

Mn Energy Limited

ACN 169 719 993

Financial Statements

For the Year Ended 30 June 2023

Mn Energy Limited

ACN 169 719 993

Contents

For the Year Ended 30 June 2023

	Page
Financial Statements	
Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001	7
Statement of Profit or Loss and Other Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12
Directors' Declaration	22
Independent Auditor's Report	23

Mn Energy Limited

ACN 169 719 993

Corporate Directory For the Year Ended 30 June 2023

Board

Michael John Kitney	Chairman
Suraj Premji Sanghani	Director
Robert Shane Sebek	Director
Simon Andrew	Director (appointed 1 August 2022, resigned 17 May 2023)

Company Secretary

Suraj Premji Sanghani

Principal and registered office

3 Colombo Street

Victoria Park WA 6100

Website: www.mnenergy.com.au

Auditors

Rothsay Audit & Assurance Pty Ltd

Mn Energy Limited

ACN 169 719 993

Directors' Report

30 June 2023

The directors present their report on Mn Energy Limited for the financial year ended 30 June 2023.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Michael John Kitney
Director

Mr. Kitney is an internationally experienced extractive metallurgist with in excess of 40 years' experience in resource evaluation and project development roles in Australia and internationally.

Most recently he held the role of Chief Metallurgist for lithium developer Prospect Resources Limited (ASX:PSC), and formerly was COO for Kasbah Resources Limited. Mr Kitney is widely experienced in most aspects of resource development, metallurgical development, project feasibility and stakeholder engagement for mineral resource development project.

He has contributed to project development and construction throughout Africa, SE Asia, the CIS and Australia. He presently holds non-executive director position with Monument Mining Limited (TSX:MMY) and formerly with Breaker Resources NL (ASX:BRB). Mr Kitney holds a Master of Science degree from WA School of Mines (Mineral Economics) and is a member of the Australian Institute of Company Directors.

Suraj Pemji Sanghani
Director

Mr Sanghani has over 15 years' experience in the assurance, financial and corporate governance professions, including roles with EY and numerous ASX listed and unlisted companies operating in Australia and overseas. He has significant experience in managing companies including strategic planning, marketing, fundraising and financial management. He is a member of the Institute of Chartered Accountants in Australia and New Zealand and the Governance Institute of Australia. He holds a Bachelor of Commerce degree from the University of Western Australia, a Graduate Diploma in Applied Corporate Governance and a Graduate Diploma in Chartered Accounting. He currently serves as CFO, Director and Company Secretary of Polyline Pipe Systems Ltd.

Robert Shane Sebek
Director

Mr. Sebek is a qualified geologist with over 25 years of experience in the resource sector including exposure to import/export analysis and negotiations. He has held senior mining and exploration positions in Western Australia and Victoria as well as consulting roles in the fields of precious metals refining and tenement management within all states in Australia.

Mr. Sebek was the Managing Director of ASX listed Iron Mountain Mining Ltd (ASX:IRM) between 2008-2016 during which he oversaw the discovery and delineation of gold, bauxite and magnetite deposits and the acquisition and sale of bauxite, gold and iron ore projects. During this time, IRM was 100% organically funded resulting in zero capital dilution and maximum shareholder value. Prior to this, Mr. Sebek was employed as a Metals Analyst with Commonwealth Bank Australia providing technical and financial analysis on global and domestic mining and exploration projects.

Mn Energy Limited

ACN 169 719 993

Directors' Report

30 June 2023

1. General information (continued)

Information on directors (continued)

Simon Andrew

Director (appointed 1 August 2022, resigned 17 May 2023)

Mr Andrew has over 20 years' experience in financial markets in Asia and Australia. He has previously held senior management positions at various global investment banks including Deutsche Bank, Lehman Brothers, Merrill Lynch and BNP Paribas. These roles included leading the equity sales desk for BNP Paribas and heading the Refining and Petrochemicals sector research team at Deutsche Bank in Asia as well as spending 5 years as a research analyst at Hartley's covering the oil and gas and industrial sectors.

Mr Andrew is currently a director of ASX listed Mamba Exploration Limited (ASX: M24), Riversgold Limited (ASX:RGL), Recharge Metals Limited (ASX:REC) and Olympio Metals Limited (ASX:OLY).

Mr Andrew holds a Bachelor of Science (Chemistry) with second class Honours.

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

Principal activities

The principal activity of Mn Energy Limited during the financial year was the development of its Manganese & Chemical Processing Technology and associated plans for a Manganese & Chemical Processing Plant in Western Australia.

No significant changes in the nature of the Company's activity occurred during the financial year.

2. Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to \$43,70) (2022: \$856,848).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

Review of operations

Technical development continued during the year with the completion of a detailed test programme that demonstrated our process is immune from contamination by recycled impurities. These are ultimately rejected from the flow sheet before they can impact product quality. We believe our technical objectives have now been achieved.

We successfully completed manganese extraction test on ore samples provided under confidentiality agreements from Chile and South Africa. However, no further work has been commissioned.

We are now poised to lodge patent applications in Australia, North America, Europe, South Africa, and China. In the interim we are protected by our initial lodgement.

Mn Energy Limited

ACN 169 719 993

Directors' Report

30 June 2023

2. Operating results and review of operations for the year (continued)

Review of operations (continued)

Your Board has continued to seek commercial support in what has become quite a challenge. However, we have established contact with a large Australian manganese producer and with demand for manganese in EV batteries continuing to grow we look forward to working with them in the exploitation of low-grade ores.

Discussion with a potential cornerstone investor commenced recently. For now, non-essential expenditures have been eliminated to preserve funds, while we seek to strengthen our reserves.

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Events after the reporting date

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

Future developments and results

The Company expects to increase its focus on exploration work on manganese tenements as well as seek additional manganese exploration tenements. The Company also expects to continue and progress its testwork program on high purity manganese sulphate for the battery market in the coming year and future years.

Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Share Options

No options were issued during the year. As at the date of this report there were no options on issue.

Mn Energy Limited

ACN 169 719 993

Directors' Report

30 June 2023

Performance Shares

The Company has on issue 20,700,000 performance shares which will convert to ordinary shares on completion of the following conditions.

Tranche B

- 6,400,000 ordinary shares on completion of a Bankable Feasibility Study in relation to construction of the East Rockingham Manganese Sulphate Processing Plant (Plant), which indicates a capital payback period of 4 years or less (calculated from the date of first production) before 31 December 2023.

Tranche C

- 7,150,000 ordinary shares on achieving financial close for sufficient funding to commence construction of the plant before 31 December 2024.

Tranche D

- 7,150,000 ordinary shares on completion of commissioning of the Plant, defined as production of a minimum of 1,000 tonnes of manganese sulphate before 31 December 2026.

There were no performance shares issued during the year. In the year ended 30 June 2022 the Tranche A performance shares were converted to 6,400,000 ordinary shares.

Also in the year ended 30 June 2022 a total of 500,000 ordinary shares were issued to Robert Sebek during the year for service provided as Director.

Refer to Note 16 to the financial statements for further details.

Meetings of directors

During the financial year, 20 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors' Meetings	
Number eligible to attend	Number attended
Michael John Kitney	20
Suraj Premji Sanghani	17
Robert Shane Sebek	20
Simon Andrew	10

Mn Energy Limited

ACN 169 719 993

Directors' Report

30 June 2023

Indemnification of officers and auditors

The Company has insured current Directors and officers for any loss arising from any claim by reason of any wrongful act committed by them in their capacity as a director or officer (subject to certain exclusions as required by law).

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on page 7 of the financial report.

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



Director:

Michael John Kitney

Dated 26 October, 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE *CORPORATIONS ACT 2001*

To the directors of Mn Energy Limited

As lead auditor for the audit of Mn Energy Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Rothsay Audit & Assurance Pty Ltd



Daniel Dalla
Director

Perth, 26 October 2023

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Sydney NSW 2000

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Liability limited by a scheme approved under Professional Standards Legislation



Mn Energy Limited

ACN 169 719 993

Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2023

		2023	2022
	Note	\$	\$
Revenue	4	184,144	197,452
Finance income		-	1,138
Finance expenses		(117)	(84)
Employee benefits expense		(59,670)	(120,450)
Share based payment expense		-	(345,000)
Professional fees		(45,460)	(26,250)
Other expenses		(122,604)	(563,654)
Profit (loss) before income tax		(43,707)	(856,848)
Income tax expense	5	-	-
Profit/(loss) for the year		(43,707)	(856,848)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		(43,707)	(856,848)

The accompanying notes form part of these financial statements.

Mn Energy Limited

ACN 169 719 993

Statement of Financial Position

As At 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	126,774	240,043
Trade and other receivables	7	2,174	4,125
Other assets	8	4,048	4,048
TOTAL CURRENT ASSETS		<u>132,996</u>	<u>248,216</u>
TOTAL ASSETS		<u>132,996</u>	<u>248,216</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	121,449	192,962
TOTAL CURRENT LIABILITIES		<u>121,449</u>	<u>192,962</u>
TOTAL LIABILITIES		<u>121,449</u>	<u>192,962</u>
NET ASSETS		<u>11,547</u>	<u>55,254</u>
EQUITY			
Issued capital	10	2,128,094	2,128,094
Reserves		36,000	36,000
Retained earnings		(2,152,547)	(2,108,840)
TOTAL EQUITY		<u>11,547</u>	<u>55,254</u>

The accompanying notes form part of these financial statements.

Mn Energy Limited

ACN 169 719 993

Statement of Changes in Equity For the Year Ended 30 June 2023

2023

	Issued Capital	Retained Earnings	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2022	2,128,094	(2,108,840)	36,000	55,254
Loss for the year	-	(43,707)	-	(43,707)
Transactions with owners in their capacity as owners	-	-	-	-
Balance at 30 June 2023	2,128,094	(2,152,547)	36,000	11,547

2022

	Issued Capital	Retained Earnings	Option Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2021	1,414,914	(1,251,992)	36,000	198,922
Loss for the year	-	(856,848)	-	(856,848)
Transactions with owners in their capacity as owners				
Issue of shares	719,000	-	-	719,000
Transaction costs	(5,820)	-	-	(5,820)
Balance at 30 June 2022	2,128,094	(2,108,840)	36,000	55,254

The accompanying notes form part of these financial statements.

Mn Energy Limited

ACN 169 719 993

Statement of Cash Flows For the Year Ended 30 June 2023

	2023	2022
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from government grants	178,002	204,126
Receipts from customers	8,093	-
Payments to suppliers and employees	(299,247)	(703,498)
Interest paid	(117)	(84)
Net cash provided by/(used in) operating activities	17 <u>(113,269)</u>	<u>(499,456)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net cash provided by/(used in) investing activities	<u>-</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of shares	-	368,180
Net cash provided by/(used in) financing activities	<u>-</u>	<u>368,180</u>
Net increase/(decrease) in cash and cash equivalents held	(113,269)	(131,276)
Cash and cash equivalents at beginning of year	240,043	371,319
Cash and cash equivalents at end of financial year	6 <u><u>126,774</u></u>	<u><u>240,043</u></u>

The accompanying notes form part of these financial statements.

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements For the Year Ended 30 June 2023

The financial report covers Mn Energy Limited as an individual entity. Mn Energy Limited is a for-profit unlisted public Company, incorporated and domiciled in Australia.

The functional and presentation currency of Mn Energy Limited is Australian dollars.

The financial report was authorised for issue by the Directors on 26 October 2023.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Grant revenue

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(b) Income tax

The tax expense recognised in the statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

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

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies (continued)

(b) Income tax (continued)

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

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

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

(c) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company classifies its financial assets at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Notes to the Financial Statements

For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies (continued)

(d) Financial instruments (continued)

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less allowance for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets measured at amortised cost

Impairment of financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced a significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade and other payables.

(e) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(f) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements For the Year Ended 30 June 2023

2 Summary of Significant Accounting Policies (continued)

(g) Going concern

The financial report has been prepared on the going concern basis. This basis has been adopted as the Company expects cash flows from tax incentives, government grants and the issue of share capital to be sufficient to enable the Company to pay its debts as they become due and payable. Should the amounts received from these tax incentives, government grants and issue of share capital be lower than forecast there is a material uncertainty related to the ability of the Company to continue as a going concern.

(h) Adoption of new and revised accounting standards

The Company has adopted all standards which became effective for the first time at 30 June 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

(i) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Company has not early adopted these Standards, but does not expect the adoption of these standards to have any impact on the reported position or performance of the Company.

3 Critical Accounting Estimates and Judgements

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The directors have not made any significant accounting estimates or judgements which are likely to affect the future results of the Company.

4 Revenue and Other Income

	2023	2022
	\$	\$
- Government grants	178,002	197,452
- Other revenue	6,142	-
	<u>184,144</u>	<u>197,452</u>

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements For the Year Ended 30 June 2023

5 Income Tax Expense

Reconciliation of income tax to accounting profit:

	2023	2022
	\$	\$
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	(10,927)	(214,212)
Tax effect of:		
- tax losses not recognised (unrecognised tax losses utilised)	10,927	214,212
Income tax expense	<u>-</u>	<u>-</u>

Deferred tax assets have not been recognised in respect of the following:

	2023	2022
	\$	\$
Tax losses	<u>132,832</u>	<u>116,155</u>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which Mn Energy Limited can utilise the benefits therein.

6 Cash and Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and in hand	<u>126,774</u>	<u>240,043</u>
	<u>126,774</u>	<u>240,043</u>

7 Trade and Other Receivables

	2023	2022
	\$	\$
CURRENT		
Other receivables	<u>2,174</u>	<u>4,125</u>
	<u>2,174</u>	<u>4,125</u>

8 Other assets

	2023	2022
	\$	\$
CURRENT		
Other asset	<u>4,048</u>	<u>4,048</u>
	<u>4,048</u>	<u>4,048</u>

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements For the Year Ended 30 June 2023

9 Trade and Other Payables

	2023	2022
	\$	\$
CURRENT		
Trade payables	4,026	43,359
Accrued expense	117,423	149,603
	<u>121,449</u>	<u>192,962</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

10 Issued Capital

	2023	2022
	\$	\$
51,021,000 (2022: 37,251,000) Ordinary shares	2,133,914	2,133,914
Share issue costs	(5,820)	(5,820)
	<u>2,128,094</u>	<u>2,128,094</u>

(a) Ordinary shares

	2022	2022
	No.	\$
At the beginning of the reporting period	37,251,000	1,414,914
Shares issued during the year		
Shares issued as a conversion of Tranche A performance shares	6,400,000	320,000
Share based payment	500,000	25,000
Other shares issued - capital raised	7,370,000	374,000
At the end of the reporting period	<u>51,521,000</u>	<u>2,133,914</u>

	2023	2023
	No.	\$
At the beginning of the reporting period	51,521,000	2,133,914
Shares issued during the year	-	-
At the end of the reporting period	<u>51,521,000</u>	<u>2,133,914</u>

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements For the Year Ended 30 June 2023

10 Issued Capital (continued)

(a) Ordinary shares (continued)

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

(b) Share Options on Issue

No options were issued during the year. As at the date of this report there were no options on issue.

11 Reserves

Share option reserve

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

12 Key Management Personnel Remuneration

The totals of remuneration paid to the key management personnel of Mn Energy Limited during the year are as follows:

	2023	2022
	\$	\$
Short-term employee benefits	54,000	102,000
Post-employment benefits	5,670	10,200
Share-based payments	-	105,000
	<u>59,670</u>	<u>217,200</u>

13 Auditors' Remuneration

	2023	2022
	\$	\$
Remuneration of the auditor, Rothsay Audit & Assurance Pty Ltd for: - audit of the financial report	<u>6,000</u>	<u>6,000</u>
	<u>6,000</u>	<u>6,000</u>

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements

For the Year Ended 30 June 2023

14 Contingencies

Contingent Liabilities

Mn Energy Limited had the following contingent liabilities at the end of the reporting period:

The Company entered into various deeds of termination and release with current and former directors, consultants and employees. These deeds were varied in prior year. In addition to these varied deeds of release there are amounts relating to the current serving directors for the financial year ended 30 June 2023. As at balance date a maximum amount of \$315,406 is payable upon raising at least \$1 million from equity, debt or asset sale or generating net revenue of at least \$1 million. A further \$41,812 is payable on raising an additional \$1 million in equity. The Board has the discretion to pay these earlier having regard to cash flow.

The amounts payable are as follows:

	2023	2022
	\$	\$
Simon Andrew	30,000	30,000
Michael John Kitney	59,670	39,600
Melvin Yeo	25,000	25,000
Annette Crabbe	94,507	94,339
Jarrod Worme	74,935	74,935
Ryan Curtis	63,094	63,094
Suraj Sanghani	50,278	30,250
Robert Shane Sebek	19,890	-
Total	417,374	357,218

15 Related Parties

The Company's main related parties are as follows:

Key management personnel - refer to Note 12.

Included in Note 16 are share based payments related to current directors.

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements For the Year Ended 30 June 2023

16 Share-based Payments

During the year ended 30 June 2023 there were no share-based payments.

In the year ended 30 June 2022 the Company issued 6,400,000 shares to current directors and former directors, employees and consultants as part of conversion of Tranche A performance shares. These shares were valued at \$0.05 per share, resulting in a total expense of \$320,000.

Also in the year ended 30 June 2022 an additional 500,000 ordinary shares were issued to Robert Sebek during the year for service provided as Director. These were valued at \$0.05 per share, consistent with capital raised by the Company prior to this issue.

The Company has on issue 20,700,000 performance shares which will convert to ordinary shares on completion of the following conditions:

- 6,400,000 ordinary shares on completion of a Bankable Feasibility Study in relation to construction of the East Rockingham Manganese Sulphate Processing Plant (Plant), which indicates a capital payback period of 4 years or less (calculated from the date of first production) before 31 December 2023.
- 7,150,000 ordinary shares on achieving financial close for sufficient funding to commence construction of the plant before 31 December 2024.
- 7,150,000 ordinary shares on completion of commissioning of the Plant, defined as production of a minimum of 1,000 tonnes of manganese sulphate before 31 December 2026.

The following performance shares are outstanding at year end:

	Tranche B	Tranche C	Tranche D	Total
	No.	No.	No.	No.
Michael John Kitney (Director)	800,000	1,050,000	1,050,000	2,900,000
Melvin Yeo	800,000	1,050,000	1,050,000	2,900,000
Suraj Sanghani (Director)	800,000	1,050,000	1,050,000	2,900,000
Steven David Crabbe	2,000,000	2,000,000	2,000,000	6,000,000
Annette Crabbe	2,000,000	2,000,000	2,000,000	6,000,000
	6,400,000	7,150,000	7,150,000	20,700,000

Mn Energy Limited

ACN 169 719 993

Notes to the Financial Statements

For the Year Ended 30 June 2023

17 Cash Flow Information

Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2023	2022
	\$	\$
Loss for the year	(43,707)	(856,848)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- share based payments	-	345,000
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	1,951	(7,233)
- increase/(decrease) in trade and other payables	(71,513)	19,625
Cashflows from operations	<u>(113,269)</u>	<u>(499,456)</u>

18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 26 October 2023 by the board of directors.

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

19 Statutory Information

The registered office and principal place of business of the company is:

Mn Energy Limited
3 Colombo Street
Victoria Park WA 6100

Mn Energy Limited

ACN 169 719 993

Directors' Declaration

The directors of the Company declare that:

1. the financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
 - b. give a true and fair view of the financial position and performance of the Company;
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Director
Michael John Kitney

Dated 26 October, 2023

ROTHSAY

AUDIT & ASSURANCE PTY LTD

MN ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of MN Energy Limited

Opinion

We have audited the financial report of MN Energy Limited (“the Company”), which comprises the statement of financial position as at 30 June 2023 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors’ declaration.

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

- giving a true and fair view of the Company’s financial position as at 30 June 2023 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Emphasis of Matter - Material Uncertainty Related to Going Concern

We draw attention to note 2 (g) in the financial report, which describes the conditions that raise doubts about the Company’s ability to continue as a going concern. The conditions along with other matters disclosed in note 2 (g) indicates that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 *Code of Ethics for Professional Accountants (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.

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MN ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Those Charged with Governance

The directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company'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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



MN ENERGY LIMITED

INDEPENDENT AUDITOR'S REPORT (continued)

- 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 Company'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, 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 Company 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.

We communicate with the directors regarding, amongst 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.

Rothsay Audit & Assurance Pty Ltd

A handwritten signature in black ink, appearing to read 'Dalla', written over a white background.

Daniel Dalla
Director

Perth, 26 October 2023