LCL RESOURCES LIMITED

ABN 43 119 759 349

Annual Financial Report

31 December 2023

Contents

General Information

The financial statements cover LCL Resources Limited as a consolidated entity consisting of LCL Resources Limited and the entities it controlled at the end of, or during, the year ended 31 December 2023. The financial statements are presented in Australian dollars, which is LCL Resources Limited's functional and presentation currency.

LCL Resources Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered Office
Level 3
88 William Street
West Perth, WA 6000
Australia

Principal Place of Business
Level 3
88 William Street
West Perth, WA 6000
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 28 March 2024. The Directors have the power to amend and reissue the financial statements.

Directors	Mr. Ross Ashton (Executive Chairman) Mr. Kevin Wilson (Non-Executive Director Mr. Michael Allen (Executive Director)
Chief Financial Officer and Company Secretary	Mr. Michael Allen
Registered Office	Level 3 88 William Street Perth, WA 6000 Australia
Principal Places of Business	Level 3 88 William Street West Perth, WA 6000
Share Registry	Automic Registry Services Level 5 191 St Georges Terrace Perth, WA, 6000 Australia 08 9324 2099
Auditor	Grant Thornton Audit Pty Ltd Central Park Level 43, 152-158 St Georges Terrace Perth, WA 6000 Australia
Stock Exchange Listing	LCL Resources Limited shares are listed on the Australian Securities Exchange (ASX Code: LCL)
Company Website	lclresources.au

The Directors present their report, together with the financial statements, on the Company (referred to hereafter as the 'consolidated entity', 'Consolidated Group' or the 'Group') consisting of LCL Resources Limited (referred to hereafter as 'LCL' or the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2023 ('the financial year').

Directors

The following persons were Directors of LCL Resources Limited during the whole of the financial year and up to the date of this report unless otherwise stated:

Ross Ashton	Executive Chairman (changed from Non-Executive Chairman to Executive Chairman 19 February 2024)
Jason Stirbinskis	Managing Director (resigned 19 February 2024)
Kevin Wilson	Non-Executive Director
Michael Allen	Executive Director (appointed 19 February 2024)

Principal Activities and Significant Changes in the Nature of Events

LCL Resources Limited (previously Los Cerros Limited) (ASX: LCL) (**LCL** or the **Company**) is a gold/copper/nickel explorer with multiple assets in Papua New Guinea (PNG) and the mid-Cauca Gold Belt of Colombia.

LCL's focus during the reporting period was on targets across gold, copper and nickel within the Company's PNG portfolio and progressing the Miraflores Environmental Licence, part of the Quinchia project. A review of the operations of the Group during the financial year and the results of those operations are set out in the Review of Operations on page 3 of this report.

Dividends

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

Review of Operations

The loss for the Company, after providing for income tax, amounted to $31,258,708 (2022: $10,887,640). Cash and cash equivalents at the end of the year were $3,716,523 (2022: $8,400,438). Net assets for the Company decreased from $35,828,168 at 31 December 2022 to $19,996,355 at 31 December 2023.

The loss includes $27,535,274 impairment of exploration expenditure for Colombian and PNG exploration projects.

In Colombia, the awarding of the Miraflores Environmental Licence was a major milestone for the LCL's Quinchia project, however, increased political uncertainty with a new government in Colombia has resulted in the Company reducing exploration expenditures in Colombia.

In PNG, the Company completed over 3,000m of maiden drilling on the Kusi gold-copper project and then began exploring its nickel assets. In June and August, the Company completed nickel focussed acquisitions to expand its footprint near its Veri Veri nickel project.

The Company also completed an Entitlement issue in March 2023 and a Placement in November 2023 and changed its name from the Spanish focussed Los Cerros Limited in June to LCL Resources Limited, reflecting its more diverse exploration portfolio of assets.

Significant Changes in the State of Affairs

During the year field activities shifted to priority targets within the PNG portfolio acquired in the September - December 2022 quarter.

There were no other significant changes in the state of affairs of the Company during the financial year.

Matters Subsequent to the End of the Financial Year

On 14 February 2024, the Company issued 105,263,146 listed options (ASX code LCLO) giving the right to a fully paid share on the payment of 1.9 cents by 11 February 2026.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Likely Developments and Expected Results of Operations

The Group's objective is to continue to explore for gold, copper and nickel and develop its assets in Papua New Guinea and Colombia.

Environmental Regulation

The Company is not subject to any significant environmental regulation under Australian Commonwealth or State law. The Group is subject to environmental regulations in Papua New Guinea and Colombia where it operates. The Directors are not aware of any material breaches of the legislation during the year.

Information on Directors

Name:	Ross Ashton
Title:	Executive Chairman
Qualifications:	BSc
Experience and Expertise:	Mr Ashton has over 50 years' experience as a geologist specialising in mineral exploration and development internationally. He was founding Managing Director of Red Back Mining Limited, a company subsequently acquired by Kinross Gold Corporation for US$7.2 billion in 2010. He was also a director of TSX/ASX listed PMI Gold Ltd and ASX listed Brockman Resources Ltd. Both companies were involved in corporate transactions following the discovery of significant mineral resources.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	-
Interests in Shares:	14,150,834 ordinary shares
Interests in Options:	2,000,000 unquoted options (exercise price of $0.135 expiring 30 September 2024)
Interests in Rights:	2,320,000 performance rights

Name:	Kevin Wilson
Title:	Non-Executive Director
Qualifications:	BSc, MBA
Experience and Expertise:	Mr Wilson has over 30 years' experience in the minerals and finance industries. He was the Managing Director of Rey Resources Limited, an Australian energy exploration company, from 2008 to 2016 and the Managing Director of Leviathan Resources Limited, a Victorian gold mining company, from its initial public offering in 2005 through to its sale in 2006. He has prior experience as a geologist with the Anglo American group in Africa and North America and as a stockbroking analyst and investment banker with CS First Boston and Merrill Lynch in Australia and USA. Mr Wilson is currently also Non-Executive Director of Navarre Minerals Limited and Non-Executive Director of Solis Minerals Ltd.

Information on Directors (Cont.)

Other Current Directorships:	Director-- Navarre Minerals Limited (ASX: NML) Director – Solis Minerals Ltd (ASX: SLM; TSXV: SLMN; FSE: 08W; and OTC: WMRSF)
Former Directorships (Last 3 Years):	Non-Executive Chairman – Investigator Resources Limited (ASX: IVR) (September 2017 to December 2021)
Interests in Shares:	6,899,255 ordinary shares
Interests in Options:	2,000,000 unquoted options (exercise price of $0.135 expiring 30 September 2024)
Interests in Rights:	1,540,000 performance rights

Name:	Jason Stirbinskis
Title:	Managing Director (resigned 19 February 2024)
Qualifications:	BSc, MBA
Experience and Expertise:	Originally a geologist, Mr Stirbinskis is a corporate executive with over 20 years' experience leading both private and public companies in the mining and mining services space. He is experienced across a number of commodities including gold, zinc, lead, copper, and nickel and has managed projects ranging from greenfield to DFS/Development in West Africa, Scandinavia, Australia, Central Asia and most recently Colombia. He is well networked across international and Australian capital markets and skilled in leading multidisciplinary, international teams.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	-
Interests in Shares:	3,100,001 ordinary shares
Interests in Options:	6,000,000 unquoted options (exercise price of $0.135 expiring 30 September 2024)
Interests in Rights:	13,975,000 performance rights

Name:	Michael Allen
Title:	Executive Director (appointed 19 February 2024)
Qualifications:	BCom, FCA
Experience and Expertise:	Michael is a Fellow of the Institute of Chartered Accountants with over 30 years' experience primarily in the resources sector. After spending over 10 years with accounting firm, Arthur Andersen, in Perth, London and Sydney. He has held senior management positions with Resolute Mining, AngloGold Ashanti and Anglo American across exploration, development and producing gold projects. Michael has worked also as CFO and Company Secretary of ASX listed companies including Dragon Mining and PMI Gold.
Other Current Directorships:	-
Former Directorships (Last 3 Years):	-
Interests in Shares:	Nil
Interests in Options:	Nil
Interests in Rights:	3,740,000 performance rights

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Information on Directors (Cont.)

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

Chief Financial Officer (CFO) and Company Secretary

Michael Allen was appointed CFO and Company Secretary on 9 November 2021.

He was appointed an Executive Director of LCL on 19 February 2024.

Meetings of Directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2023, and the number of meetings attended by each Director were:

	Full Board	
	Attended	Held
Kevin Wilson	6	6
Jason Stirbinskis	6	6
Ross Ashton	6	6

Held: represents the number of meetings held during the time the Director held office. The Board fulfilled the functions of the Audit and Risk Committee during the year.

The Board also obtains exploration updates from meetings with exploration leaders and covers some matters with circular resolutions rather than formal board meetings.

Additional Disclosures Relating to Key Management Personnel (Cont.)

Remuneration Report (Audited)

The remuneration report details the key management personnel remuneration arrangements for the Company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration;
- Details of remuneration;
- Service agreements;
- Share-based compensation; and
- Additional disclosures relating to key management personnel.

Principles Used to Determine the Nature and Amount of Remuneration

The objective of the Company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to market best practice for the delivery of reward. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation; and
- transparency.

The Board, in the absence of a Nomination and Remuneration Committee, is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the Company depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The Board has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the Company.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- focusing on sustained growth in shareholder wealth, consisting of growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-Executive Directors Remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration.

Additional Disclosures Relating to Key Management Personnel (Cont.)

Principles Used to Determine the Nature and Amount of Remuneration (Cont.)

Non-Executive Directors Remuneration (Cont.)

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 31 May 2012, where the shareholders approved a maximum annual aggregate remuneration of $600,000.

Executive Remuneration

The Company aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:
- base pay and non-monetary benefits;
- short-term performance incentives;
- share-based payments; and
- other remuneration such as superannuation and long service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Board based on individual and business unit performance, the overall performance of the Company and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the Company and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPIs') being achieved. KPIs may include profit contribution, leadership contribution and project milestones.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of four years based on long-term incentive measures. These include increase in shareholders' value and project milestones. The Board reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2023.

Consolidated Entity Performance and Link to Remuneration
Remuneration for certain individuals is directly linked to the performance of the Company. A portion of cash bonus and incentive payments are dependent on defined exploration or corporate objectives being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Board.
The Board is of the opinion that improved results can be attributed in part to the adoption of performance-based compensation and is satisfied that performance-based compensation can increase shareholder wealth if maintained over the coming years.

Voting and Comments Made at the Company's 31 May 2023 Annual General Meeting ('AGM')
At the AGM held on 31 May 2023, the shareholders of the Company approved the adoption of the remuneration report for the year ended 31 December 2022. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Additional Disclosures Relating to Key Management Personnel (Cont.)

Details of Remuneration

Amounts of Remuneration

Details of the remuneration of key management personnel of the Company are set out in the following tables:

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2023	Cash salary and fees $	Cash bonus $	Annual Leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Ross Ashton (i)	59,758	-	-	5,242	-	85,066	150,066
Kevin Wilson (ii)	45,965	-	-	4,035	-	56,466	106,466
Executive Directors:							
Jason Stirbinskis (iii)	300,000	150,000	(34,227)	26,096	(10,355)	347,794	779,308
Other Key Management Personnel:							
Michael Allen	233,333	-	8,843	24,538	(868)	117,001	382,847
	639,056	150,000	(25,384)	59,911	(11,223)	606,327	1,418,687

(i) Ross Ashton's remuneration for 2023 included $10,733 accrued as at 31 December 2023.
(ii) Kevin Wilson's remuneration for 2023 included $8,258 accrued as at 31 December 2023.
(iii) Jason Stirbinskis' remuneration for 2023 included $100,000 of bonus accrued as at 31 December 2023. The total bonus was made up of $100,000 for meeting two STI hurdles set for drilling in PNG and reducing costs in Colombia which reached 50% of possible STI's plus a discretionary bonus of $50,000 for completing the Footprint acquisition.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Cash salary and fees $	Cash bonus $	Annual Leave $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
Ross Ashton	56,752	-	-	8,247	-	85,066	150,065
Kevin Wilson	43,626	-	-	6,374	-	56,466	106,466
Executive Directors:							
Jason Stirbinskis	320,000	-	23,066	15,288	19,852	316,908	695,114
Other Key Management Personnel:							
Michael Allen	250,000	-	527	25,146	2,737	34,317	312,727
	670,378	-	23,593	55,055	22,589	492,757	1,264,372

Additional Disclosures Relating to Key Management Personnel (Cont.)

Details of Remuneration (Cont.)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed Remuneration 2023	Fixed Remuneration 2022	At Risk – STI 2023	At Risk – STI 2022	At Risk – LTI 2023	At Risk – LTI 2022
Non-Executive Directors:						
Ross Ashton	43%	43%	-	-	57%	57%
Kevin Wilson	47%	47%	-	-	53%	53%
Executive Directors:						
Jason Stirbinskis	37%	54%	19%	-	44%	46%
Other Key Management Personnel:						
Michael Allen	70%	89%	-	-	30%	11%

The proportion of the cash bonus paid/payable or forfeited is as follows:

Name	Cash bonus paid / payable 2023	Cash bonus paid / payable 2022	Cash bonus forfeited 2023	Cash bonus forfeited 2022
Non-Executive Directors:				
Ross Ashton	-	-	-	-
Kevin Wilson	-	-	-	-
Executive Directors:				
Jason Stirbinskis	60%	-	40%	-
Other Key Management Personnel:				
Michael Allen	-	-	-	-

Additional Disclosures Relating to Key Management Personnel (Cont.)

Service Agreements

Details of agreements with key management personnel are as follows:

Name:	Ross Ashton
Title:	Non-Executive Director (to 28 November 2019); Non-Executive Chairman (from 28 November 2019); Executive Chairman (from 19 February 2024)
Details:	No written contract
Name:	Kevin Wilson
Title:	Executive Chairman (to 16 August 2019); Non-Executive Chairman (from 16 August 2019) and Non-Executive Director (from 28 November 2019)
Details:	No written contract
Name:	Jason Stirbinskis
Title:	Managing Director (appointed 16 August 2019); resigned (19 February 2024)
Details:	Written contract (expires 30 April 2024)
Name:	Michael Allen
Title:	Chief Financial Officer and Company Secretary (from 9 November 2021); Director (from 19 February 2024)
Details:	Written contract (3 months' notice)

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-Based Compensation

Issue of Performance Rights

No performance rights were issued in 2023.

Additional Disclosures Relating to Key Management Personnel

Shareholding

The number of shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

Ordinary Shares	Balance at the Start of the Year	Acquired on Exercise of Options or Performance Rights	Other Acquisitions	Disposals / Other	Balance at the End of the Year
Directors:					
Ross Ashton	11,791,529	2,359,305	-	-	14,150,834
Kevin Wilson	6,232,649	666,606	-	-	6,899,255
Jason Stirbinskis	3,100,001	-	-	-	3,100,001
Other Key Management Personnel:					
Michael Allen	-	-	-	-	-
	21,124,179	3,025,911	-	-	24,150,090

Options Over Ordinary Shares

The number of options over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

Additional Disclosures Relating to Key Management Personnel (Cont.)

Options Over Ordinary Shares	Balance at the Start of the Year	Acquired	Exercised	Expired	Balance at the End of the Year
Directors:					
Ross Ashton	2,625,000	-	-	625,000	2,000,000
Kevin Wilson	2,000,000	-	-	-	2,000,000
Jason Stirbinskis	7,875,000	-	-	1,875,000	6,000,000
Other Key Management Personnel:					
Michael Allen	-	-	-	-	-
	12,500,000	-	-	2,500,000	10,000,000

At year-end, all of the above options had vested and were exercisable.

Performance Rights Holding

The number of performance rights over ordinary shares in the Company held during the financial year by each Director and other members of key management personnel of the Company, including their personally related parties, is set out below:

Performance Rights Over Ordinary Shares	Balance at the Start of the Year	Received as Part of Remuneration	Exercised	Expired / Forfeited	Balance at the End of the Year
Directors:					
Ross Ashton	2,320,000	-	-	-	2,320,000
Kevin Wilson	1,540,000	-	-	-	1,540,000
Jason Stirbinskis	16,300,000	-	-	2,325,000	13,975,000
Other Key Management Personnel:					
Michael Allen	4,840,000	-	-	1,100,000	3,740,000
	25,000,000	-	-	3,425,000	21,575,000

No performance rights were vested and exercisable at year-end.

Loans from Key Management Personnel

There were no loans from key management personnel during the financial year.

This concludes the remuneration report, which has been audited.

Options and Rights Over Equity Instruments

Unlisted Options (Vested)

At the date of this report, unissued ordinary shares of the Company under option (with an exercise price) are:

Grant date	Expiry date	Exercise price	Number under option
20/12/2019	30/09/2024	$0.1350	10,000,000
23/11/2022	15/11/2026	$0.0474	13,000,000
18/11/2022	29/11/2026	$0.0500	25,000,000
12/02/2024	11/02/2026	$0.0190	105,263,161
			153,263,161

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

There were no vested unlisted performance rights over equity instruments at the date of this report.

Corporate Governance Statement

The current Corporate Governance Statement, as approved by the Board of Directors, is published on the Company website: lclresources.au/site/about-us

Indemnity and Insurance of Officers

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

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

Indemnity and Insurance of Auditor

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

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on Behalf of the Company

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

Non-Audit Services

There were no non-audit services provided during the financial year by the auditor.

Auditor's Independence Declaration

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

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the *Corporations Act 2001*.

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

On behalf of the Directors

Ross Ashton
Non-Executive Chairman

28 March 2024

Grant Thornton Audit Pty Ltd
Level 43 Central Park
152-158 St Georges Terrace
Perth WA 6000
PO Box 7757
Cloisters Square
Perth WA 6850

T +61 8 9480 2000

Auditor's Independence Declaration

To the Directors of LCL Resources Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of LCL Resources Limited for the year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 28 March 2024

LCL Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2023

	Notes	Consolidated 2023 $	2022 $
Revenue			
Interest income		136,088	182,571
Other income		15,518	17,982
Total revenue		151,606	200,553
Expenses			
Depreciation and amortisation expense	8	(15,186)	(9,295)
Employee benefits expense		(1,488,387)	(900,940)
Exploration and evaluation expenditure		(80,871)	(270,591)
Finance costs		(2,239)	(10,133)
Impairment of exploration expenditure	9	(27,535,274)	(6,704,335)
Impairment of non-current receivables		(444,191)	(550,257)
Impairment of property, plant and equipment		(98,641)	(218,719)
Occupancy		(21,730)	(2,381)
Other expenses	4	(1,072,674)	(941,893)
Share-based payment expense	15	(650,219)	(1,479,649)
Total expenses		(31,409,412)	(11,088,193)
Loss Before Income Tax Expense		(31,257,806)	(10,887,640)
Income tax expense	5	(902)	-
Loss After Income Tax Expense for the Year Attributable to the Owners of LCL Resources Limited		(31,258,708)	(10,887,640)
Other Comprehensive Loss			
Items That May Be Reclassified Subsequently to Profit or Loss			
Foreign currency translation		6,694,698	(2,961,685)
Other Comprehensive Loss for the Year, Net of Tax		6,694,698	(2,961,685)
Total Comprehensive Loss for the Year Attributable to the Owners of LCL Resources Limited		(24,564,010)	(13,849,325)

		Cents per Share	Cents per Share
Basic loss per share	25	(3.98)	(1.66)
Diluted loss per share	25	(3.98)	(1.66)

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

LCL Resources Limited
Consolidated Statement of Financial Position
As at 31 December 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Assets			
Current Assets			
Cash and cash equivalents	6	3,716,523	8,400,438
Other receivables	7	225,272	155,384
Prepayments		160,590	292,462
Total Current Assets		4,102,385	8,848,284
Non-Current Assets			
Property, plant and equipment	8	726,763	705,604
Exploration and evaluation	9	13,000,000	26,992,530
Total Non-Current Assets		13,726,763	27,698,134
Total Assets		17,829,148	36,546,418
Liabilities			
Current Liabilities			
Trade and other payables	10	615,054	482,494
Provisions	11	189,511	197,105
Total Current Liabilities		804,565	679,599
Non-Current Liabilities			
Provisions	12	28,228	38,651
Total Non-Current Liabilities		28,228	38,651
Total Liabilities		832,793	718,250
Net Assets		**16,996,355**	**35,828,168**
Equity			
Issued capital	13	399,437,728	394,355,750
Reserves	16	4,498,292	(2,606,215)
Accumulated losses		(386,939,331)	(355,921,033)
Equity Attributable to the Shareholders of LCL Resources Limited		**16,996,689**	**35,828,502**
Non-controlling interests		(334)	(334)
Total Equity		**16,996,355**	**35,828,168**

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

LCL Resources Limited
Consolidated Statement of Changes in Equity
For the Year Ended 31 December 2023

Consolidated	Issued Capital $	Share-Based Payments Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Equity Attributable to the Shareholders of LCL Resources Limited $	Non-Controlling Interests $	Total Equity $
Balance at 1 January 2023	394,355,750	2,549,014	(5,155,229)	(355,921,033)	**35,828,502**	**(334)**	**35,828,168**
Loss after income tax expense for the year	-	-	-	(31,258,708)	**(31,258,708)**	-	**(31,258,708)**
Other comprehensive loss for the year, net of tax	-	-	6,694,698	-	**6,694,698**	-	**6,694,698**
Total comprehensive loss for the year	-	-	6,694,698	(31,258,708)	**(24,564,010)**	-	**(24,564,010)**
Shares issued during the period (Note 13)	5,412,347	-	-	-	**5,412,347**	-	**5,412,347**
Options exercised							
Other Share-based payments (Note 15)	-	650,219	-	-	**650,219**	-	**650,219**
Reclassification of expired options and performance rights to retained earnings	-	(240,410)	-	240,410	**-**	-	**-**
Transaction costs (Note 13)	(330,369)	-	-	-	**(330,369)**	-	**(330,369)**
Balance at 31 December 2023	**399,437,728**	**2,958,823**	**1,539,469**	**(386,939,331)**	**16,996,689**	**(334)**	**16,996,355**

Consolidated	Issued Capital $	Share-Based Payments Reserves $	Foreign Currency Translation Reserve $	Accumulated Losses $	Equity Attributable to the Shareholders of LCL Resources Limited $	Non-Controlling Interests $	Total Equity $
Balance at 1 January 2022	390,955,621	1,116,837	(2,193,544)	(345,046,424)	**44,832,490**	**(334)**	**44,832,156**
Loss after income tax expense for the year	-	-	-	(10,887,640)	**(10,887,640)**	-	**(10,887,640)**
Other comprehensive loss for the year, net of tax	-	-	(2,961,685)	-	**(2,961,685)**	-	**(2,961,685)**
Total comprehensive loss for the year	-	-	(2,961,685)	(10,887,640)	**(13,849,325)**	-	**(13,849,325)**
Acquisition of Footprint	2,342,336	-	-	(34,442)	**2,307,894**	-	**2,307,894**
Options exercised	1,044,250	-	-	-	**1,044,250**	-	**1,044,250**
Other Share-based payments expense (Note 15)	-	1,479,649	-	-	**1,479,649**	-	**1,479,649**
Reclassification of expired options and performance rights to retained earnings	-	(47,472)	-	47,472	**-**	-	**-**
Transaction costs (Note 13)	13,543	-	-	-	**13,543**	-	**13,543**
Balance at 31 December 2022	**394,355,750**	**2,549,014**	**(5,155,229)**	**(355,921,033)**	**35,828,502**	**(334)**	**35,828,168**

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

LCL Resources Limited
Consolidated Statement of Cash Flows
For the Year Ended 31 December 2023

	Consolidated	
	2023	**2022**
	$	**$**
Cash Flows from Operating Activities		
Payments to suppliers and employees	(2,215,965)	(2,522,140)
Payments for exploration and evaluation expenses	-	(270,591)
Interest received	212,208	106,451
Interest and other finance costs paid	(4,000)	(3,345)
Income tax paid	(902)	-
Net Cash Used in Operating Activities	(2,008,659)	(2,689,625)
Cash Flows from Investing Activities		
Payments for exploration and evaluation	(7,535,406)	(9,443,828)
Proceeds from sale of plant and equipment	52,296	85,855
Cash acquired with Footprint acquisition	-	33,297
Net Cash Used in Investing Activities	(7,483,110)	(9,324,676)
Cash Flows from Financing Activities		
Proceeds from issue of shares	5,182,347	-
Proceeds from exercise of options	-	1,044,250
Share issue costs	(320,369)	13,543
Net Cash from Financing Activities	4,861,978	1,057,793
Net decrease in cash and cash equivalents	(4,629,791)	(10,956,508)
Cash and cash equivalents at the beginning of the financial year	8,400,438	19,252,206
Effects of exchange rate changes on cash and cash equivalents	(54,124)	104,740
Cash and Cash Equivalents at the end of the year	**3,716,523**	**8,400,438**

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

Note 1. Material Accounting Policies

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

(a) New or Amended Accounting Standards and Interpretations Adopted

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

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

(b) New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Company for the annual reporting period ended 31 December 2023. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(c) Going Concern

The Consolidated Group incurred a net loss after tax of $31,258,708 (2022: $10,887,640). The Consolidated Group's net cash used in operations was $2,008,659 during year ended 31 December 2023 (2022: $2,689,625); its net cash used in investing activities was $7,483,110 (2022: $9,324,676).

The Company has a cash and cash equivalents balance of $3,716,523 at 31 December 2023 (2022: $8,400,438). The Group is in the process of an exploration program in Papua New Guinea and Colombia and the Directors intend to raise further capital to provide additional funds.

If additional capital is not obtained, material uncertainty exists on the ability to continue as a going concern, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

(d) Basis of Preparation

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

Historical Cost Convention

The financial statements have been prepared under the historical cost convention, except for assets and liabilities that are required to be recorded at fair value.

Critical Accounting Estimates

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

In accordance with the *Corporations Act 2001*, these financial statements present the results of the Company only. Supplementary information about the parent entity is disclosed in Note 27.

(e) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of LCL Resources Limited ('Company' or 'parent entity') as at 31 December 2023 and the results of all subsidiaries for the year then ended. LCL Resources Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity', 'Consolidated Group' or the 'Group'.

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

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

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

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

(f) Operating Segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(g) Foreign Currency Translation

The financial statements are presented in Australian dollars, which is LCL Resources Limited's functional and presentation currency.

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

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

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

(h) Revenue Recognition

The Company recognises revenue as follows:

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

(i) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

(j) Current and Non-Current Classification

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

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

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

Deferred tax assets and liabilities are always classified as non-current.

(k) Cash and Cash Equivalents

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

(l) Trade and Other Receivables

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

(m) Non-Current Assets or Disposal Groups Classified as Held for Sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

(n) Joint Ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Distributions earned from joint venture entities reduce the carrying amount of the investment.

(o) Property, Plant and Equipment

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(p) Exploration and Evaluation Assets

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

i. the rights to tenure of the area of interest are current; and
ii. at least one of the following conditions is also met:
    a. the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or
    b. exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortisation of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

(q) Impairment of Non-Financial Assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. This includes considering the requirements set out in AASB 6 *Exploration for and Evaluation of Mineral Resources* ('AASB 6') in respect of the capitalised exploration and development expenditure. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Plant and equipment, and capitalised exploration and development expenditure, are assessed for impairment on a cash generating unit ('CGU') basis. A cash generating unit is the smallest grouping of assets that generates independent cash flows, and generally represents an individual project. Impairment losses recognised in respect of cash generating units are allocated to reduce the carrying amount of the assets in the unit on a pro-rata basis. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior year. A reversal of an impairment loss is recognised in profit or loss immediately.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(r) Trade and Other Payables

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

(s) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(t) Finance Costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

(u) Employee Benefits

Short-Term Employee Benefits

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

Share-Based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using the most by using the most appropriate valuation technique that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(v) Fair Value Measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(w) 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.

(x) Business Combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Company assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Company's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Company remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as capitalised exploration costs. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

(y) Earnings per Share

Basic Earnings per Share
Basic earnings per share is calculated by dividing the profit attributable to the owners of LCL Resources Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted Earnings per Share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) Goods and Services Tax ('GST') and Other Similar Taxes

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

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

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

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

Note 2. Critical Accounting Judgements, Estimates and Assumptions

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

(a) Fair Value Measurement Hierarchy

The Company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as Level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

(b) Impairment of Exploration and Evaluation Costs

In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* the Company assesses its exploration assets for any indicators of impairment. Where an indicator of impairment exists, a formal estimate of the recoverable amount is made under in accordance with AASB 136 *Impairment of Assets*. The recoverable amount is determined as being the higher of the fair value less costs of disposal and value in use. These assessments require the use of estimations and assumptions. An impairment charge has been recognised in respect of exploration and evaluation costs at the reporting date of $27,535,274. Refer to note 9 for further details.

Note 3. Operating Segments

(a) Identification of Reportable Operating Segments

The Company's primary activity is mineral exploration in the geographic area of Papua New Guinea and Colombia. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors, who are the Chief Operating Decision Makers (or 'CODM'), in assessing performance and determining the allocation of resources.

The Group is managed primarily for the sole purpose of mineral exploration.

The information reported to the CODM is on a monthly basis.

(b) Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the CODM with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual and half yearly financial statements of the Group.

(c) Intersegment Transactions

There are no intersegment transactions.

(d) Segment Assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

(e) Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:
- Income tax expense;
- Deferred tax assets and liabilities;
- Current tax liabilities; and
- Head office income / expenses and related assets / liabilities.

(f) Operating Segment Information

Consolidated - 2023	**Mineral Exploration Colombia $**	**Mineral Exploration Papua New Guinea $**	**Unallocated $**	**Total $**
Gross Loss	(70,134)	(75,363)	(3,073,984)	(3,219,481)
Impairment of non-current receivables	(49,265)	(394,926)	-	(444,191)
Impairment of exploration expenditure	(21,816,307)	(5,718,967)	-	(27,535,274)
Impairment of property, plant and equipment	(98,641)	-	-	(98,641)
Net foreign exchange (loss)/gain	1,379	(101,767)	21,506	(78,882)
Depreciation and amortisation	(13,652)	-	(1,534)	(15,186)
Interest income	8,774	7	127,307	136,088

Finance cost	(1,167)	-	(1,072)	(2,239)
Loss Before Income Tax Expense	(22,039,013)	(6,291,016)	(29,27,777)	(31,257,806)
Income tax expense	-	-	(902)	(902)
Loss After Income Tax Expense				(31,258,708)
Assets				
Segment assets	10,944,447	3,143,312	3,741,389	17,829,148
Total Assets				17,829,148
Liabilities				
Segment liabilities	144,286	110,892	577,615	832,793
Total Liabilities				832,793

Consolidated - 2022	**Mineral Exploration Colombia $**	**Mineral Exploration Papua New Guinea $**	**Unallocated $**	**Total $**
Gross Loss	(1,290,062)	(3,884)	(2,433,349)	(3,727,295)
Impairment of non-current receivables	(543,313)	(6,944)	-	(550,257)
Impairment of exploration expenditure	(6,704,335)	-		(6,704,335)
Impairment of property, plant and equipment	(218,719)	-	-	(218,719)
Net foreign exchange (loss)/gain	354	(11,106)	160,575	149,823
Depreciation and amortisation	(7,761)	-	(1,534)	(9,295)
Interest income	17,409	61	165,101	182,571
Finance cost	(9,483)	(20)	(630)	(10,133)
Loss Before Income Tax Expense	(8,755,910)	(21,893)	(2,109,837)	(10,887,640)
Income tax expense				-
Loss After Income Tax Expense				(10,887,640)
Assets				
Segment assets	24,611,445	3,441,308	8,493,665	36,546,418
Total Assets				36,546,418
Liabilities				
Segment liabilities	122,287	107,357	488,606	718,250
Total Liabilities				718,250

(g) Geographical Information

	Geographical Non-Current Assets	
	2023 $	**2022 $**
Australia	26,839	1,649
Papua New Guinea	3,000,000	3,306,476
Colombia	10,699,924	24,390,009
	13,726,763	27,698,134

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 4. Other Expenses

	Consolidated	
	2023	2022
	$	$
Other expenses include the following specific expenses:		
Foreign exchange loss	78,882	(149,823)
Administration expenses	813,860	653,615
Consulting fees	179,932	438,101
	1,072,674	941,893

The expenses of the Group includes superannuation expenses on the amount of $113,485 (2022: 68,952).

Note 5. Income Tax

	Consolidated	
	2023	2022
	$	$
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(31,257,806)	(10,887,640)
Tax at the statutory tax rate of 30% (2022: 30%)	(9,377,342)	(3,266,293)
Add/(Less):		
Non-deductible expenses	9,223,043	2,601,172
Temporary differences and tax loss not brought to account as a deferred tax asset	794,366	1,309,631
International tax rate differential	(640,969)	(644,510)
Income tax expense	(902)	-
Unused Australian tax losses for which no deferred tax asset has been recognised	59,039,665	54,321,686

The tax losses do not expire under current legislation. 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 the Company can utilise the benefits.

Note 5. Income Tax (Cont.)

Unrecognised deferred tax assets and liabilities:

31 December 2023	Deferred Tax Assets $	Deferred Tax Liabilities $	Net $
Prepayments	-	(41,211)	(41,211)
Property, plant & equipment	-	(8,052)	(8,052)
Trade & other payables	88,642	-	88,642
Provisions	50,658	-	50,658
Unrealised foreign exchange losses (gains)	43,809	-	43,809
Business related costs - Equity	55,502	-	55,502
Revenue Losses (Local + Overseas)	19,114,220	-	19,114,220
Capital Losses	28,841,990	-	28,841,990
Unrecognised deferred tax assets / (liabilities) before set-off	48,194,821	(49,263)	48,145,558
Set-off of deferred tax liabilities	(49,263)	49,263	-
Net unrecognised deferred tax asset	48,145,558	-	48,145,558

31 December 2022	Deferred Tax Assets $	Deferred Tax Liabilities $	Net $
Prepayments	-	(80,849)	(80,849)
Property, plant & equipment	-	(8,512)	(8,512)
Trade & other payables	21,718	-	21,718
Provisions	52,107	-	52,107
Business related costs - P&L	6,130	-	6,130
Un-realised foreign exchange losses (gains)	805,176	-	805,176
Business related costs - Equity	2,439	-	2,439
Revenue Losses (Local + Overseas)	16,307,838	-	16,307,838
Capital Losses	28,841,990	-	28,841,990
Unrecognised deferred tax assets / (liabilities) before set-off	46,037,399	(89,361)	45,948,038
Set-off of deferred tax liabilities	(89,361)	89,361	-
Net unrecognised deferred tax asset	45,948,038	-	45,948,038

Note 6. Current Assets – Cash and Cash Equivalents

	Consolidated	
	2023 $	2022 $
Cash at bank	3,716,523	2,400,438
Short-term deposits	-	6,000,000
	3,716,523	8,400,438

Note 7. Receivables

	Consolidated 2023 $	Consolidated 2022 $
Current Assets		
Other receivables	225,272	155,384
	225,272	155,384
Non-Current Assets		
VAT/GST receivable	2,899,335	1,964,049
Provision for impairment of VAT receivables	(2,899,335)	(1,964,049)
	-	-

According to Colombian and Papua New Guinea tax law, VAT paid is recoverable from their respective tax authorities. An asset has been recognised and fully provided for in the Consolidated Statement of Financial Position as the relevant tax authorities have not recently paid VAT claims and therefore there is currently insufficient certainty that VAT will be recovered. The Directors of the Company consider it appropriate to continue providing against the VAT receivable as at 31 December 2023.

Reconciliations
Reconciliations of the VAT receivable movement at the beginning and end of the current and previous financial year are set out below:

	Consolidated 2023 $	Consolidated 2022 $
Opening balance	1,964,049	1,651,404
VAT increase for the year - Colombia	42,336	543,313
VAT increase for the year - Papua New Guinea	394,926	6,944
Foreign exchange differences	498,024	(237,612)
Closing balance	2,899,335	1,964,049

Note 8. Non-Current Assets – Property, Plant and Equipment

	Consolidated 2023 $	Consolidated 2022 $
Land and buildings – at cost	542,490	433,108
Plant and equipment – at cost	1,026,649	825,840
Less: Accumulated depreciation	(533,228)	(534,173)
Less: Impairment	(309,148)	(19,171)
	184,273	272,496
	726,763	**705,604**

Reconciliations

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

Consolidated	Land and Buildings $	Plant and Equipment $	Total $
Balance at 1 January 2022	481,169	628,130	1,109,299
Additions	21,245	53,801	75,046
Disposals	-	-	-
Depreciation expense	-	(9,295)	(9,295)
Depreciation capitalised to exploration and evaluation	(89)	(159,047)	(159,136)
Impairment	(16,614)	(202,105)	(218,719)
Exchange differences	(52,603)	(38,988)	(91,591)
Balance at 31 December 2022	**433,108**	**272,496**	**705,604**
Additions	-	-	-
Disposals	-	(44,331)	(44,331)
Depreciation expense	-	(1,763)	(1,763)
Depreciation capitalised to exploration and evaluation	-	(13,423)	(13,423)
Impairment	-	(98,641)	(98,641)
Exchange differences	109,382	69,935	179,317
Balance at 31 December 2023	**542,490**	**184,273**	**726,763**

Note 9. Non-Current Assets – Exploration and Evaluation

	Consolidated	
	2023 $	2022 $
Exploration and evaluation	13,000,000	26,992,530

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

Consolidated	Exploration and Evaluation Expenditure $
Balance at 1 January 2022	25,143,398
Additions	8,281,301
Footprint acquisition	3,027,622
Impairment of exploration and evaluation expenditure	(6,704,336)
Exchange differences	(2,755,455)
Balance at 31 December 2022	**26,992,530**
Additions	9,312,419
Impairment of exploration and evaluation expenditure	(27,535,274)
Exchange differences	4,230,325
Balance at 31 December 2023	**13,000,000**

Exploration and evaluation capitalised at 31 December 2023 includes the Quinchía Gold Project in Colombia and all exploration projects in Papua New Guinea.

Based on the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources* the Company assessed its exploration assets for indicators of impairment. Based on changes in sovereign risk, expected regulatory requirements and the results of exploration an impairment indicator was identified. As a result, based on the requirements for AASB 136 *Impairment of Assets* impairment testing was performed to determine the recoverable amount of the identified areas of interest being Colombian and PNG exploration and evaluation. Impairment is recognised when the assets' carrying value exceeds its recoverable amount, being the higher of the assets' fair value less costs of disposal (FVLCD) and value in use.

The recoverable amount for the two areas of interests has been calculated on a FVLCD basis using a Directors' valuation. In determining the FVLCD, the Colombian valuation was based on an external valuation adjusted for changes in sovereign risk. Key inputs and assumptions in valuation reflect changes in sovereign risk since the external valuation, the applicable discount rate and the estimated cost of disposal. The PNG valuation was based on a recent market transaction, key assumptions relate to applicability of the transaction to the current asset valuation and the estimated cost of disposal.

As outlined in AASB 13 *Fair Value Measurement*, a market approach based on a combination of Level 2 and 3 inputs was used to determine the recoverable amounts of the respective areas of interests. A recoverable value of $10 million for the Colombian exploration assets and $3 million for the PNG exploration assets was determined. As a result, an impairment expense of $27,535,274 was recognised to reduce the value of exploration and evaluation assets to $13 million.

Note 10. Current Liabilities – Trade and Other Payables

	Consolidated	
	2023	2022
	$	$
Trade payables	160,504	383,894
Other payables	454,550	98,600
	615,054	482,494

Note 11. Current Liabilities – Provisions

	Consolidated	
	2023	2022
	$	$
Annual leave	189,511	197,105

Note 12. Non-Current Liabilities – Provisions

	Consolidated	
	2023	2022
	$	$
Long service leave	28,228	38,651

Note 13. Equity – Issued Capital

	2023		2022	
	Number of Ordinary Shares	$	Number of Ordinary Shares	$
On issue at 1 January	715,713,741	394,355,750	636,716,355	390,955,621
Issue of share capital during the year:				
Shares issued for cash	235,432,829	5,412,347	-	-
Shares issued for the acquisition of an asset	-	-	65,064,886	2,342,336
Exercise of unlisted options (exercisable at $0.02 each)	-	-	4,137,500	82,750
Exercise of unlisted options (exercisable at $0.07 each)	-	-	600,000	42,000
Exercise of unlisted options (exercisable at $0.1 each)	-	-	9,195,000	919,500
Less: cost of capital raising	-	(330,369)	-	13,543
Balance at 31 December	951,146,570	399,437,728	715,713,741	394,355,750

Note 13. Equity – Issued Capital (Cont.)

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

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

Share Buy-Back
There is no current on-market share buy-back.

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

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company would look to raise capital when required for ongoing operations or when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment.

The capital risk management policy remains unchanged from the 2022 Annual Report.

Note 14. Equity – Options and Performance Rights

As at the reporting date, the Company has a series of options and performance rights currently under issue, which entitle holders to one ordinary share in the Parent Company at a fixed exercise price, or the achievement of certain performance targets. The terms and conditions for each type of option performance right is listed in the following tables.

(a) Options

Unlisted Options Outstanding as at 31 December 2023 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2022	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2023
20/12/2019	13/09/2024	$0.1350	10,000,000	-	-	-	10,000,000
19/08/2019	1/07/2023	$0.3200	5,546,875	-	-	(5,546,875)	-
19/08/2019	31/08/2023	$0.3200	656,250	-	-	(656,250)	-
19/08/2019	15/11/2023	$0.3200	46,875	-	-	(46,875)	
23/11/2022	15/11/2026	$0.0474	13,000,000	-	-	-	13,000,000
18/11/2022	16/11/2026	$0.05	25,000,000	-	-	-	25,000,000
			54,250,000	-	-	(6,250,000)	48,000,000

Note 14. Equity – Options and Performance Rights (Cont.)

(b) Performance Rights

Performance Rights Outstanding as at 31 December 2023 and Movements During the Current Financial Year.

Grant Date	Expiry Date	Tranche	Outstanding at 31 Dec 2022	Issued During the Year	Exercised During the Year	Lapsed During the Year	Outstanding at 31 Dec 2023	Note
23/10/2020	31/01/2025	1	5,430,000	-	-	-	5,430,000	(1)
23/10/2020	31/01/2025	2	5,430,000	-	-	-	5,430,000	(1)
11/06/2021	31/01/2025	1	255,000	-	-	-	255,000	(2)
11/06/2021	31/01/2025	2	620,000	-	-	-	620,000	(2)
11/06/2021	31/01/2025	3	620,000	-	-	-	620,000	(2)
22/10/2021	31/01/2025	1	770,000	-	-	-	770,000	(3)
22/10/2021	31/01/2025	2	770,000	-	-	-	770,000	(3)
23/11/2022	31/12/2025	1	6,500,000	-	-	-	6,500,000	(4)
23/11/2022	31/12/2023	2	6,500,000	-	-	(6,500,000)	-	(4)
22/11/2022	30/06/2024	3	6,500,000	-	-	-	6,500,000	(4)
23/01/2023	31/12/2023	1	2,325,000	-	-	(2,325,000)	-	(5)
23/01/2023	31/12/2024	2	2,325,000	-	-	-	2,325,000	(5)
23/01/2023	31/12/2025	3	2,325,000	-	-	-	2,325,000	(5)
23/01/2023	31/12/2025	4	2,325,000	-	-	-	2,325,000	(5)
30/12/2022	31/12/2023	1	1,100,000	-	-	(1,100,000)	-	(6)
30/12/2022	31/12/2024	2	1,100,000	-	-	-	1,100,000	(6)
30/12/2022	31/12/2025	3	1,100,000	-	-	-	1,100,000	(6)
			45,995,000	-	-	(9,925,000)	36,070,000	

(1) Performance rights were issued to the Directors. The vesting conditions were as follows:

- (i) Tranche 1 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.20 on or before 31 December 2024.
- (ii) Tranche 2 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.25 on or before 31 December 2024.

(2) Performance rights were issued to the Company's employees. The vesting conditions were as follows:

- (i) Tranche 1 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.20 on or before 31 December 2024.
- (ii) Tranche 2 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.25 on or before 31 December 2024.
- (iii) Tranche 3 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.30 on or before 31 December 2024.

(3) Performance rights were issued to Michael Allen. The vesting conditions were as follows:

- (i) Tranche 1 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.20 on or before 31 December 2024.
- (ii) Tranche 2 vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than $0.25 on or before 31 December 2024.

Note 14. Equity – Options and Performance Rights (Cont.)

(4) Performance rights were issued to the Company's employees. The vesting conditions were as follows:

(i) Tranche 1: 6,500,000 performance rights vesting upon the announcement by Los Cerros of its first JORC Inferred Resource at any of the licences known as EL2432 Liamu, EL2548 Imou, EL2665 Ono, EL2673 Tauya, EL2681 Kay Creek, EL2706 Awala, ELA2786 Safia (Assets), of JORC Inferred Resource of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent by 31 December 2025.

(ii) Tranche 2: 6,500,000 performance rights vesting upon the signing by Los Cerros of a joint venture agreement for at least one of the Assets by 31 December 2023.

(iii) Tranche 3: 6,500,000 performance rights vesting upon identifying a new project area outside of the Assets existing at the time of the initial Heads of Agreement within Papua New Guinea or elsewhere that supports a greater than $1 million per year board approved exploration expenditure budget.

(5) Performance rights were issued to Jason Stirbinskis in 2023. The vesting conditions were as follows:

(i) Tranche 1 – 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:

- the Company achieving a 60-day VWAP of not less than $0.06 on or before 31 December 2023; or
- the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.

(ii) Tranche 2 – 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:

- the Company achieving a 60-day VWAP of not less than $0.08 on or before 31 December 2024; or
- the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.

(iii) Tranche 3 – 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:

- the Company achieving a 60-day VWAP of not less than $0.10 on or before 31 December 2025; or
- the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.

(iv) Tranche 4 – 2,325,000 performance rights upon the announcement by the Company of a JORC 2012 Resource of an aggregate of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent on or before 31 December 2025.

(6) Performance rights were issued to Michael Allen. The vesting conditions were as follows:

(i) Tranche 1: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than $0.06 on or before 31 December 2023.

(ii) Tranche 2: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than $0.08 on or before 31 December 2024.

(iii) Tranche 3: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than $0.10 on or before 31 December 2025.

Note 15. Equity – Share-Based Payment Expenses

	Note	Consolidated 2023 $	Consolidated 2022 $
Director options issued under Company's Employee Long Term Incentive Plan	(a)	-	54,053
Performance rights issued under Company's Employee Long Term Incentive Plan – directors	(b)	489,326	404,387
Performance rights issued under Company's Employee Long Term Incentive Plan – employees	(b)	160,893	78,209
Options issued to consultants and employees	(c)	-	943,000
		650,219	1,479,649

(a) Long Term Incentive Plan

Performance rights and performance options issued to related parties under the Company's Long-Term Incentive Plan was approved at AGM held on 28 May 2018. Shareholders approved a new Performance Rights and Options Plan at the 23 October 2020 General Meeting. The Performance Rights and Options Plan was slightly amended at the 31 August 2021 General Meeting to update the definition of 'change of control' and at the 23 January 2023 General Meeting, shareholders adopted a new Performance Rights and Options Plan.

The Group has determined the fair value of its performance options and performance rights issued using the American Trinomial Tree Option and the American Trinomial Barrier Option methods of valuing securities.

Further details of the performance options and performance rights granted during the current and prior years are in notes (b) and (c).

Director Performance Options

Recipient	Grant Date	Performance Options Issued No.	Value of Performance Options $	Share-Based Payment Expense 2023 $	Share-Based Payment Expense 2022 $
Jason Stirbinskis (i)	20/12/2019	6,000,000	282,000		54,053
		6,000,000	282,000		54,053

The above performance options are exercisable at $0.135 and expire on 30 September 2024.

(i) Director Performance Options Issued to Jason Stirbinskis

These options were granted to Jason Stirbinskis in three tranches of 2,000,000 performance rights each.

The options were valued at $0.0730 each at grant date, with 4,000,000 options immediately exercisable at 31 December 2021 (at 31 December 2020: 2,000,000 options immediately exercisable) upon the vesting of Tranche 1 and Tranche 2 options. The Tranche 1 and Tranche 2 options vested on 16 August 2020 and on 16 August 2021 respectively, on the anniversaries of Mr Stirbinskis' appointment.

Tranche 3 performance options vested on 22 March 2022 with the release of the Tesorito maiden Inferred Mineral Resource Estimate of 1Moz @ 0.94g/t Au.

Note 15. Equity – Share-Based Payment Expenses (Cont.)

(b) Performance Rights

Recipient	Grant Date	Performance Rights Issued No.	Value of Performance Rights $	Performance Rights on Hand 2023 No.	Performance Rights on Hand 2022 No.	Share-Based Payment Expense 2023 $	Share-Based Payment Expense 2022 $
Ross Ashton (i)	23/10/20	2,980,000	469,372	2,320,000	2,320,000	85,066	85,066
Kevin Wilson (ii)	23/10/20	1,980,000	311,868	1,540,000	1,540,000	56,466	56,466
Jason Stirbinskis (iii)	23/10/20	9,000,000	1,417,584	7,000,000	7,000,000	256,665	256,665
Colombian employees (iv)	11/06/21	1,965,000	205,418	1,495,000	1,495,000	43,892	43,892
Michael Allen (v)	22/10/21	1,540,000	108,062	1,540,000	1,540,000	34,090	34,090
Jason Stirbinskis (vi)	23/01/23	9,300,000	305,273	6,975,000	9,300,000	91,129	6,190
Michael Allen (vii)	30/12/22	3,300,000	110,000	2,200,000	3,300,000	82,911	227
Australian employees (viii)	23/11/22	19,500,000	702,000	13,000,000	19,500,000	-	-
				36,070,000	45,995,000	650,219	482,596

(i) Performance Rights Issued to Ross Ashton

On 23 October 2020, 2,980,000 performance rights were granted to Mr Ashton in three tranches (tranche 1: 660,000; tranche 2: 1,160,000; tranche 3: 1,160,000). On 21 January 2021, the 660,000 Tranche 1 performance rights vested when the Company's share price reached $0.205. Mr Ashton exercised these performance rights, converting them into fully paid ordinary shares on 15 February 2021.

The remaining performance rights totalling 2,320,000 expire on 31 December 2024 if the milestones for Tranche 2 and Tranche 3 are not met by that date.

(ii) Performance Rights Issued to Kevin Wilson

On 23 October 2020, 1,980,000 performance rights were granted to Mr Wilson in three tranches (tranche 1: 440,000; tranche 2: 770,000; tranche 3: 770,000). On 21 January 2021, the 440,000 Tranche 1 performance rights vested when the Company's share price reached $0.205. Mr Wilson exercised these performance rights, converting them into fully paid ordinary shares on 16 July 2021.

The remaining performance rights totalling 1,540,000 expire on 31 December 2024 if the milestones for Tranche 2 and Tranche 3 are not met by that date.

(iii) Performance Rights Issued to Jason Stirbinskis

On 23 October 2020, 9,000,000 performance rights were granted to Mr Stirbinskis in three tranches (tranche 1: 2,000,000; tranche 2: 3,500,000; tranche 3: 3,500,000). On 21 January 2021, the 2,000,000 Tranche 1 performance rights vested when the Company's share price reached $0.205. Mr Stirbinskis exercised these performance rights, converting them into fully paid ordinary shares on 16 July 2021.

The remaining performance rights totalling 7,000,000 expire on 31 December 2024 if the milestones for Tranche 2 and Tranche 3 are not met by that date.

Note 15. Equity – Share-Based Payment Expenses (continued)

(iv) Performance Rights Issued to Employees

On 11 June 2021, 1,965,000 performance rights were granted to employees in three tranches (tranche 1: 325,000; tranche 2: 820,000; tranche 3: 820,000).

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end.

(v) Performance Rights Issued to Michael Allen

On 22 October 2021, 1,540,000 performance rights were granted to Mr Allen in two tranches (tranche 1: 770,000; tranche 2: 770,000.

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end.

(vi) Performance Rights Issued to Jason Stirbinskis

On 23 January 2023, 9,300,000 performance rights were granted to Mr Stirbinskis in four tranches of 2,325,000.

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end. 2,325,000 performance rights expired on 31 December 2023.

(vii) Performance Rights Issued to Michael Allen

On 30 December 2022, 3,300,000 performance rights were granted to Mr Allen in three tranches of 1,100,000.

None of the performance rights vesting criteria were achieved during the year, and as such none of the performance rights were exercisable at year end. 1,100,000 performance rights expired on 31 December 2023.

(vii) Performance Rights Issued to employees

On 23 November 2022, 19,500,000 performance rights were granted to employees in three tranches of 6,500,000.

None of the performance rights vesting criteria were achieved during the year and none of the performance rights were exercisable at year end. 6,500,000 performance rights expired on 31 December 2023.

Note 16. Equity – Reserves

	Consolidated	
	2023	**2022**
	$	**$**
Foreign currency reserve	1,539,469	(5,155,229)
Share-based payments reserve	2,958,823	2,549,014
	4,498,292	**(2,606,215)**

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars.

Share-based payments reserve
This reserve is used to record the value of equity benefits provided to employees and Directors as part of their remuneration.

Note 17. Financial Risk Management

(a) Financial Risk Management Objectives

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

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

The Group's financial instruments consist mainly of deposits with banks, trade and other receivables and trade and other payables.

The totals for each category of financial instruments, measured in accordance with AASB 9 *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Consolidated	
	2023	**2022**
	$	**$**
Cash and Receivables		
Cash and cash equivalents	3,716,523	8,400,438
Trade and other receivables	225,272	155,384
Total Cash and Receivables	3,941,795	8,555,822
Financial Liabilities (at Amortised Cost)		
Trade and other payables	615,054	482,495
Total Financial Liabilities	615,054	482,495

(b) Market Risk

Foreign Currency Risk
The Company undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Interest Rate Risk
Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The Group is also exposed to earnings volatility on floating rate instruments.

Note 17. Financial Risk Management (Cont.)

The Consolidated Group is exposed to interest rate and foreign exchange risk through cash assets held and financial liabilities owed as at the reporting date:

	Consolidated	
	2023 $	2022 $
Cash assets held in Australian dollars and subject to floating interest rate	3,580,232	2,055,472
Cash assets held in Australian dollars and subject to fixed interest rate	-	6,000,000
Australian currency equivalent of cash assets held in US dollars and subject to floating interest rate	6	112,217
Australian currency equivalent of cash assets held in other currencies and subject to floating interest rate	136,285	232,749
Total Cash Assets	**3,716,523**	**8,400,438**

Sensitivity Analyses

The following table illustrates sensitivities to the Group's exposures to changes in interest rates and exchange rates. The table indicates how profit and equity values reported at reporting date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

Interest Rate Sensitivity Analysis

At 31 December 2023 and at 31 December 2022, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	Consolidated	
	2023 $	2022 $
Change in Profit		
Increase in interest rate by 2%	74,330	48,009
Decrease in interest rate by 2%	(74,330)	(48,009)
Change in Equity		
Increase in interest rate by 2%	74,330	48,009
Decrease in interest rate by 2%	(74,330)	(48,009)

Note 17. Financial Risk Management (Cont.)

Foreign Currency Risk Sensitivity Analysis

At 31 December 2023 and at 31 December 2022, the effect on profit and equity as a result of changes in the foreign exchange rates, with all other variables remaining constant would be as follows:

	Consolidated	
	2023	**2022**
	$	**$**
Change in Profit		
Improvement in AUD to USD by 5%	-	(5,611)
Decline in AUD to USD by 5%	-	5,611
Change in Equity		
Improvement in AUD to USD by 5%	-	(5,611)
Decline in AUD to USD by 5%	-	5,611
Change in Profit		
Improvement in AUD to COP by 5%	(511)	(8,282)
Decline in AUD to COP by 5%	511	8,282
Change in Equity		
Improvement in AUD to COP by 5%	(511)	(8,282)
Decline in AUD to COP by 5%	511	8,282
Change in Profit		
Improvement in AUD to KINA by 5%	(6,303)	(3,355)
Decline in AUD to KINA by 5%	6,303	3,355
Change in Equity		
Improvement in AUD to KINA by 5%	(6,303)	(3,355)
Decline in AUD to KINA by 5%	6,303	3,355

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Company obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Company does not hold any collateral.

The Company has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Company based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Note 17. Financial Risk Management (Cont.)

(d) Liquidity Risk

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

The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.
The tables below reflect an undiscounted contractual maturity analysis for 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. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates.

Financial Liability and Financial Asset Maturity Analysis

	Consolidated			
31 December 2023	**Within 1 Year $**	**1 to 5 Years $**	**Over 5 Years $**	**Total $**
Cash and cash equivalents	3,716,523	-	-	3,716,523
Other receivables	225,272	-	-	225,272
Trade and other payables	(615,054)	-	-	(615,054)
Net inflow on financial instruments	3,326,741	-	-	3,326,741

31 December 2022	**Within 1 Year $**	**1 to 5 Years $**	**Over 5 Years $**	**Total $**
Cash and cash equivalents	8,400,438	-	-	8,400,438
Other receivables	155,384	-	-	155,384
Trade and other payables	(482,494)	-	-	(482,494)
Net inflow on financial instruments	8,073,328	-	-	8,073,328

(e) Fair Value Measurement

Financial assets and financial liabilities are presented at fair value or at amortised cost in the statement of financial position. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Cash and cash equivalents, trade and other receivables and trade and other payables are short-term instruments in nature whose carrying value approximates to fair value. Deferred consideration represents short-term and long-term financial instruments which are valued at amortised cost which also approximates fair value. Trade and other payables exclude amounts provided for annual leave, which is not considered a financial instrument.

Note 18. Key Management Personnel Disclosures

Compensation
The aggregate compensation made to Directors and other members of key management personnel of the Company is set out below:

	Consolidated	
	2023	2022
	$	$
Short-term employee benefits	763,672	693,971
Post-employment benefits	59,911	55,055
Long-term benefits	(11,223)	22,589
Share-based payments	606,327	492,757
	1,418,687	**1,264,372**

Note 19. Remuneration of Auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the Company, and its network firms:

	Consolidated	
	2023	2022
	$	$
Audit Services – Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	60,254	64,251
Other Services – Grant Thornton Network Firms	21,002	36,844
	81,256	101,095

Note 20. Contingent Assets and Liabilities

Contingent Liabilities

In 2017, a former director of Company subsidiary, Miraflores Compania Minera, lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking damages in the amount of COP4.5 billion (approximately USD1.16 million as at 31 December 2023) for unpaid directors' fees, including termination fees. A judge's decision on the matter is understood to be delivered shortly. Rulings on the case have been frequently delayed. In the event of an unfavourable decision, the Company has the right to appeal.

The Directors are of the opinion that the claim can be successfully defended and believe that the risk of the Company facing an unfavourable judgement is unlikely. The Company continues to defend the proceeding.

The Group is not aware of any other contingent liabilities.

Note 21. Commitments

	Consolidated	
	2023	2022
	$	$
Exploration Tenement Licence Commitments (a)		
Committed at the reporting date:		
Within one year	555,202	546,000
Between one and five years	72,261	252,000
Total Commitment	**627,463**	**798,000**
Lease Commitments – Operating (b)		
Committed at the reporting date:		
Within one year	3,899	57,640
Between one and five years	-	-
Total Commitment	**3,899**	**57,640**
Total Commitments		
Committed at the reporting date:		
Within one year	559,101	603,640
Between one and five years	72,261	252,000
Total Commitment	**631,362**	**855,640**

(a) Represents mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements.

(b) The Group has lease commitments over premises in Colombia with terms ranging up to 6 months. Rent is payable monthly in advance.

(c) There is a commitment to issue shares under two licence purchase deals in PNG, if they complete. 8,040,740 shares will be issued to shareholders of Munga River Limited and 9,652,509 shares will be issued to Papuan Resources Limited Group if terms under the sale agreements are met by the vendors. There are also 2% NSR royalties associated with both deals and rights to buy out the royalties.

The Company has no other material commitment other than lease commitment obligations and mining access rights.

Note 22. Related Party Transactions

Parent Entity
LCL Resources Limited is the parent entity. Refer to Note 27.

Subsidiaries
Interests in subsidiaries are set out in Note 26.

Key Management Personnel
Disclosures relating to key management personnel are set out in Note 18 and the remuneration report included in the Directors' report.

Transactions with Related Parties
There were no other transactions with related parties at the current and previous reporting date.

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

Loans to/from Related Parties
There were no loans from related parties at the current and previous reporting date.

Note 23. Events After the Reporting Period

On 14 February 2024, the Company issued 105,263,146 listed options (ASX code LCLO) giving the right to a fully paid share on the payment of 1.9 cents by 11 February 2026 as part of the fund raising announced on 30 November 2023 and approved by shareholders on 25 January 2024.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 24. Reconciliation of Loss after Income Tax to Net Cash Used in Operating Activities

	Consolidated	
	2023	**2022**
	$	**$**
Loss after income tax expense for the year	(31,258,708)	(10,887,640)
Adjustments for:		
Interest Accrual	-	76,120
Depreciation and amortisation	15,186	9,295
Foreign exchange loss	78,882	(184,741)
Impairment of non-current receivables	444,191	550,257
Impairment of property, plant and equipment	98,641	218,719
Impairment of exploration assets	27,535,274	6,704,335
Gain on sale of property, plant and equipment	(28,334)	-
Share-based payment expense	650,219	1,479,649
Change in operating assets and liabilities:		
Increase in other receivables	(49,026)	(78,191)
(Increase)/Decrease in prepayments	356,963	(613,071)
Increase in trade and other payables	179,394	26,835
Increase/(Decrease) in employee benefits	(31,341)	8,808
Net Cash Used in Operating Activities	**(2,008,659)**	**(2,689,625)**

Note 25. Loss per Share

	Consolidated 2023 $	Consolidated 2022 $
Loss after income tax attributable to the owners of LCL Resources Limited	(31,258,708)	(10,887,640)

	Consolidated 2023 Cents	Consolidated 2022 Cents
Basic loss per share	(3.98)	(1.66)
Diluted loss per share	(3.98)	(1.66)

	Consolidated 2023 Number	Consolidated 2022 Number
Weighted average number of ordinary shares used in calculating basic loss per share	785,717,254	654,029,062
Weighted average number of ordinary shares used in calculating diluted loss per share	785,717,254	654,029,062

Note 26. Interests in Subsidiaries

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

Name	Principal Place of Business / Country of Incorporation	Ownership Interest 2023 %	Ownership Interest 2022 %
Subsidiaries of LCL Resources Limited:			
Hampton Mining Limited	Australia	100%	100%
North Hill Holdings Group Inc.	British Virgin Islands	100%	100%
Andes Resources Ltd	Australia	100%	100%
Footprint Resources Pty Ltd	Australia	100%	100%
Wholly owned subsidiaries of North Hill Holdings Group Inc.:			
North Hill Colombia Inc.	British Virgin Islands	100%	100%
Miraflores Hampton Colombia SAS	Colombia	100%	100%
Miraflores Compania Minera SAS	Colombia	100%	100%
Subsidiaries of Andes Resources Ltd:			
Andes Resources Inc.	Canada	100%	100%
Andes Resources E.P. S.A.S.	Colombia	100%	100%
Andes Holdings S.A.S.	Colombia	100%	90%
Ni Maria J S.A.S.	Colombia	77%	77%
Subsidiaries of Footprint Resources Pty Ltd:			
LCL Footprint Gold Limited	Papua New Guinea	100%	-
LCL Footprint North Limited	Papua New Guinea	100%	-
LCl Footprint South Limited	Papua New Guinea	100%	-

Note 27. Parent Entity Information

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

(a) Statement of Profit or Loss and Other Comprehensive Income

	Parent	
	2023 $	2022 $
Loss after income tax	(24,564,010)	(13,883,767)
Total Comprehensive Loss	**(24,564,010)**	**(13,883,767)**

(b) Statement of Financial Position

	Parent	
	2023 $	2022 $
Total current assets	3,747,967	8,491,960
Total non-current assets	13,827,894	27,826,328
Total Assets	**17,575,861**	**36,318,288**
Total current liabilities	551,278	451,470
Total non-current liabilities	28,228	38,650
Total Liabilities	**579,506**	**490,120**
Net Assets	**16,996,355**	**35,828,168**
Equity		
Issued capital	399,437,728	394,355,750
Options reserve	2,958,823	2,549,014
Accumulated losses	(385,400,196)	(361,076,596)
Total Equity	**16,996,355**	**35,828,168**

(c) Contingent Liabilities and Guarantees

The parent entity had no other contingent liabilities or guarantees as at 31 December 2023 and as at 31 December 2022.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements;

- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the financial year ended on that date; and

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

The Directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

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

On behalf of the Directors

Ross Ashton
Non-Executive Chairman

28 March 2024

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Independent Auditor's Report

To the Members of LCL Resources Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of LCL Resources Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of material accounting policy information, 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 2023 and of its performance for the year ended on that date; 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Group incurred a net loss of $31,258,708 during the year ended 31 December 2023, and as of that date, net cash used in operating and investing categories was $9,491,769. As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Exploration and evaluation assets - Notes 1(p) & 9	
At 31 December 2023 the carrying value of exploration and evaluation assets was $13,000,000. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources*, the Group is required to assess at each reporting date if there are any triggers for impairment which may suggest the carrying value is in excess of the recoverable value. The process undertaken by management to assess whether there are any impairment triggers in each area of interest involves an element of management judgement. Management has concluded that the specific requirements of AASB 6 have been met with respect to tenement ownership and commitment to developing the projects, but information is available that suggests that certain exploration assets may be impaired. Management completed an evaluation of recoverable amount of exploration assets and determined that $27,535,274 of capitalised exploration and evaluation costs were impaired. This area is a key audit matter due to the significant judgement involved in determining the existence of impairment triggers and the estimate of the recoverable amount of assets tested for impairment.	Our procedures included, amongst others: • obtaining the management reconciliation of capitalised exploration and evaluation expenditure and agreeing to the general ledger; • reviewing management's area of interest considerations against AASB 6; • conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including; – tracing projects to statutory registers, exploration licenses and third party confirmations to determine whether a right of tenure existed; – enquiry of management regarding their intentions to carry out exploration and evaluation activity in the relevant exploration area, including review of management's budgeted expenditure; – understanding whether any data exists to suggest that the carrying value of these exploration and evaluation assets are unlikely to be recovered through development or sale; • obtaining management's recoverable amount calculation and analysing for appropriateness against AASB *136 Impairment of Assets*, including: – assessing the accuracy of impairment recorded for the year as it pertained to exploration interests; – assessing the assumptions applied by management in determination of recoverable amount; – performing analysis over assumptions used in the calculation of the recoverable value; – evaluating management's ability to perform accurate estimates; – evaluating the competence, capabilities and objectivity of management's experts in the evaluation of the director's valuation performed; and • assessing the appropriateness of the related financial statement disclosures.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2023, 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 we do not express any form of assurance conclusion thereon.

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

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

Responsibilities of the Directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar1_2020.pdf.This description forms part of our auditor's report.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 7 to 12 of the Directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report of LCL Resources Limited, for the year ended 31 December 2023 complies with section 300A of the Corporations Act 2001.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B P Steedman
Partner – Audit & Assurance

Perth, 28 March 2024