources in Canada and China Molybdenum in Brazil are thought to be operating at close to capacity.

Niobium steels are used on pipelines, transportation (cars) and structural applications (bridges and buildings). According to the World Steel Association, \$9 of niobium used in car manufacturing will reduce the mass by 100kg, and introduce a 5% fuel efficiency; 300grams used in a mid-sized car reduces the weight by 200kg (CBMM). The addition of 0.02% (200g) Nb to a tonne of steel can increase its strength by up to 30%.

According to the Roskill Niobium Outlook to 2030, demand for ferroniobium has increased steadily over the past couple of years, driven by higher high-strength-low-alloy (HSLA) steel demand, primarily in China. On top of growing demand, a spike in vanadium prices due to China implementing new rebar standards in 2018 caused steel mills to substitute vanadium with niobium for rebar alloying. As a result, niobium has captured some additional market share in the process, although more recently, falling vanadium prices drove China's most price-sensitive steel mills to revert to vanadium. The utilisation of both niobium and

vanadium is poised to keep increasing in coming years, driven by higher steel production, regulations implying a higher micro-alloying content, and the economics of steel making.

SIGNIFICANT CHANGES TO STATE OF AFFAIRS

During the year there was no significant changes to the state of affairs.

LIKELY DEVELOPMENTS

The Group intends to continue working with Tremont and progressing the status of the beneficial interest in holds in PHT and the Project.

EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

The company has changed its financial year end to 31 December 2022 to align with the reporting requirements for PHM and the company's primary/sole asset.

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

ENVIRONMENTAL REGULATIONS

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory. The Group's investment in PHT is subject to the environmental legislation in Tanzania. The Directors are not aware of any breach of environmental legislation for the period and as at the date of this Consolidated Financial Report.

DIVIDENDS

No dividends were paid during the period and the Directors do not recommend the payment of a dividend.

INDEMNIFICATION OF OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer of the Group.

To the extent permitted by law, the Group has agreed to indemnify its auditors, Pitcher Partners BA&A Pty Ltd, as part of the terms of its engagement against claims arising from the audit (for unspecified amounts). No payment has been made to indemnify Pitcher Partners BA&A Pty Ltd during or since the end of the period.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of 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 these proceedings.

The Group was not a party to any such proceedings during the period.

INFORMATION ON DIRECTORS

Craig Ian Burton – Director

Mr Burton is an active investor who brings over 25 years of experience in the formation and management of several listed companies within the resources, technology and industrials sectors. He is the founder of two ASX 200 companies Mirabela Nickel and Panoramic Resources and has interests in global resources companies covering Africa, Australia, America and Europe.

He is also a corporate executive, serving on the board of many companies and provides project backing and strategic advice to emerging companies through his venture capital fund, Upswell Ventures.

Mr Burton holds a Bachelor of Laws from the University of Western Australia.

Timothy Nicholas Wise – Director

Mr Wise is a serial entrepreneur and corporate executive with roles on ASX listed companies, not-for-profit organisations and private companies.

He has most recently served on the Board of Tamaska Energy (ASX:TMK) an oil and gas company with interests in Mongolia and Australia, Environmental Clean Technologies (ASX:ESI) and entX Ltd, both focused on clean energy technologies as well as Graft Polymer (LSE: GPO) a UK polymer modification company.

Mr Wise holds a Bachelor of Applied Science and is the founder of nationally recognised plumbing franchise; The Tap Doctor and Kalina Energy (ASX:KPO).

David Noel Riekie – Director

Mr Riekie is an experienced director having held Executive and Non-Executive roles with a number of ASX listed companies with international operations with a focus on resources in Namibia, Tanzania, Eritrea, South Africa, DRC and Mozambique. He has over 30 years of knowledge covering exploration and resource development, scoping and feasibility studies, production optimisation, stakeholder engagement, acquisition programs and expansion initiatives.

Mr Riekie is an Executive Director of Adavale Resources Limited (ASX: ADD) a mineral exploration company with interests in Tanzania and Australia, and a former director of Paladin Energy Limited (ASX: PDN) an independent uranium producer and also served as interim CEO to Poseidon Nickel Limited (ASX: POS). He holds a Bachelor of Economics, Graduate Diploma of Accounting and is a member of the Australian Institute of Chartered Accountants (AICA)

DIRECTORS' MEETINGS

During the period, two meetings of the current Board of Directors were held with the following attendances.

Directors	Number attended	Number eligible to attend
Mr Craig Burton	2	2
Mr Timothy Wise	2	2
Mr David Riekie	2	2

COMPANY SECRETARY

The following person held the position of company secretary at the end of the period: Gemma Louise Ellis, who was appointed company secretary on 22 September 2021.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest dollar.

AUDITOR & NON-AUDIT SERVICES

Pitcher Partners BA&A Pty Ltd were engagement on XX Date 202X, and remain in office, as per section 327A of the *Corporations Act 2001*.

No amounts were paid or payable to the auditor for non-assurance services provided during the period.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 10.

No officer of the Company is or has been a partner of the auditor of the Company.

SIGNING OF DIRECTORS

The directors' report is signed in accordance with a resolution of the Board of Directors:



Director : David Riekie

Dated this 1 May 2023

PANDA HILL MINING LIMITED
ABN: 29 160 217 069

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTOR OF PANDA HILL MINING LIMITED

In relation to the independent audit for the year ended 31 December 2022, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Director
Perth, WA
1 May 2023

PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JULY 2021 TO 31 DECEMBER 2022

	Note	1 July 2021 – 31 December 2022 \$	1 July 2020 – 30 June 2021 \$ (Unaudited)
Administration expenses		(665)	-
Audit and Tax Accounting Fees	5	(8,000)	-
Corporate expenses		(7,903)	-
Consulting Fees		(16,500)	-
Directors Fees		(46,500)	-
Share of loss of joint venture interests	3	(77,635)	-
Loss before income tax expense		(157,203)	-
Income tax expense	4	-	-
Loss for the period attributable to the owners of Panda Hill Mining Limited		(157,203)	-
Other comprehensive income for the period, net of tax:			
Exchange differences arising on translation of foreign operations		-	-
Total other comprehensive income		(157,203)	-
Total comprehensive loss attributable to the owners of Panda Hill Mining Limited		(157,203)	-

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$	30 June 2021 \$ (Unaudited)
Assets			
Current assets			
Cash and cash equivalents	6	169,427	-
Total current assets		<u>169,427</u>	<u>-</u>
Non-current assets			
Investment in associate	3	17,999,901	-
Total non-current assets		<u>17,999,901</u>	<u>-</u>
Total assets		<u>18,169,328</u>	<u>-</u>
Liabilities			
Current liabilities			
Trade and other payables	7	48,995	-
Total current liabilities		<u>48,995</u>	<u>-</u>
Total liabilities		<u>48,995</u>	<u>-</u>
Net assets		<u>18,120,333</u>	<u>-</u>
Equity			
Issued capital	8	18,277,636	100
Accumulated losses		(157,303)	(100)
Total equity		<u>18,120,333</u>	<u>-</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 1 JULY 2021 TO 31 DECEMBER 2022

	Ordinary Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total \$
Balance at 1 July 2020 (Unaudited)	100	-	(100)	-
Profit/(loss)	-	-	-	-
Other comprehensive income/(loss)				
Foreign exchange on translation of foreign operations	-	-	-	-
Total comprehensive income	-	-	-	-
Transactions with owners in their capacity as owners				
Shares issued during the year	-	-	-	-
Balance at 30 June 2021 (Unaudited)	100	-	(100)	-
Profit/(loss) for the period	-	-	(157,203)	(157,203)
Other comprehensive income/(loss)				
Foreign exchange on translation of foreign operations		-	-	-
Total comprehensive income	-	-	(157,203)	(157,203)
Transactions with owners in their capacity as owners				
Shares issued during the year	18,277,536	-	-	18,277,536
Balance at 31 December 2022	18,277,636	-	(157,203)	18,120,333

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE PERIOD 1 JULY 2021 TO 31 DECEMBER 2022

	Note	1 July 2021 - 31 December 2022 \$	1 July 2020 – 30 June 2021 \$
Cash flows from operating activities			
Payments to suppliers		(30,573)	-
Net cash used in operating activities	10	<u>(30,573)</u>	<u>-</u>
Cash flows from financing activities			
Issue of share capital		200,000	-
Net cash provided by financing activities		<u>200,000</u>	<u>-</u>
Net increase/(decrease) in cash held		<u>169,427</u>	<u>-</u>
Cash and cash equivalents at beginning of year		<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	6	<u>169,427</u>	<u>-</u>

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

The financial statements and notes represent those of Panda Hill Mining Limited (**PHM** or the **Company**) and its controlled entity (the **Group**). Panda Hill Mining Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements are presented for the 18 month period from 1 July 2021 to 31 December 2022 (the **period**).

The financial statements were authorized for issue on 1 May 2023 by the directors of Panda Hill Mining Limited.

The Group's registered office and principal place of business is located at 102 Forrest Street, Cottesloe, Western Australia.

The financial statements are presented in Australian dollars, which the Groups' functional and presentation currency.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board and the *Corporations Act 2001*. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Comparative information

The comparative information presented is for the Unaudited period from 1 July 2020 to 30 June 2021. The Group changed its reporting period from a 30 June to a 31 December year end, and has therefore presented results for the 18 month period from 1 July 2021 to 31 December 2022. Accordingly, comparative amounts presented in the financial statements may therefore not be directly comparable.

Going Concern basis

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

The Group has incurred net loss after tax of \$157,203 (2021: \$NIL) and experienced net cash inflows from operating and investing activities of \$200,000 (2021: \$100) for the period ended 31 December 2022. As at 31 December 2022 the Group had cash assets of \$169,427 and net current assets of \$169,427.

Accounting Policies

a) Principles of Consolidation

Investments in Associates and Joint Ventures

Investment in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses and transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

b) Income Tax

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. 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 as unused tax losses.

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

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, 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 and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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

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) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same

taxation authority on either the same taxable 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.

c) Financial Instruments

Initial Recognition and Measurement

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

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

Classification of financial assets

Financial assets recognised by the company are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the company irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

- (a) the company's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the company for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the company are subsequently measured at amortised cost.

i) *Loans and Receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognized.

ii) *Financial Liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

d) Impairment of Non-financial Assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the

asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at-call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown as short-term borrowings in current liabilities in the statement of financial position.

f) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred for more than one year is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

g) Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Refer to note 1(c) for further discussion on the determination of impairment losses.

h) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

i) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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

Cash flows are presented on a gross basis. The GST components of financing and investing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

j) 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.

k) Critical Accounting Estimates and Judgments

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

The Group's accounting policy for Investment in Associate and Joint Ventures is set out in Note 1. AASB 128 requires an investor to have significant influence or the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. However, what these policy-making processes are is a matter of judgement.

The Group assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed only when a trigger is identified using the directors' best estimate of the asset's fair value, which can incorporate various key assumptions.

l) Adoption of New and Revised Accounting Standards

During the current year, the Group adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The adoption of these standards has not significantly impacted the recognition, measurement and disclosure of any transactions.

m) New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of the new and amended pronouncements.

The Directors have assessed the impact of these new accounting standards, and concluded that they did not have a material impact on the Group.

NOTE 2: OPERATING SEGEMENT

Identification of the Group's reportable segment

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors and Management to make decisions about resources and how they should be allocated. The Group has identified one reportable segment, being its investment in associate, Panda Hill Tanzania Ltd. The major results of the Group's sole operating segment are consistent and disclosed within the presentation of these financial statements. Refer to Note 3 for further details on the investment in associate.

NOTE 3: INVESTMENT IN ASSOCIATE

	(Unaudited)
	30 June
	2021
	\$
31 December	
2022	\$
Panda Hill Tanzania Ltd – at cost	-
Total interest in associate	-
	19,397,829

In 2014 the Cradle Resources Ltd (**Cradle**) had executed an Investment and Shareholders Agreement (“Agreement”) with Tremont Investments Limited (**Tremont**), Panda Hill Mining Pty Ltd (**PHM**) and Panda Hill Tanzania Ltd (**PHT**) to fund the Panda Hill Niobium Project (**Project**). Subsequent to signing the Agreement there was a dispute between Cradle and Tremont.

In December 2020, Cradle reached agreement with Tremont in connection with the Project and the dispute and arbitration between Cradle and Tremont (Tremont Agreement). Cradle and Tremont agreed to dismiss the arbitration and release each other from all associated claims, thereby bringing an end to this dispute.

The arbitration was settled as follows:

- Cradle bought back Tremont’s existing 19.5% shareholding in Cradle (36,933,161 shares) in return for Cradle transferring to Tremont 19.5% of Cradle’s shares in PHT (4.6million PHT shares);
- PHT issued Tremont and Cradle additional shares to convert existing loans from Tremont and Cradle to PHT to equity in PHT

On 18 September 2020 Cradle’s shareholders approved the transaction with Tremont and the transaction subsequently settled on 21 December 2020.

On 30 July 2021 shareholders of Cradle approved the demerger of its 37.2% interest in PHT to Panda Hill Mining Limited (“PHM”) and the in-specie distribution of 152,748,622 shares it holds in PHM (“In-specie Shares”) to eligible Cradle shareholders on a pro-rata basis. To effect the demerger and in-specie distribution:

1. Cradle subscribed for 1,000,000 PHM Shares at \$0.20 for \$200,000;
2. Cradle transferred the beneficial interest in the PHT Shares to PHM and PHM issued 151,648,622 PHM Shares to Cradle; and
3. Cradle transferred its interest in the In-specie Shares, effected by way of transfer of the beneficial interest to eligible Cradle shareholders on a pro-rata basis and the transfer of the legal interest to PHM Nominees.

Cradle transferred its beneficial interest in the Project (i.e. the PHT Shares) to PHM, rather than the legal interest, as a transfer of the legal interest of the PHT Shares required the approval of the Tanzanian Fair Competition Commission (FCC Transfer Approval).

In 10 February 2022, the FCC approved the transaction, which allowed the legal interest in the shares in PHT to be transferred.

	31 December 2022 \$	(Unaudited) 30 June 2021 \$
Reconciliation of movement in interest in Panda Hill Tanzania Ltd		
In-specie distribution of interest in PHT	17,974,680	-
Movement in loan	102,856	-
Share of Joint Venture Loss	(77,635)	-
Total interest in associate	17,999,901	-

Summarised financial information of PHT that is material to the Group is set out below. This information is based on amounts before intercompany eliminations.

Summarised Statement of Financial Position

	31 December 2022	
	USD	AUD
Assets		
Non-Current Assets		
Exploration and Evaluation Assets	35,989,098	53,120,440
Current Assets		
Trade and other receivables	42	62
Cash and cash equivalents	16,648	24,573
	16,690	24,635
Total Assets	36,005,788	53,145,075
Equity and Liabilities		
Equity		
Share capital	37,703,073	55,650,292
Accumulated loss	(1,697,312)	(2,505,258)
	36,005,761	53,145,035
Current Liabilities		
Trade and other payables	27	40
	36,005,788	53,145,075

Summarised Statement of Comprehensive Income

	1 July 2021 – 31 December 2022	
	USD	AUD
Loss for the year	(42,658)	(62,811)
Other comprehensive income	-	-
Total other comprehensive loss	(42,658)	(62,811)

Summarised Statement of Cash Flows

	31 December 2022	
	USD	AUD
Net cash used in operating activities	(12,274)	(18,117)
Net cash from investing activities	(238,230)	(351,631)
Net cash from financing activities	256,776	379,005
Effect of foreign exchange rates on cash	(770)	(1,137)
Net increase in cash and cash equivalents	5,502	8,121

NOTE 4: INCOME TAX EXPENSE

	Note	31 December 2022 \$	(Unaudited) 30 June 2021 \$
a) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax expense as follows:		(39,300)	
-Prima facie tax payable on loss from ordinary activities before income tax at 25% (2021: 26%)			-
Add/less tax effect of:			
- unrecognised components of tax (expense)/income	4b	-	-
- other non-allowable items		39,300	-
Income tax attributable to the entity		<u>-</u>	<u>-</u>
b) The unrecognised components of tax expense comprise:			
- current tax expense/(income)		-	-
- deferred tax expense/(income) relating to the origination and reversal of temporary differences		-	-
		<u>-</u>	<u>-</u>
The applicable income tax rate is the Australian federal tax rate of 25% (2021: 26%) applicable to Australian resident companies.		25%	26%
Weighted average effective tax rates are:			

The Group is currently in the process of determining the deductibility of expenses associated with its operating activities. As at 31 December 2022, it has been assumed that all expenditure incurred is not deductible for taxation purposes, until such time as this assessment has been completed.

The potential benefit of tax losses (if any) has also not been brought to account in this financial report as it is not yet probable that future taxable profit will be available against which the Group can utilise the benefits from tax losses.

Unused losses are not recognised as an asset, unless:

- i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised,
- ii) the Group continues to comply with the conditions of deductibility imposed by the tax legislation, and
- iii) no changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the losses.

NOTE 5: AUDITORS' REMUNERATION

	31	(Unaudited)
	December	30 June
	2022	2021
	\$	\$
Remuneration of Pitcher Partners BA&A Pty Ltd the auditor of the Group is as follows:		
Auditing or reviewing the financial statements	8,000	-
	8,000	-

NOTE 6: CASH AND CASH EQUIVALENTS

	31	(Unaudited)
	December	30 June
	2022	2021
	\$	\$
Cash at bank	169,427	-
	169,427	-

NOTE 7: TRADE AND OTHER PAYABLES

	31	(Unaudited)
	December	30 June
	2022	2021
	\$	\$
Current		
Trade payables	5,495	-
Accrued expenses	43,500	-
Total trade and other payables	48,495	-

NOTE 8: ISSUED CAPITAL

	31	(Unaudited)
	December	30 June
	2022	2021
	\$	\$
a) Share Capital		
Balance at 30 June 2021	100	100
In-specie distribution	18,277,536	-
Total share capital	18,277,636	100

	31 December 2022 \$	(Unaudited) 30 June 2021 \$
	Number	Number
b) Movements in ordinary share capital		
Balance at 30 June 2021	100	100
In-specie distribution	152,748,522	-
Balance at 31 December 2022	152,748,622	100

The Group's primary asset is a 36.82% interest in Panda Hills Tanzania Ltd (**PHT**), a company incorporated in Mauritius which holds the Panda Hill Niobium Project in Tanzania (**Project**). This interest was acquired as part of the Group's approved demerger from Cradle Resources Limited (ASX:CXX, or **Cradle**) which occurred during period.

Cradle and Tremont Investments Limited (**Tremont**) reached agreement in 2020 on a pathway forward for the Project, which resulted in the following events taking place:

1. Cradle transferring 19.5% of its interest in PHT to Tremont, reducing Cradle's interest in PHT from 50% to 36.97%. As part of this transaction and subject to approval from the FCC (**FCC Transfer Approval**)
2. Cradle to transfer the 19,086,345 fully paid ordinary shares it holds in PHT to its wholly owned subsidiary, **PHM**. Until FCC Transfer Approval was formally received, PHM held a 36.97% beneficial interest in PHT (with rights to a further 0.51% upon receipt of FCC Subscription Approval), subject to the trust structure between Cradle and PHM.

This FCC Transfer Approval was received and effected on 20 February 2022

On 30 July 2021, shareholders of Cradle approved the disposal of its 37.2% interest in PHT to PHM and the in-specie distribution of the shares it holds in PHM to eligible Cradle shareholders. Cradle distributed the in-specie shares on 9 August 2021, effected by way of transfer of the benefit interest to eligible Cradle shareholders on a pro-rata basis and the transfer of the legal interest in those shares to Panda Hill Mining Nominees Pty Ltd (**PHMN**), a wholly owned subsidiary of PHM.

NOTE 9: EVENTS AFTER THE REPORTING PERIOD

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

NOTE 10: CASH FLOW INFORMATION

	31 December 2022 \$	(Unaudited) 30 June 2021 \$
Reconciliation of cash flow from operations with profit		
Loss for the year (after tax)	(157,203)	-
Non-cash items included in profit or loss:		
Share of loss of joint venture interest	77,635	-
	(79,568)	-

Net changes in working capital:		
Increase in trade and other payables	48,995	-
Total cash flows from changes in assets and liabilities	48,995	-
Net cash used in operating activities	(30,573)	-

NOTE 11: RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

a) **Key management personnel of the Group**

Any person(s) having authority and responsibility for planning, directing, and controlling the activities directly or indirectly, including any director (whether executive or otherwise) of the Group, is considered key management personnel.

Directors of the Group, Mr Craig Burton, Mr David Rieke, and Mr Tim Wise were to be paid directors fee of \$10,000 per annum. A total of \$46,500 (2021: \$NIL) was recognised as directors fees within the statement of profit or loss and other comprehensive income for the period.

b) **Entities controlled or jointly controlled by the key management personnel of the Group**

Control is assessed according to the factors identified in AASB 10. Control is considered to exist when an investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

c) **Other related parties of the Group**

Other related parties include close family members of key management personnel.

In 2021, the Company converted loan to PHT amounting to \$102,856 to equity. This amount was considered in the cost base of the Investment in PHT as per Note 2.

Transactions and outstanding balances with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties (ie at arms' length) unless the terms and conditions disclosed below state otherwise.

During the period, Mr David Rieke was engaged to provide consulting services to the Group in relation to the management of its operations. A total of \$16,500 (2021: \$NIL) was recognised as consulting expenses within the statement of profit or loss and other comprehensive income for the period. As at 31 December 2022, \$16,500 (2021: \$NIL) remains outstanding to Mr David Rieke in relation to these services.

NOTE 12: FINANCIAL RISK MANAGEMENT

The Group's financial instruments consist of deposits with banks, accounts receivable and accounts payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies, are as follows:

	Note	31 December 2022 \$	30 June 2021 \$ (Unaudited)
Financial assets			
Cash and cash equivalents	5	169,427	-
Total financial assets		169,427	-
Financial liabilities			
Trade and other payables	6	48,995	-
Total financial liabilities		48,995	-

Financial Risk Management Policies

The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Senior executives meet on a regular basis to analyse financial risk exposure in the context of the most recent economic conditions and forecasts. The overall risk management strategy seeks to assist the Group in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific Financial Risk Exposures and Management

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk. There have been no substantive changes in the types of risks the Group is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a) Credit Risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group. The Group's objective in managing credit risk is to minimise the credit losses incurred, mainly on trade and other receivables. There is no significant credit risk exposure on available-for-sale financial assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness and their financial stability is monitored and assessed on a regular basis. Such monitoring is used in assessing receivables for impairment.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The Group has no significant concentrations of credit risk with any single counterparty or group of counterparties. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. All cash and cash equivalents are held with large reputable financial institutions within Australia and therefore credit risk is considered minimal.

	31 December	30 June
	2022	2021
	\$	\$
	(Unaudited)	
Cash and cash equivalents:		
AA rated	169,427	-
	<u>169,427</u>	<u>-</u>

b) Liquidity risk

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group is not currently exposed to any significant liquidity risk on the basis that the realisable value of financial assets is significantly greater than the financial liabilities due for settlement. The Group manages its liquidity risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operational, investing and financing activities;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed.

Financial liability and financial asset maturity analysis

	Note	Within 1 Year		1 to 5 Years	
		2022	2021	2020	2019
		\$	\$	\$	\$
Financial liabilities due					
Trade and other payables	7	48,995	-	-	-
Total expected outflows		<u>48,995</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial assets realisable					
Cash and cash equivalents		169,427	-	-	-
Total anticipated inflows		<u>169,427</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net inflow		<u>150,931</u>	<u>-</u>	<u>-</u>	<u>-</u>

c) Market Risk

i) Interest rate risk

Exposure to interest rate risk arises on interest-bearing financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will

affect either the future cash flows (in the case of variable interest instruments) or the fair value financial instruments (in the case of fixed rate instruments).

At 31 December 2022, the Group had no interest-bearing financial liabilities and all interest-bearing financial assets had a fixed interest rate. The weighted average interest rate of the Group's interest-bearing financial asset (cash and cash equivalents net of cash on hand) was 1.30%. It is the Group's policy to invest excess funds in financial institution accounts with fixed interest rates.

The Board does not anticipate exposure to changes in interest rates and so does not consider the Group to be exposed to interest rate risk.

Fair values

The fair values of financial assets and financial liabilities do not differ from their carrying amounts as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values may be based on information that is estimated or subject to judgment, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgment and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded.

Fair values have been determined based on the following methodologies:

- i) Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments whose carrying amounts approximate their fair values.

There have been no changes in the above methods and valuation techniques from the previous years.

Financial instruments measured at fair value

The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1: quoted prices in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting periods.

NOTE 13: COMMITMENTS AND CONTINGENT LIABILITIES

The Group did not have any contingent assets or liabilities as at 31 December 2022 (30 June 2021: \$NIL). The Group is also not aware of any commitments as a result of its operations (30 June 2021: \$NIL).

DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors of Panda Hill Mining Limited, the Directors of the Company declare that:

- 1) The financial statements and notes thereto, are in accordance with the *Corporations Act 2001* including:
 - a) comply with Australian Accounting Standards which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standard (IFRS);
 - b) comply with the *Corporations Regulations 2001*; and
 - c) give a true and fair view of the financial position as at 31 December 2022 and of the performance for the period from 1 July 2021 to 31 December 2022.

- 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.

The declaration is made in accordance with a resolution of the Board of Directors.



Director : David Riekie

Dated this 1 May 2023

PANDA HILL MINING LIMITED
ABN: 29 160 217 069

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PANDA HILL MINING LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Panda Hill Mining Limited (the "Company") and its controlled entity (the "Group"), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the period from 1 July 2021 to 31 December 2022 (the "period"), 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:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the period then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 (including Independence Standards)* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's Consolidated Financial Report for the period ended 31 December 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.

Other Matter – Comparative Information

Previously the Company was a dormant, wholly owned subsidiary of Cradle Resources Limited. The Company was then demerged from Cradle Resources Limited in July 2021. The comparative information presented within the financial report of the Group for the period is for the year ended 30 June 2021. The comparative information presented is unaudited.

PANDA HILL MINING LIMITED
ABN: 29 160 217 069

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PANDA HILL MINING LIMITED

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 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 management.
- Conclude on the appropriateness of management's 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.

PANDA HILL MINING LIMITED
ABN: 29 160 217 069

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF PANDA HILL MINING LIMITED

We communicate with those charged with governance 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.

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Director
PERTH, WA
1 May 2023