



ABN 27 648 890 126

FINANCIAL REPORT
FOR THE YEAR ENDED
30 June 2022

FINANCIAL REPORT

for the year ended 30 June 2022

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CORPORATE DIRECTORY

DIRECTORS

Jeremy Robinson (Executive Chairman)
Matthew Freedman (Non-Executive Director)
James Bahen (Non-Executive Director)

COMPANY SECRETARIES

James Bahen
Robbie Featherby

REGISTERED OFFICE

Unit 6, 94 Rokeby Road
SUBIACO WA 6008

POSTAL ADDRESS

Unit 6, 94 Rokeby Road
SUBIACO WA 6008

PRINCIPAL PLACE OF BUSINESS

Unit 6, 94 Rokeby Road
SUBIACO WA 6008

CONTACT INFORMATION

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AUDITORS

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Perth WA 6000

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BANKER

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West Perth WA 6005

SECURITIES EXCHANGE LISTING

[Australian Securities Exchange \(ASX\)](#)
Level 40, Central Park
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Perth WA 6000

ASX CODE: C1X

DIRECTORS' REPORT

The directors of Cosmos Exploration Limited (**ASX:C1X**) and its subsidiary, ("**the Group**") submit herewith the annual report of the Company for the financial year ended 30 June 2022. In order to comply with the provisions of the Corporations Act 2001.

DIRECTORS

The names and particulars of the directors of the Company in office during the year and until the date of this report are as follows. Directors were in office for the entire year unless otherwise stated.

Director	Position
John Young	Non-Executive Chairman (Resigned 17 August 2021)
Jeremy Robinson	Executive Chairman
Cameron Henry	Non-Executive Director (Resigned 17 August 2021)
Shaun Hardcastle	Non-Executive Director (Resigned 17 August 2021)
Andrew Denniss	Non-Executive Director (Appointed 17 August 2021 and Resigned 1 May 2022)
James Bahen	Non-Executive Director (Appointed 17 August 2021)
Matthew Freedman	Non-Executive Director (Appointed 1 May 2022)

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

Company Secretaries	Position
Oonagh Malone	Company Secretary (Resigned 17 August 2021)
James Bahen	Company Secretary (Appointed 17 August 2021)
Robbie Featherby	Company Secretary (Appointed 17 August 2021)

OPERATING RESULTS

The Company has incurred a net loss after tax for the year ended 30 June 2022 of \$1,640,199 (**2021:** \$141,877).

DIRECTORS' MEETINGS

During the period 1 July 2021 to 30 June 2022, three (3) meetings of directors were held. Attendances by each director during the year were as follows:

Director	Directors' Meetings	
	Number Eligible to Attend	Number Attended
Mr John Young	-	-
Mr Jeremy Robinson	3	3
Mr Cameron Henry	-	-
Mr Shaun Hardcastle	-	-
Mr Andrew Denniss	2	2
Mr James Bahen	3	3
Mr Matthew Freedman	1	1

Directors' other formal business was conducted via circular resolution.

INFORMATION ON DIRECTORS

Information Directors at the date of this report as follows:

Jeremy Robinson

EXECUTIVE CHAIRMAN

Mr Robinson is an experienced mining executive having held senior roles at multiple junior and mid-tier mining and exploration companies. Mr Robinson holds a Bachelor of Commerce from the University of Western Australia majoring in Corporate Finance, Investment Finance and Marketing. He is also currently a director of RareX Limited and Churchill Strategic Investments Group.

Interest in shares and options at the date of this report	125,000 Ordinary Shares 1,000,000 performance rights
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Directorships held in other listed entities (last 3 years)	RareX Limited (current)
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James Bahen

NON- EXECUTIVE DIRECTOR and JOINT COMPANY SECRETARY (Appointed 17 August 2021)

James is a Corporate Advisory Executive and Chartered Secretary who commenced his career in audit and assurance with a chartered accounting firm. He is currently a Non-Executive Director and Company Secretary to a number of ASX listed companies and has a broad range of corporate governance and capital markets experience, having been involved with public company listings, M&A transactions and capital raisings for ASX-listed companies across the Resource industry.

James is a member of the Governance Institute of Australia and holds a Graduate Diploma of Applied Finance and a Bachelor of Commerce degree majoring in Accounting and Finance.

Interest in shares and options at the date of this report	50,000 Ordinary Shares 1,000,000 performance rights
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Directorships held in other listed entities (last 3 years)	Victory Goldfields Limited (current) Minrex Resources Limited (former) Aquabotix Limited (current)
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Matthew Freedman

NON- EXECUTIVE DIRECTOR (Appointed 1 May 2022)

Matthew brings over 14 years of experience in the mining and mining services sector, Matthew's earlier roles include working for Rio Tinto Limited, Worley Parsons Limited and Emeco Holdings Limited. Mr Freedman holds a Bachelor of Business Administration.

Interest in shares and options at the date of this report	27,750 Ordinary Shares 1,000,000 Performance Rights
Directorships held in other listed entities (last 3 years)	Dynamic Group Holding Limited (current)

Andrew Denniss

NON- EXECUTIVE DIRECTOR (Appointed 17 August 2021 and Resigned 1 May 2022)

Andrew Denniss has over 15 years of experience in finance and banking within Australia and the UK. He has been involved in a broad range of cross-jurisdictional transactions. Mr Denniss holds a Bachelors degree in Agribusiness from Curtin University.

Interest in shares and options at the date of this report/Resignation	Nil
Directorships held in other listed entities (last 3 years)	None

John Young

NON- EXECUTIVE CHAIRMAN (Resigned 17 August 2021)

Mr Young has a Bachelor of Applied Science (Geology) and is a member of AusIMM. Mr Young is a highly experienced geologist who has worked on exploration and production projects encompassing gold, uranium and specialty metals, including tungsten, molybdenum, tantalum and lithium.

Cameron Henry

NON- EXECUTIVE DIRECTOR (Resigned 17 August 2021)

Mr Henry has over 20 years of industry experience in the development and delivery of minerals processing, energy and infrastructure projects across Australia, Indonesia, North and South America.

Shaun Hardcastle

NON- EXECUTIVE DIRECTOR (Resigned 17 August 2021)

Mr Hardcastle has over 10 years' experience as a corporate and finance lawyer and extensive experience in corporate governance, risk management and compliance. He has been involved in a broad range of cross-border and domestic transactions including joint ventures, corporate restructuring, project finance, resources and asset/equity sales and acquisitions.

Robbie Featherby

JOINT COMPANY SECRETARY (Appointed 17 August 2021)

Robbie Featherby is a Corporate Advisory Executive who holds a Bachelor of Commerce Degree majoring in Finance and Economics. Mr Featherby has an extensive number of years' experience in the financial services industry, more recently spending 4 years in London working at a leading investment research provider in the private equity sector.

Mr Featherby now provides company secretary services for a number of private and public companies.

Oonagh Malone

COMPANY SECRETARY (Resigned 17 August 2021)

Ms Malone is a principal of a corporate advisory firm which provides company secretarial and administrative services. Ms Malone has over 10 years' experience in administrative and company secretarial roles for listed companies and is a member of the Governance Institute of Australia.

A. Details of remuneration

Details of remuneration of the directors and key management personnel (as defined in AASB 124 Related Party Disclosures) of Cosmos Limited are set out in the following table. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001

The key management personnel of Cosmos Limited are the directors as previously described earlier in the Directors' Report, and other personnel as determined by the Board.

The Company does not have any other employees who are required to have their remuneration disclosed in accordance with the Corporations Act 2001.

The Board is responsible for determining and reviewing compensation arrangements for the Directors and Executive Officers. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a yearly basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team. The expected outcome of this remuneration structure is to retain and motivate Directors and Executive Officers.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter and Remuneration Policy. The Board has elected not to establish a remuneration committee based on the size of the organisation and has instead agreed to meet as deemed necessary and allocate the appropriate time at its board meetings.

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chair's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive performance-based pay.

Additional Fees

A Director may also be paid fees or other amounts as the Directors determine if a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. A Director may also be reimbursed for out of pocket expenses incurred as a result of their directorship or any special duties.

The table below shows the 2022 and 2021 figures for remuneration received by the Company's key management personnel:

	Short Term			Post-employment		Equity Share-based Payments	Total	Incentive securities as a Percentage of Remuneration %
	Salary & Fees \$	Bonus \$	Other benefits \$	Super-annuation \$	Prescribed benefits \$	Options or Performance right \$		
2022								
Directors								
Jeremy Robinson	91,052	-	-	-	-	30,784	121,836	25%
James Bahen ¹	23,100	-	-	-	-	30,784	53,884	57%
Andrew Denniss ²	16,500	-	-	-	-	-	16,500	-%
Matthew Freedman ³	6,600	-	-	-	-	6,137	12,737	48%
John Young ⁴	-	-	-	-	-	-	-	-%
Cameron Henry ⁴	-	-	-	-	-	-	-	-%
Shaun Hardcastle ⁴	-	-	-	-	-	-	-	-%
	137,252	-	-	-	-	67,705	204,957	33%

¹ Mr Bahen was appointed as Non-Executive Director on 17 August 2021.

² Mr Denniss was appointed as Non-Executive Director on 17 August 2021 and resigned on 1 May 2022.

³ Mr Freedman was appointed as Non-Executive Director on 1 May 2022.

⁴ Mr Young, Henry and Hardcastle resigned on 17 August 2021.

2021

Directors

Jeremy Robinson ¹	-	-	-	-	-	-	-
John Young ¹	-	-	-	-	-	-	-
Cameron Henry ¹	-	-	-	-	-	-	-
Shaun Hardcastle ¹	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

¹ Mr Robinson, Young, Henry and Hardcastle was appointed as Directors on 22 March 2021.

B. Directors' equity holdings

(i) Fully paid ordinary shares of Cosmo Exploration Limited:

	Balance at 1 July or Appointment Date No.	Granted as remuneration No.	Net other change No.	At date of resignation No.	Balance at 30 June No.
2022					
Directors					
Jeremy Robinson	-	-	125,000	-	125,000
James Bahen ¹	50,000	-	-	-	50,000
Andrew Denniss ²	-	-	-	-	-
Matthew Freedman ³	27,750	-	-	-	27,750
John Young ⁴	-	-	-	-	-
Cameron Henry ⁴	-	-	-	-	-
Shaun Hardcastle ⁴	-	-	-	-	-
	77,750	-	125,000	-	202,750

¹ Mr Bahen was appointed as Non-Executive Director on 17 August 2021.

² Mr Denniss was appointed as Non-Executive Director on 17 August 2021 and resigned on 1 May 2022.

³ Mr Freedman was appointed as Non-Executive Director on 1 May 2022.

⁴ Mr Young, Henry and Hardcastle resigned on 17 August 2021.

None of the shares above are held nominally by the directors or any of the other key management personnel.

(ii) Performance rights of Cosmos Exploration Limited:

	Balance at 1 July or Appointment Date No.	Granted as remuneration No.	Net other change No.	At date of resignation No.	Balance at 30 June No.
2022					
Directors					
Jeremy Robinson	-	1,000,000	-	-	1,000,000
James Bahen ¹	-	1,000,000	-	-	1,000,000
Andrew Denniss ²	-	1,000,000	-	(1,000,000)	-
Matthew Freedman ³	-	1,000,000	-	-	1,000,000
John Young ⁴	-	-	-	-	-
Cameron Henry ⁴	-	-	-	-	-
Shaun Hardcastle ⁴	-	-	-	-	-
	-	4,000,000	-	(1,000,000)	3,000,000

¹Mr Bahen was appointed as Non-Executive Director on 17 August 2021.

²Mr Denniss was appointed as Non-Executive Director on 17 August 2021 and resigned on 1 May 2022.

³Mr Freedman was appointed as Non-Executive Director on 1 May 2022.

⁴Mr Young, Henry and Hardcastle resigned on 17 August 2021.

Directors of Cosmos Exploration Limited were granted 4 million performance rights on various dates. Vesting Conditions for each of the tranches are listed below. The performance rights expire 3 years from issue date.

- The Company's Shares attaining a VWAP of not less than \$0.30 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.35 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.40 per Share over a period of 20 consecutive Trading Days on which trades were recorded.

Details of the performance rights are below. None of these performance rights have vested during the year.

Performance Rights 1

The fair value is determined using the Monte Carlo Simulation, taking into account the terms and conditions upon which the rights were granted. These were applicable to Jeremy Robinson, James Bahen and Andrew Denniss.

ITEM	Tranche 1	Tranche 2	Tranche 3
Fair value per option	\$0.1607	\$0.1550	\$0.1423
Number of Rights	999,999	999,999	1,000,002
Share Price Target	\$0.30	\$0.35	\$0.40
Expected volatility	122.9%	122.9%	122.9%
Implied life	3	3	3
Expected dividend yield	0%	0%	0%
Risk free rate	0.93%	0.93%	0.93%
Vesting Date	21/11/2024	21/11/2024	21/11/2024
Underlying share price at grant date	\$0.20	\$0.20	\$0.20
Total Fair Value	\$160,700	\$155,000	\$142,300

- The Company's Shares attaining a VWAP of not less than \$0.30 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.35 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.40 per Share over a period of 20 consecutive Trading Days on which trades were recorded.

Performance Rights 2

The fair value is determined using the Monte Carlo Simulation, taking into account the terms and conditions upon which the rights were granted. These were applicable to Matthew Freedman.

ITEM	Tranche 1 ²	Tranche 2 ²	Tranche 3 ²
Fair value per option	\$0.1112	\$0.1086	\$0.1053
Number of Rights	333,333	333,333	333,334
Share Price Target	\$0.30	\$0.35	\$0.40
Expected volatility	107.9%	107.9%	107.9%
Implied life	3	3	3
Expected dividend yield	0%	0%	0%
Risk free rate	2.67%	2.67%	2.67%
Vesting Date	21/11/2024	21/11/2024	21/11/2024
Underlying share price at grant date	\$0.16	\$0.16	\$0.16
Total Fair Value	\$37,079	\$36,200	\$35,106

²A Director of Cosmos Exploration Limited were granted 1 million performance rights on 29 April 2022. Vesting Conditions for each of the tranches are listed below

- The Company's Shares attaining a VWAP of not less than \$0.30 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.35 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.40 per Share over a period of 20 consecutive Trading Days on which trades were recorded.

C. Loans to / from key management personnel

During the year Cosmos completed the satisfaction of the conditions precedent to the Demerger Implementation Deed and Tenement Sale Agreement, on completion, the Company issued to RareX Limited (a company where Mr Jeremy Robinson is currently Managing Director) 10,000,000 Shares for the purchase of a 75% interest in the Orange East Project, and a 100% of the Byro East Project, reimburse RareX \$30,000 for expenditure incurred on the Byro East Project tenements, and reimburse RareX \$50,000 for expenditure incurred on the Orange East Project tenements.

The acquisition of the legal and beneficial interests in the Byro East Project and Orange East Project has not deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Deferred exploration expenditure is \$2,000,000. Total reimbursement of \$30,000 and \$50,000 on the respective tenements have been treated as liabilities with an increase to equity of \$1,920,000 under the raise. As part of the Demerger from RareX costs associated with the IPO will be split between RareX and Cosmos on a 50:50 basis. This had led to \$322,453 being forgiven by RareX Limited.

D. Employment Contracts of Directors and Executives

The Company has entered into an consultancy agreement with Mr Robinson whereby Mr Robinson receives remuneration of \$48,000 per annum plus superannuation as a director fee and \$52,000 per annum (plus GST) for technical advice. The agreement may be terminated subject to a 3-month notice period.

E. Share-based payments

Equity-settled share based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest with a corresponding increase in equity.

F. Other Related Party Transactions

The Company has an agreement with Smallcap Corporate (SCC), of which Mr James Bahen is a Director, (Corporate Services Agreement). Pursuant to the Corporate Services Agreement, the SCC was appointed to provide corporate and administrative services to the Company. During the year \$66,500 was charged in relation to providing corporate and administrative services to Cosmos Exploration Limited. The agreement has been negotiated at arm's length and contains standards commercial terms and therefore falls within the exception on section 210 of the Corporations Act. Amounting outstanding as at 30 June 2022 was \$14,080.

Post the Demerger Implementation Deed and Tenement sale arrangement, the company has an arrangement with RareX Limited (RareX), of which Mr Jeremy Robinson is a Director, where RareX provides Cosmos use of their office space, provides geological service and use of its equipment. The arrangement has been negotiated at arm's length and contains standards commercial terms. During the year the cost post demerger implementation deed amounted to \$30,886. Amounting outstanding as at 30 June 2022 was \$7,362.

RESULTS AND DIVIDENDS

Remuneration is not linked to past group performance but rather towards generating future shareholder wealth through share price performance. Cosmos Exploration listed on 1 December 2021 at 20c per share and the share price at 30 June 2022 was 0.11 cents (2021: Nil cents). The Company has recorded a loss each financial year to date as it carries out exploration activities on its tenements. No dividends have been paid.

	2022	2021
Net Profit/(loss) attributable to equity holders of the Company	(1,640,199)	(141,877)
Dividends paid	-	-
Change in share price	0.9 cents	Nil cents

(The company incorporation date was 22 March 2021 hence no addition years noted)

EARNINGS PER SHARE

Basic loss per share for the year was \$0.081 (30 June 2021: \$141,877)

END OF REMUNERATION REPORT (AUDITED).

REVIEW OF OPERATIONS

FINANCIAL RESULTS

The financial results of the Company for the year ended 30 June 2022 are:

	30/06/2022	30/06/2021	% Change
Cash and cash equivalents (\$)	3,335,875	1	100.00%
Net assets/(liabilities) (\$)	5,235,401	(141,876)	102.71%
Revenue (\$)	326,362	-	-
Net loss after tax (\$)	1,640,199	141,877	91.35%

On 1 December 2021, the Company commenced trading on the Australian Securities Exchange ("ASX"), following a successful Public Offer to raise \$5 million (before costs) at \$0.20 per share. The Company is geared up to explore the highly prospective Byro East Nickel-Copper-PGE Project located in Western Australia and Orange East Gold Project located in New South Wales.

PRINCIPAL ACTIVITIES

Cosmos Exploration Limited is a newly listed mineral exploration Company focused on exploration of the highly prospective Byro East Nickel-Copper-PGE Project located in Western Australia and Orange East Gold Project located in New South Wales (Fig 1).

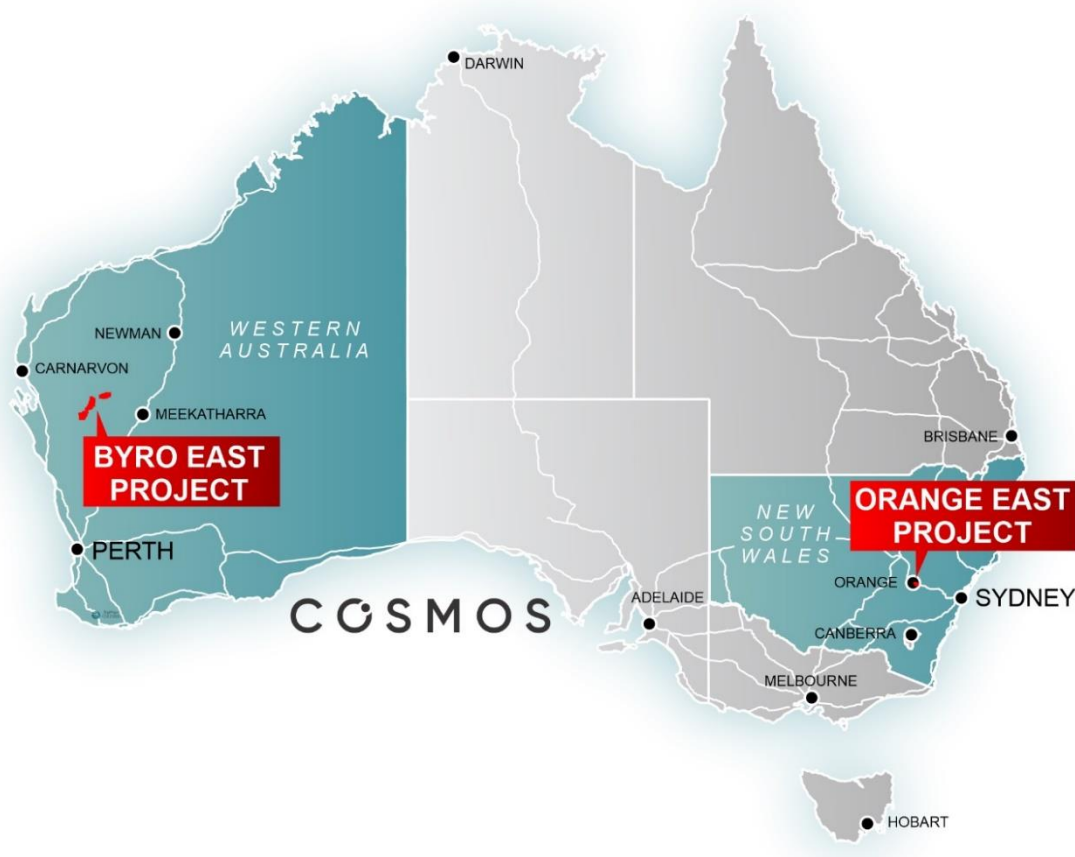


Figure 1 – Project Location Map

EXPLORATION REVIEW - 2022 HIGHLIGHTS

Byro East Project

- Since listing in Dec 2021, significant progress has been made to advance the understanding and prospectivity of the Byro East Project when targeting magmatic Ni-Cu-PGE, Orogenic Gold and REE style mineralisation. To do this, Cosmos has improved key datasets by acquiring regional AMAG/RAD, Ground Gravity, AEM and surface geochemistry across the central four tenements in the first seven months of 2022.
- Ni-Cu-Cr soil geochemical results have indicated potential mafic/ultramafic hosts rocks for Ni-Cu-PGE mineralisation are more widespread than first indicated from GSWA mapping.
- Gravity highs identified from the May ground gravity survey have also provided a positive step change for the project. The gravity highs have further suggested that larger volumes of mafic/ultramafic rocks may have been incorporated into the gneissic and metasedimentary country rocks, increasing the prospectivity for Ni-Cu-PGE mineralisation in these areas.
- Cosmos in July 2022 completed an AEM survey over a large portion of the central four tenements aiming to directly detect significant accumulations of Ni-Cu-PGE related sulphide over priority areas containing gravity highs, mafic lithogeochemistry and structural complexity.
- The AEM, identified 31 late-time bedrock conductors in preliminary data and remains a high priority with the anomalies to be assessed and ranked for follow-up drilling.

Orange East Project

- Unfavourable wet weather in NSW throughout 2022 has limited on-ground exploration to historical field checks. Despite the inability to progress on ground exploration, Cosmos has secured additional land access agreements and more than double the land holding along the regionally significant and mineralised Godolphin-Copperhennia fault zone to the southeast by acquiring an 80% interest in the Quintons prospect from Gold and Copper Resources.

Byro East Project

The Byro East Project is a highly prospective Nickel-Copper-PGE (Ni-Cu-PGE) and Rare Earth Element (REE) targeted landholding located at the northern end of the West-Yilgarn Ni-Cu-PGE province (Fig 2). The project hosts numerous interpreted mafic and ultramafic intrusions considered analogous to the Gonneville intrusion that hosts Chalice Mining Limited's (ASX: CHN) tier 1 asset, the Gonneville PGE-Ni-Cu-Co-Au deposit.



Figure 2 - West Yilgarn Ni-Cu-PGE province

Regional Geochemistry

On ground exploration commenced in April 2022 once temperatures fell below 40C. Cosmos contracted sampling specialists XM logistics to collect 2905 surface geochemical samples on a 450m x 450m grid across the central tenements covering an area of 656km². The primary aim of the survey was to screen large areas for prospective Ni-Cu-PGE mafic-ultramafic host rocks and mineralisation, orogenic gold and REE style mineralisation.

Assay results from the geochemical survey have been encouraging, highlighting significant, widespread coincident Ni-Cr-Cu lithogeochemistry, elevated gold and REE's across the central tenement package.

Ni-Cu-Cr assay results indicate that mafic host rocks are far more prominent within the Byro East gneissic terrane than previously interpreted from GSWA 250k mapping, increasing the potential for the project to host magmatic Ni-Cu-PGE sulphide deposits (Fig 3).

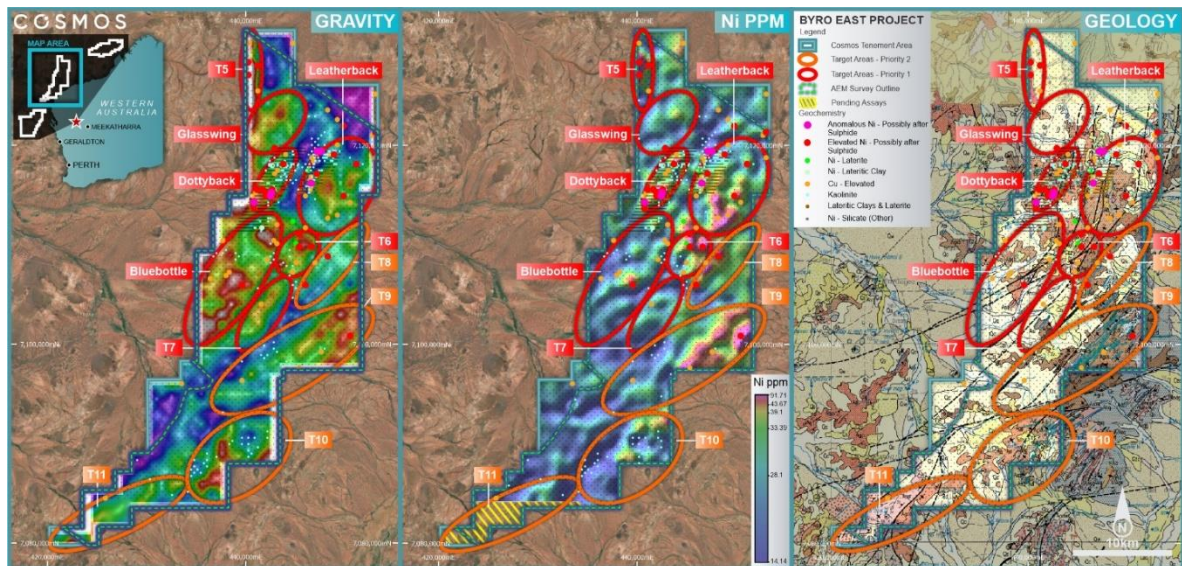


Figure 3 – Surface Geochemical (soil) locations highlighting samples with elevated Ni and Cu over Gravity, Gridded Ni and GSWA Byro 250k mapsheet.

Preliminary interpretation of the geochemical data has indicated that a portion of samples elevated in nickel is likely to have formed as nickel sulphide rather than nickel silicates or from being concentrated in iron laterites. If proven to be accurate, this finding will be a significant step forward for the project, as it shows that mafic magmatic melts at these locations have undergone key sulphide forming processes essential for creating Ni-Cu-PGE sulphide deposits.

Geochemical sampling over deeper transported cover has been ineffective in detecting potential Ni-Cu-PGE mafic/ultramafic host rocks however anomalous Ce values up to 613ppm have been recorded and Cosmos is in the process of investigating the rare earth potential in these favourable, clay dominant depositional environments.

Numerous highly anomalous Au in regional soil assays of up to 90 ppb were received. Despite the positive results, the potential for orogenic or intrusion related gold mineralisation has been downgraded due to the lack of key gangue minerals of Arsenic, Bismuth and Tellurium commonly associated with this style of mineralisation. The gold anomalies are interpreted to be the result of weathering of mafic and granitic rocks shedding background concentrations (1-2ppb) of gold and accumulating in alluvial plains. Field checks are planned later in the year to confirm this, but not a priority for the company at this stage.

To date, 5241 geochemical samples have been collected over the central tenements targeting Ni-Cu-PGE, gold and clay hosted REE's. All assays have been received and will be reviewed by the company's consulting geochemist in the next six weeks.

Airborne Magnetic and Radiometric (AMAG/RAD) Survey

A detailed airborne magnetic and radiometric (AMAG/RAD) survey was flown over the Byro East tenure between the 21st of April and 8th of May 2022. A total of 8427 line kilometres were flown for the survey at 100m spaced flight lines covering a large portion of the project with poor resolution (Fig 4).

The new dataset will have a vital role in improving the structural understanding of the project and assist in ranking conductors identified in the AEM survey.

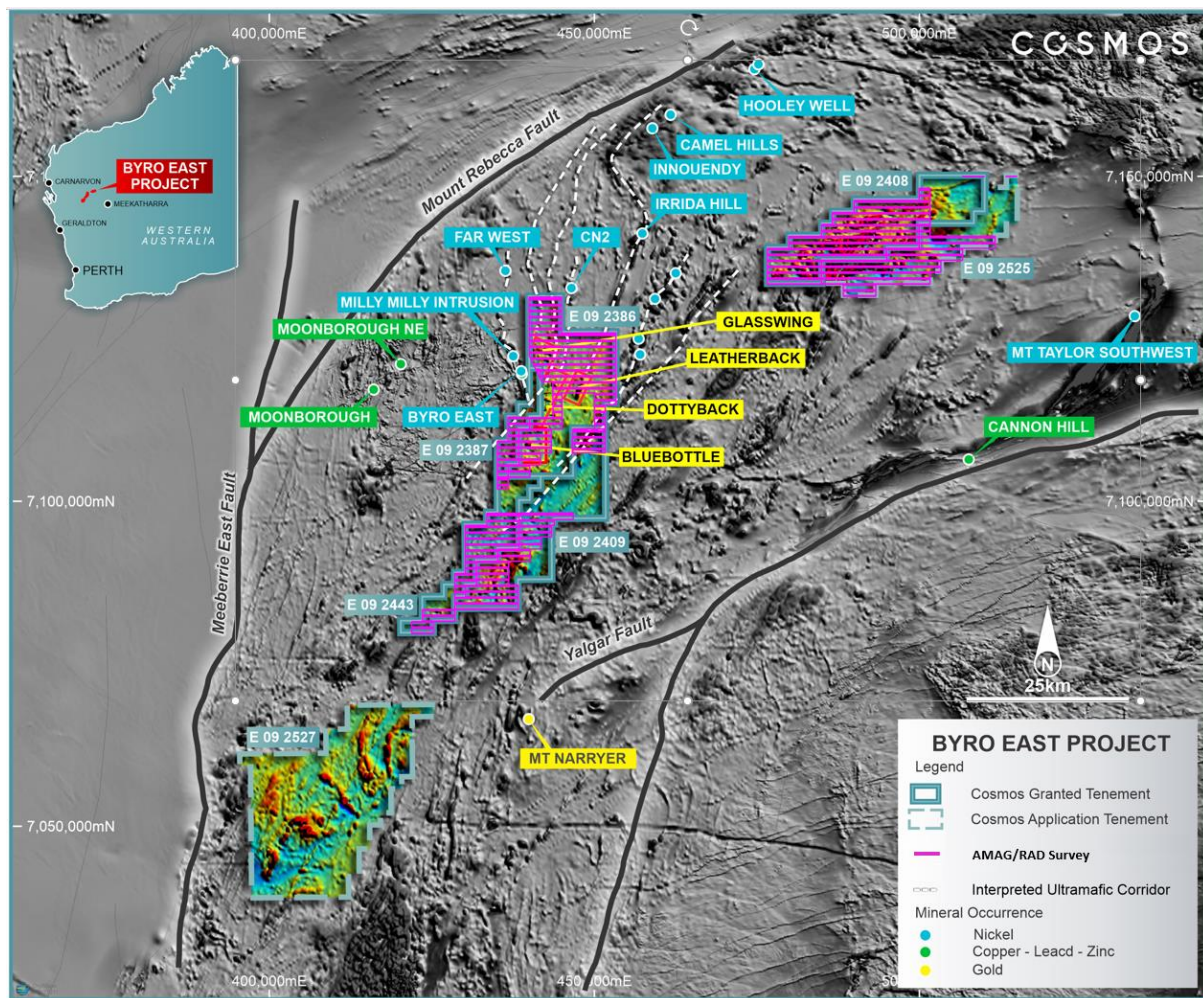


Figure 4 – Completed Airborne Magnetic and Radiometric (AMAG/RAD) survey area (pink) over regional magnetics

Gravity

From the 7th to the 13th of May 2022, 662 gravity stations were collected over the central four Byro East tenements to improve the poor resolution in the existing regional gravity data set from up to 28km² to 1km². Gravity can be an effective geophysical tool in the Narryer terrane to screen large areas for sizeable bodies of potential mafic and ultramafic Ni-Cu-PGE host rocks. Mafic rocks are denser than the surrounding granitic-gneiss and metasedimentary lithologies and will commonly appear as gravity highs if incorporated into the country rock.

Concentric to oval-shaped gravity highs are particularly important as these features may represent intrusion-related layered mafics, pipes or feeder zones associated with Ni-Cu-PGE deposits. Several oval-shaped and high-priority gravity features with supporting mafic lithogeochemistry have been identified at the Bluebottle, Leatherback and T6 targets. These, plus other Priority 1 and 2 targets identified in the newly acquired data, were the focus of the AEM survey (Fig 3 & 6 – Gravity).



Figure 5 – Atlas Geophysics, May 2022 Ground gravity survey (1km x 1km station spacing)

Airborne Electromagnetic survey (AEM)

A 2,395-line kilometre AEM survey utilising the UTS (Geotech) VTEM MaxTM system was completed over the central project tenure covering an area of 602km². The VTEM survey aimed to directly detect sulphide-rich accumulations of Ni-Cu-PGE-related mineralisation over priority target areas identified from the recently acquired ground gravity, regional surface geochemistry and airborne magnetic datasets. Flight lines were spaced at 400m and infilled over priority target areas to 200m and 100m over priority bedrock conductors.

These VTEM survey results have been highly encouraging, with 31 late-time bedrock conductors (Priority 1) identified in preliminary VTEM survey data and 32 early-to-mid-time (Priority 2) conductors identified. Bedrock conductors are of particular interest as these may represent direct detection of accumulated sulphide minerals associated with target Ni-Cu-PGE mineralisation.

Numerous Priority 1 anomalies coincide with oval to oblate-shaped gravity highs in the central and western parts of the survey area. Cosmos believes these gravity highs likely represent more significant accumulations of denser mafic-ultramafic host lithologies that have been incorporated into the Archean gneissic country rock, increasing the exploration potential for magmatic sulphide related mineralisation in these areas. In areas of outcrop and shallow cover, several gravity highs show positive responses in mafic-ultramafic Ni-Cu-Cr soil geochemistry, strengthening the exploration concept that the gravity highs relate to increases in mafic composition within the country rock. This correlation will help elevate the ranking of AEM anomalies proximal to gravity highs where the surface geochemistry has been ineffective in transported covered terranes at the Bluebottle and T7 prospects.

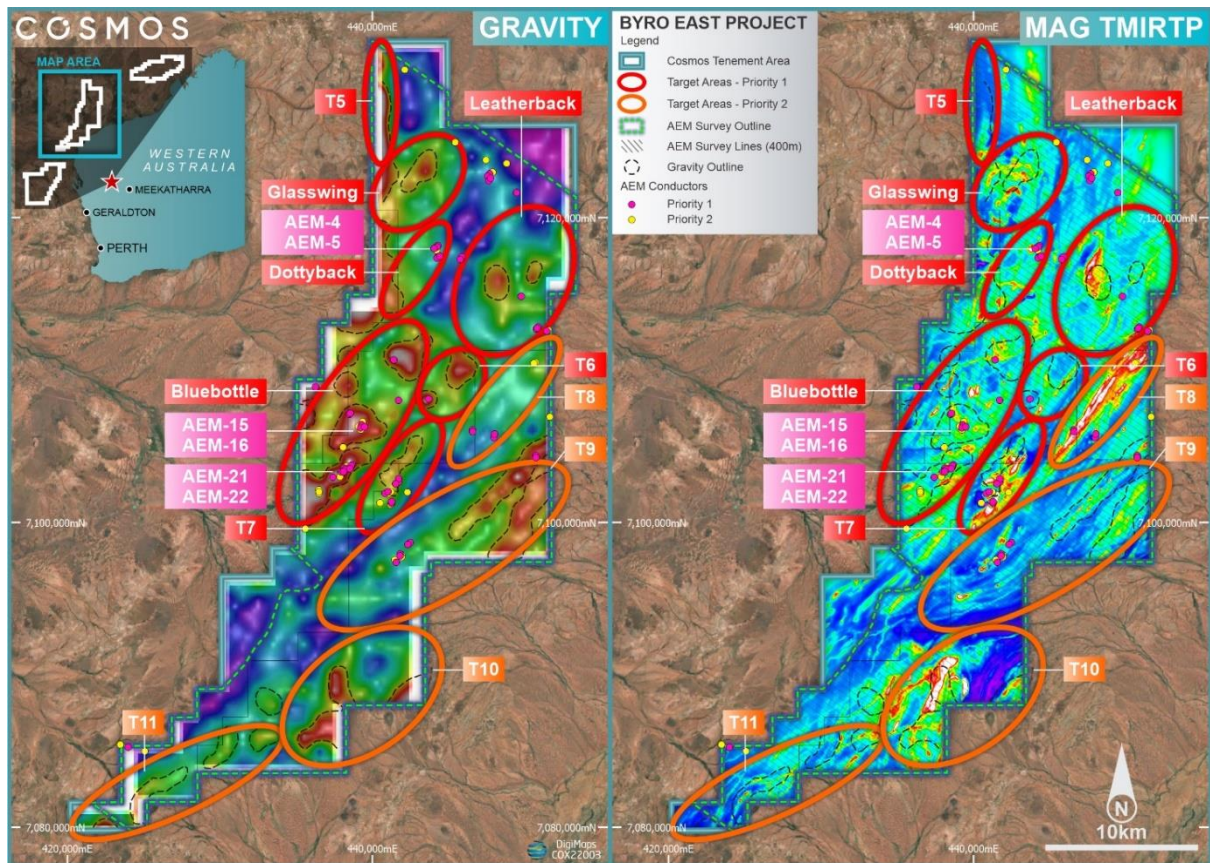


Figure 6 – Locations of Priority 1 and 2 AEM conductor target areas, priority regional target areas over gravity (left) and magnetic (right) anomaly images. Note: EM conductive depth slices are not displayed in this announcement as final levelled data is required.

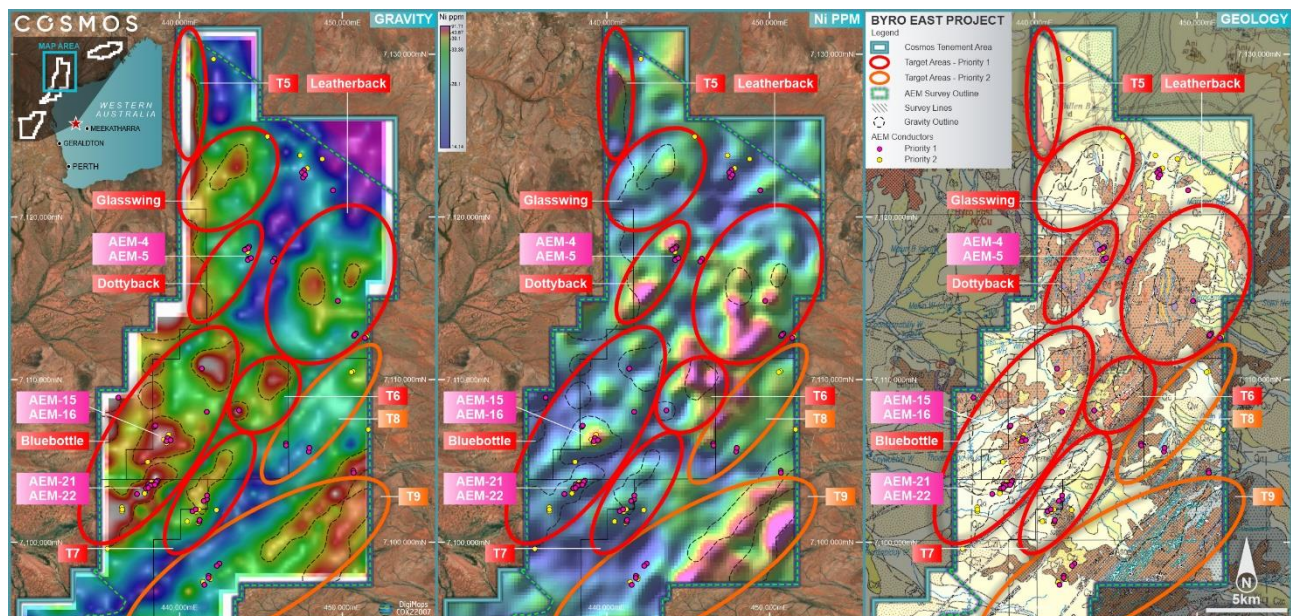


Figure 7 – Locations of Priority 1 and 2 AEM target areas over gravity (left), Ni gridded image (middle), and GSWA 1:250,000 scale outcrop geology map (right) which shows abundant transported regolith covered areas in cream-yellow.

Two of the six standout late-time bedrock AEM anomalies are AEM-4 and AEM-5, which are located at the Dottyback prospect (Fig 8). These anomalies coincide with mafic Ni-Cr soil geochemistry and occur across multiple 100m flight lines. The area was initially identified in April 2022 as being a significant area of interest in

which soil sampling confirmed mafic/ultramafic lithologies coincident with a pipe-like, magnetic "bull's eye" feature.

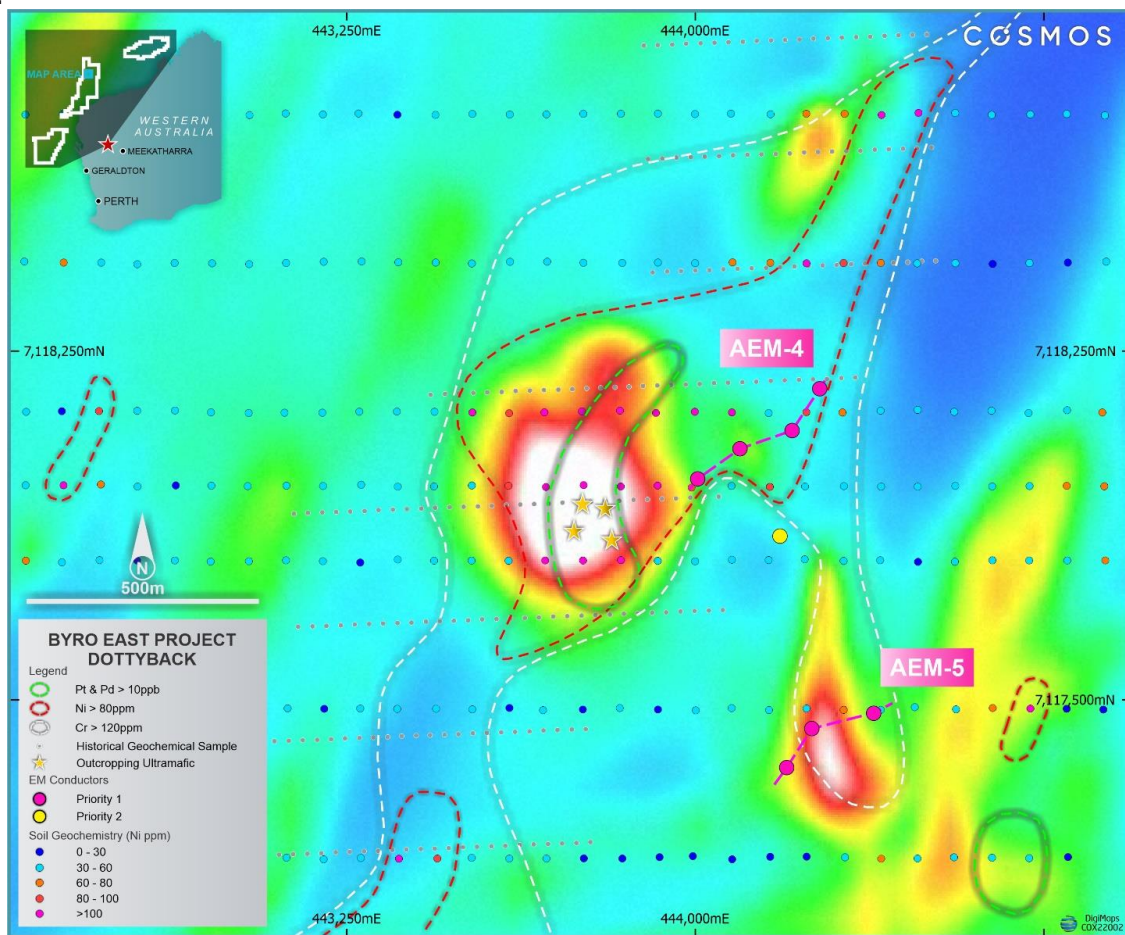


Figure 8 – Dottyback AEM-4 and AEM-5 target anomaly areas with surface Ni geochemistry anomaly outline over magnetic image (tmirtp) highlighting a coincident bull's eye magnetic anomaly.

Orange East Project

Cosmos' Orange East Project is located 15km southeast of Orange NSW and centrally located within 25km of some of the state's largest gold and base metal deposits in the well-endowed Au-Cu mineral province of the Lachlan Orogen, central NSW (Fig 9).

The project is highly prospective for orogenic gold, McPhillamys style gold mineralisation, Cu-Au Porphyry Style mineralisation (e.g., world-class Cadia Deposit), and Cu-Au VHMS (Volcanic Hosted Massive Sulphide).

Unfavorable wet weather in NSW throughout 2022 has limited on-ground exploration to historical field checks and securing key land access agreements. Subsequent to the reporting period, Cosmos expanded its exploration footprint in the world-class Lachlan Fold Belt in NSW after entering into a binding term sheet to acquire an adjoining ground package to the southeast of its Orange East Project.

The Company agreed to acquire an 80% interest in adjoining tenements (EL 8807 and EL 6378), located immediately southeast of its Orange East and directly along strike from Regis Resources NL's +2Moz McPhillamys gold deposit.

The binding term sheet to acquire the interest from Gold and Copper Resources and Columbine Resources "the Vendors" is on the following terms:

- Cosmos to acquire an 80% interest in exchange for 600,000 shares in Cosmos and \$30,000.
- The Vendors to retain a 20% free carried interest until completion of a Pre-Feasibility Study.
- The Vendors to retain a 2% NSR Royalty for the first 500,000 ounces of Gold Equivalent production.
- Completion of the acquisition is subject to the satisfaction of standard condition precedents.

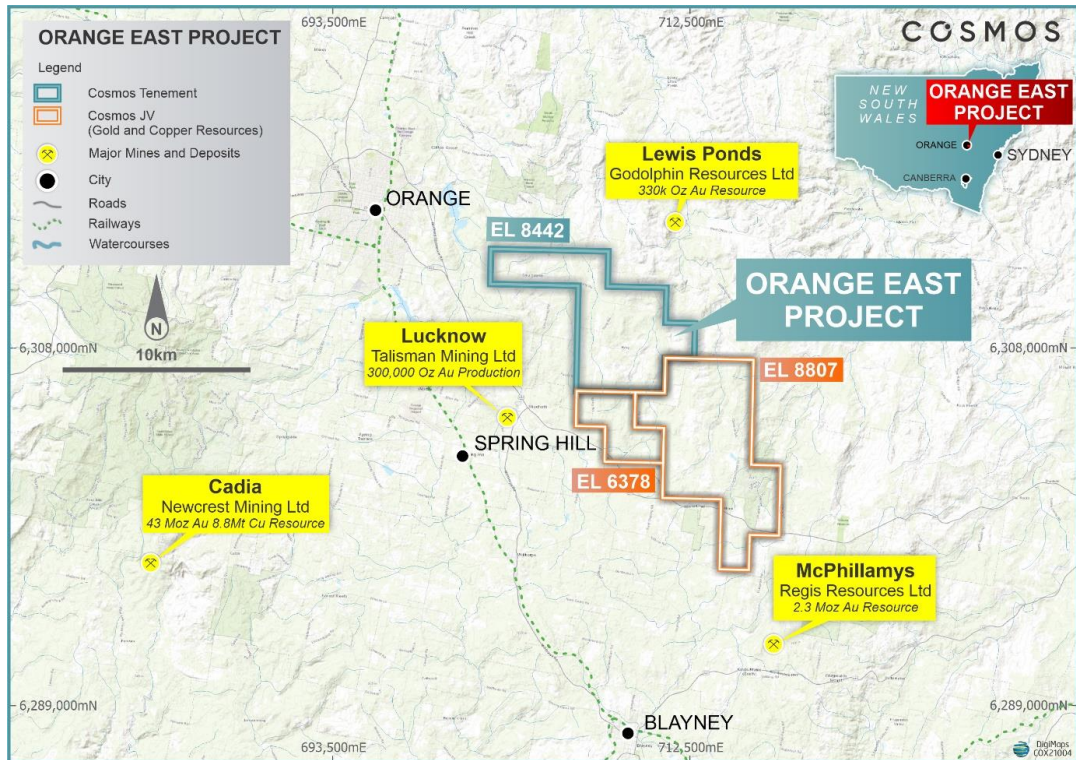


Figure 9 - Location of the new tenements adjacent to the +2Moz McPhillamys gold project development (Regis Resources)

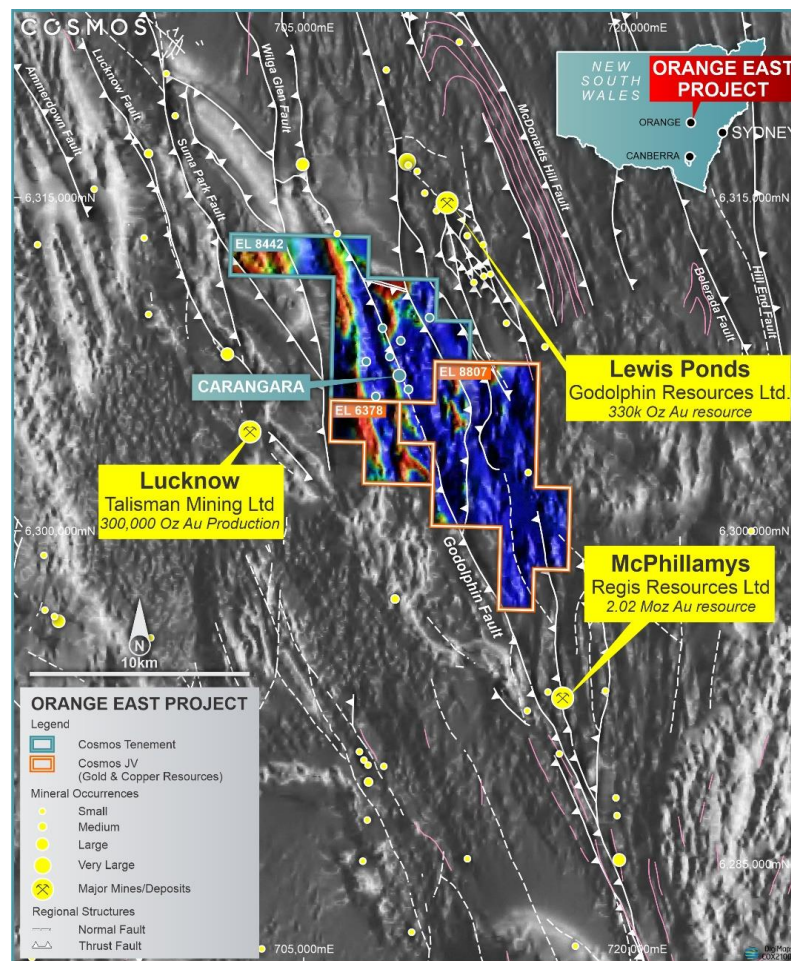


Figure 10 - Location of the new tenements adjacent highlighting the regional significant and mineralised Godolphin Fault

The tenements contain extensions of the mineralised Godolphin fault and the Anson formation (McPhillamys host sequence) and remain under-explored given the location along strike from McPhillamys (Fig 10).

The acquisition more than doubles the Company's presence in the region and will become part of an expanded exploration program in the coming months and years.

CORPORATE ACTIVITIES

\$5 Million IPO

On 1 December 2021, the Company commenced trading on the Australian Securities Exchange ("ASX"), following a successful Public Offer to raise \$5 million (before costs) at \$0.20 per share.

Director Resignation / Appointment

On 17 August 2021 Cameron Henry, John Young, Shaun Hardcastle resigned as Directors and James Bahen and Andrew Dennis were appointed as Non-Executive Director. On 1 May 2022, Matthew Freedman was appointed as a Non-Executive Director following the resignation of Andrew Denniss from the board due to external work commitments.

Annual Report – ASX Announcements

The Annual Report contains information extracted from ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results referred to in this Quarterly Activities Report can be found in the following announcements lodged on the ASX:

COSMOS EXPANDS ORANGE EAST PROJECT WITH KEY ACQUISITION	30 AUGUST 2022
INVESTOR PRESENTATION	5 AUGUST 2022
PRELIMINARY VTEM RESULTS AT BYRO EAST	5 AUGUST 2022
INVESTOR WEBINAR PRESENTATION	5 AUGUST 2022
QUARTERLY ACTIVITIES/APPENDIX 5B CASH FLOW REPORT	27 JULY 2022
VTEM COMMENCES OVER HIGH PRIORITY ANOMALIES - BYRO EAST	11 JULY 2022
UPDATE - NOTIFICATION REGARDING UNQUOTED SECURITIES - C1X	5 MAY 2022
INITIAL DIRECTOR'S INTEREST NOTICE	2 MAY 2022
FINAL DIRECTORS NOTICE	2 MAY 2022
NOTIFICATION REGARDING UNQUOTED SECURITIES - C1X	2 MAY 2022
NOTIFICATION OF CESSATION OF SECURITIES - C1X	2 MAY 2022
DIRECTOR APPOINTMENT AND RESIGNATION	2 MAY 2022
QUARTERLY ACTIVITIES/APPENDIX 5B CASH FLOW REPORT	28 APRIL 2022
AIRBORNE MAGNETIC AND RADIOMETRIC COMMENCES AT BYRO EAST	26 APRIL 2022
STRONG COINCIDENT NI-CU-PGE ANOMALY IDENTIFIED AT DOTTYBACK	4 APRIL 2022
HALF YEARLY REPORT AND ACCOUNTS	15 MARCH 2022
QUARTERLY ACTIVITIES/APPENDIX 5B CASH FLOW REPORT	31 JANUARY 2022
CHANGE OF REGISTRY ADDRESS	20 DECEMBER 2021
INVESTOR PRESENTATION	6 DECEMBER 2021
INITIAL DIRECTOR'S INTEREST NOTICE X3	2 DECEMBER 2021
BECOMING A SUBSTANTIAL HOLDER FROM REE	2 DECEMBER 2021
COSMOS COMMENCES TRADING AND EXPLORATION UNDERWAY	1 DECEMBER 2021
PRE-QUOTATION DISCLOSURE	29 NOVEMBER 2021
TOP 20 SHAREHOLDERS	29 NOVEMBER 2021

DISTRIBUTION SCHEDULE	29 NOVEMBER 2021
TRADING POLICY	29 NOVEMBER 2021
CORPORATE GOVERNANCE STATEMENT	29 NOVEMBER 2021
EMPLOYEE SECURITIES INCENTIVE PLAN	29 NOVEMBER 2021
FINANCIAL STATEMENTS 30 JUNE 2021	29 NOVEMBER 2021
CONSTITUTION	29 NOVEMBER 2021
PROSPECTUS	29 NOVEMBER 2021
ANNEXURE 1 (MINING ENTITIES)	29 NOVEMBER 2021
APPENDIX 1A AND INFORMATION FORM AND CHECKLIST	29 NOVEMBER 2021
ASX MARKET RELEASE - ADMISSION AND QUOTATION	29 NOVEMBER 2021

These announcements are available for viewing on the Company's website www.cosmosx.com.au under the Investors tab. As at the date of this report Cosmos confirms that it is not aware of any new information or data that materially affects the information included in any original ASX announcement.

Competent Person Statement

This report's information related to Exploration Results is based on information and data compiled or reviewed by Mr Kristian Hendricksen. Mr Hendricksen is an employee and shareholder of Cosmos Exploration Limited (Cosmos) and is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM).

Mr Hendricksen has sufficient experience relevant to the style of mineralisation under consideration and to the activities undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Accordingly, Mr Hendricksen consents to the inclusion of the matters based on the information compiled by him, in the form and context it appears.

Information on historical results outlined in this announcement is contained in the Independent Geologist Report within Cosmos' Prospectus dated 20 September 2021, released in an ASX announcement on 29 November 2021.

ASX Listing rule statement

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, that all material assumptions and technical parameters underpinning the estimates in the original market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the competent persons findings have not been materially modified from the original announcement. As at the date of the financial statements, Cosmos is not aware of any new information or data that materially affects the information included in any original ASX announcements made.

Capital Management

The Company maintains 35,000,000 fully paid ordinary shares on issue and \$3,335,875 in net cash as at the end of the year.

Significant Events After Balance Date

Subsequent to year end, Cosmos has entered into a binding term sheet to acquire the interest from Gold and Copper Resources and Columbine Resources "the vendors" on the following terms:

- Cosmos to acquire a 80% interest in exchange for 600,000 shares in Cosmos and \$30,000.
- The vendors to retain a 20% free carried interest until completion of a Pre-Feasibility Study.
- The Vendors to retain a 2% NSR royalty for the first 500,000 ounces of Gold Equivalent production.
- Completion of the acquisition is subject to the satisfaction of standard condition precedents.

Cosmos issued 650,000 options with an exercise price of \$.025 expiring on 24 November 2024 as part of the employee securities incentive plan.

Other than the above, at the time of this report there were no further events subsequent to the reporting date that required disclosure.

Significant Change in the State of Affairs

During the year the Company commenced official quotation on the ASX on 1 December 2021 and completed spinning-out the Orange East Project and Byro East Project as set out in the Company's Prospectus dated 20 September 2021. There were no other significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated year end report and in the accounts and notes attached thereto. The company raised \$5 million on listing on the ASX.

Future Developments, Prospects and Business Strategies

Further information, other than as disclosed the Directors' Report, about likely developments in the operations of the Company and the expected results of those operations in future years has not been included in this report as disclosure of this information would be likely to result in unreasonable prejudice to the Company.

Environmental Issues, Regulations and Performance

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory. The Group is, to the best of its knowledge, at all times in full environmental compliance with the conditions of its licences.

Dividends

No dividends were paid or declared during the year. The directors do not recommend the payment of a dividend in respect of the financial year.

OPTIONS ON ISSUE

There were 4,000,000 options on issue at the date of this report.

	No. of options	Exercise price of options	Expiry
Option Class			
C1XAB	3,000,000	0.25	26/11/2024
C1XAD	1,000,000	0.25	29/11/2024

Indemnification of Officers and DIRECTORS

The Company has entered into Indemnity Deeds with each Director. Under the Deeds, the Company indemnifies each Director to the maximum extent permitted by law against legal proceedings or claims made against or incurred by the Directors in connection with being a Director of the Company, or breach by the Company of its obligations under the Deed.

During the year the amount paid for Directors and Officers insurance was \$30,000 (2021: \$Nil).

INDEMNIFICATION OF THE 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.

PROCEEDING ON BEHALF OF COMPANY

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

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Company and/or Group are important. No non-audit services were provided by the Company's current auditors, BDO Audit (WA) Pty Ltd, although BDO Corporate Finance (WA) Pty Ltd acted as Investigating Accountant to the Prospectus lodged in September 2021. Total value of non-audit service amounted to \$20,393 for the year.

The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are of the opinion that the services do not compromise the auditor's independence as all non-audit services have been reviewed to ensure that they do not impact the integrity and objectivity of the auditor and none of the services undermine the general principles relating to auditor independence as set out in Code of Conduct APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional & Ethical Standards Board.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Corporations Instruments 2016/191, issues by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Cosmos Exploration support and adhere to the principles of sound corporate governance. The Board recognises the recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Cosmos Exploration complies to the extent possible with those guidelines, which are of importance and add value to the commercial operation of an ASX listed resources company.

The Company has established a set of corporate governance policies and procedures and these can be found on the Company's website: <https://www.cosmosx.com.au/>

Auditor

BDO Audit (WA) Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

Officers of the Company who are Former Partners of BDO Audit (WA)

There are no officers of the company who are former partners of BDO Audit (WA) Pty Ltd.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act 2001 in relation to the audit for the year is set out on page 24 of this report.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors pursuant to section 306(a) of the Corporations Act 2001, by:

A handwritten signature in black ink, appearing to be 'JR' with a stylized flourish.

Jeremy Robinson

Executive Chairman

Perth, Western Australia this 30th day of September 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF COSMOS EXPLORATION LIMITED

As lead auditor of Cosmos Exploration Limited for the year ended 30 June 2022, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Cosmos Exploration Limited and the entity it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 30 September 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Cosmos Exploration Limited

Report on the Audit of the Financial Report

Opinion

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

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

- (i) Giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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. We have determined the matters described below to be the key audit matters to be communicated in our report.

Carrying Value of Capitalised Exploration and Evaluation Assets

<i>Key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The carrying value of the capitalised exploration and evaluation asset as at 30 June 2022 is disclosed in note 4 of the financial report.</p> <p>In accordance with Australian Accounting Standard AASB 6 <i>Exploration for and Evaluation of Mineral Resources</i>, the recoverability of exploration and evaluation expenditure requires significant judgement by management in determining whether any facts or circumstances exist to suggest that the carrying amount of this asset may exceed its recoverable amount.</p> <p>As a result, this is considered a key audit matter.</p>	<p>Our procedures included, but were not limited to the following:</p> <ul style="list-style-type: none"> • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; and • Assessing the adequacy of the related disclosures in Note 4 and Note 1(o) of the financial report.

Other information

The directors are responsible for the other information. The other information comprises the information contained in Directors' report for the year ended 30 June 2022, but does not include the financial report and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/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 5 to 9 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Cosmos Exploration Limited, for the year ended 30 June 2022, 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.

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 30 September 2022

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 30 to 57 in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) As stated in Note 2.1.1, the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 30 June 2022 and of its performance for the year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Cosmos Exploration Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declaration required to be made by the Chairman to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

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

For, and on behalf of, the Board of the Company,



Jeremy Robinson

Executive Chairman

Perth, Western Australia this 30th day of September 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

	Note	1 July 2021 - 30 June 2022 \$	22 March 2021 - 30 June 2021 \$
Income			
Interest Income		3,909	-
Rarex Loan forgiveness	9	322,453	-
Expenses			
Corporate compliance costs		(16,795)	-
Accounting, Audit and Corporate fees		(337,103)	-
Directors' fees, salaries, superannuation, and consulting costs		(187,656)	-
Administration costs		(52,210)	(25,552)
Legal fees		(14,809)	-
Travel Expenses		(3,261)	-
Exploration expenditure expensed	4	(1,026,622)	(97,002)
Share based payment expensed	7	(328,105)	-
Transaction costs		-	(19,323)
Total loss before tax from continuing operations		(1,640,199)	(141,877)
Income tax (benefit)/expense		-	-
Loss after tax from continuing operations		(1,640,199)	(141,877)
Other comprehensive loss for the period, net of tax		-	-
Total comprehensive loss net of tax for the Period		(1,640,199)	(141,877)
Basic and diluted loss per share (\$ per share)	12	(0.081)	(141,877)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

	Note	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Current assets			
Cash and cash equivalents	2	3,335,875	1
Trade and other receivables	3	226,223	2,796
Total Current Assets		3,562,098	2,797
Non-Current assets			
Exploration Assets	4	2,000,000	-
Total Non-Current assets		2,000,000	-
Total Assets		5,562,098	2,797
Current liabilities			
Trade and other payables	5	314,723	16,269
Provision for Employee Benefits		11,974	2,387
Loan		-	126,017
Total current liabilities		326,697	144,673
Total Liabilities		326,697	144,673
Net Assets/(deficit)		5,235,401	(141,876)
Equity			
Issued capital	6	6,534,372	1
Reserve	7	483,105	-
Accumulated losses	8	(1,782,076)	(141,877)
Total Equity		5,235,401	(141,876)

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	Note	Issued Capital \$	Option Reserve	Accumulated Losses \$	Total Equity \$
Opening Balance at 22 March 2021 (date of incorporation)		-	-	-	-
Other Comprehensive loss		-	-	-	-
Loss for the Period		-	-	(141,877)	(141,877)
Total comprehensive loss for the Period		-	-	(141,877)	(141,877)
Share based payments	7	-	-	-	-
Shares issued during the period	6	1	-	-	1
Capital raising costs		-	-	-	-
Balance at 30 June 2021		1	-	(141,877)	(141,876)
Opening Balance 1 July 2021		1	-	(141,877)	(141,876)
Other Comprehensive loss		-	-	-	-
Loss for the year		-	-	(1,640,199)	(1,640,199)
Total comprehensive loss for the year		-	-	(1,640,199)	(1,640,199)
Share based payments	6,7	1,920,000	328,105	-	2,248,105
Shares issued during the year	6	5,000,000	-	-	5,000,000
Capital raising costs	6	(385,629)	155,000	-	(230,629)
Balance at 30 June 2022		6,534,372	483,105	(1,782,076)	5,235,401

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2022

	Note	Consolidated 30 June 2022 \$	Consolidated 30 June 2021 \$
Cash flows from operating activities			
Payments to suppliers and employees		(304,078)	(126,017)
Payment for exploration activities		(784,793)	-
Interest received		3,909	-
<i>Net cash (used in)/generated by operating activities</i>		(1,084,962)	(126,017)
Cash flows from investing activities			
Payment for spin-out of RareX		(235,534)	-
Payment for of acquisition of exploration tenements not associated to Rarex tenements		(113,000)	-
<i>Net cash (used in)/generated by investing activities</i>		(348,534)	-
Cash flows from financing activities			
Proceeds from issue of shares		5,000,000	1
Share Issue Cost		(230,629)	-
Proceeds from loan/(repayment of) from RareX		-	126,017
<i>Net cash (used in)/generated by financing activities</i>		4,769,371	126,018
Net (decrease)/ increase in cash and cash equivalents		3,335,875	126,018
Cash and cash equivalents at the beginning of the year		1	1
Cash and cash equivalents at the end of the year	2	3,335,875	1

The Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the financial report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

GENERAL INFORMATION

Cosmos Exploration Limited (**Cosmos** or the **Company**) (ASX: C1X) is a for-profit company limited by shares, domiciled and incorporated in Australia. These financial statements comprise of the Company and its subsidiaries (collectively the **Group**). The financial statements are presented in the Australian currency. The nature of operations and principal activities of the Company are described in the Directors' Report.

1. BASIS OF PREPARATION

1.1.1. Reporting Basis and Conventions

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Cosmos Exploration Limited is a listed public company, incorporated and domiciled in Australia. All amounts are presented in Australian dollars. The company is of a kind referred to in Corporations Instruments 2016/191, issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest dollar.

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

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

1.1.2. Comparatives

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. Cosmos was incorporated on 22 March 2021.

1.1.3. Basis of Consolidation

The consolidated financial statements comprise the financial statements of Cosmos Exploration ('the Company') and its subsidiary ('the Group'). Subsidiaries are those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full. Unrealised losses are also eliminated unless costs cannot be recovered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

Accounting Policies

a. Accounting Principles

The financial statements incorporate all of the assets, liabilities and results of the Cosmos Exploration Limited. The Company has one subsidiary.

b. Cash and Cash Equivalents

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

c. Trade and Other Receivables

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

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any expected credit loss.

d. Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Company that remain unpaid at the end of the reporting period. Due to their short-term nature they are measured at amortised cost and are not discounted. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

e. Provisions and Employee Benefits

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date using a discounted cash flow methodology. The risks specific to the provision are factored into the cash flows and as such a risk-free corporate bond rate relative to the expected life of the provision is used as a discount rate. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. Liabilities for annual leave expected to be settled wholly within 12 months of the reporting date are recognised in the current provision for the employee benefits. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. For annual leave, expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(ii) Long Service Leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

f. 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.

g. Income Tax

The income tax expense or benefit for the year is the tax payable on the current year's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date. Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred income tax liabilities are recognised for all taxable temporary differences except when:

- the deferred income tax liability arises from the initial recognition of goodwill or of 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 profit nor taxable profit or loss; or

- the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except when:

- the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be recognised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be recognised.

h. Goods and Services Tax (GST)

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

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

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

i. Borrowings and Borrowing Costs

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Borrowings are derecognised when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of finance leases, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, which are capitalised until the asset is ready for its intended use or sale.

j. **Impairment of non-financial assets other than goodwill**

The Company assesses at each balance date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each balance date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years.

Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Financial Instruments

Recognition, initial measurement and recognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument. Financial instruments (except for trade receivables) are measured initially at fair value adjusted by transactions costs, except for those carried "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets and financial liabilities are described below.

Trade receivables (if applicable) are initially measured at the transaction price if the receivables do not contain a significant financing component in accordance with AASB 15.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement

Financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:

- The contractual cash flow characteristics of the financial assets; and
- The entities business model for managing the financial asset.

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l. Financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, gains and losses arising on changes in fair value are recognised in profit or loss.

m. 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.

n. Segment Reporting

Operating segments are now reported in a manner that is consistent with the internal reporting to the Chief Operating Decision Maker, which has been identified by the Company as the Managing Director and other members of the Board of Directors.

The Company has identified its operating segment based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources. Reportable segments disclosed are based on aggregating operating segments, where the segments have similar characteristics. For the current reporting period, the Company's sole activity was mineral exploration and resource development wholly within Australia, which is its only reportable segment.

The reportable segment is represented by the financial statements forming this financial report.

o. Share-based payment transactions

(i) Equity settled transactions:

The Company provides benefits to individuals acting as employees, and providing services similar to employees (including Directors) of the Company in the form of share-based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula. The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the Company, will ultimately vest. This opinion is formed based on the best available information at balance date.

No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The statement of comprehensive income charge or credit for a year represents the movement in cumulative expense recognised at the beginning and end of the year. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

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

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share.

p. **Exploration Expenditure**

Exploration and evaluation costs are accumulated and accounted for separately on an area of interest basis. An area of interest is represented by an exploration project, which may include multiple tenements within a single geographic region.

For each area of interest, the Company makes an election regarding its treatment of exploration and evaluation expenditure (including the costs of tenement acquisitions) and whether it will be charged to the income statement as incurred, under the expense category "exploration expenditure" (or other appropriate expense category), or capitalised as an exploration and evaluation asset, or a combination thereof. The Company currently elects that Mineral exploration and evaluation costs are expensed as incurred. Acquisition costs will normally be expensed but will be assessed on a case-by-case basis and if appropriate may be capitalised.

An exploration and evaluation asset can only be recognised in relation to an area of interest if the following conditions are satisfied:

a) the rights to tenure of the area of interest are current; and

b) at least one of the following conditions is also met:

- the exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- exploration and evaluation activities in the area of interest have not at the end of the reporting period 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 are continuing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capitalised exploration and evaluation expenditures are recorded as an exploration asset at cost less impairment charges. All capitalised exploration and evaluation expenditure are monitored for indicators of impairment. Where an impairment indicator is identified, an assessment is performed for each area of interest to which the exploration and evaluation expenditure is attributed. To the extent that capitalised expenditure is not expected to be recovered it is charged to the income statement.

q. **Earnings per share**

Basic earnings/loss per share is calculated as net profit/loss attributable to members, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted earnings per share is calculated as net profit/loss attributable to members, adjusted for:

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

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

r. **Critical Accounting Estimates and Judgements**

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

Deferred Exploration and evaluation Expenditure

Exploration and evaluation expenditure includes prepaid project acquisition costs that have been capitalised on the basis that the Company will complete the acquisition of mineral licenses / leases where it has entered into a binding share purchase agreement. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised.

Share-based payment transactions:

The Company measures the cost of equity-settled transactions with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted. The fair value at the grant date is determined using the Black and Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted. During the period the group issued performance options with non-market based vesting conditions. As such management have used significant judgement in assessing the probability of the performance criteria being met.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. New and amended accounting standards

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.

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

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Company have not been applied in preparing these financial statements. The Company has not elected to adopt any new Accounting Standards or Interpretations prior to their applicable date of implementation.

There are no standards that are not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods and on foreseeable future transactions.

2. CASH AND CASH EQUIVALENTS

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Current		
Cash at bank	3,335,875	1

3. TRADE AND OTHER RECEIVABLES

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Prepayment	64,226	-
GST receivable	49,361	2,796
Other Assets	112,636	
Closing Balance	226,223	2,796

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

4. DEFERRED EXPLORATION AND EVALUATION EXPENDITURE

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Opening Balance:		
Project Acquisition ¹	2,000,000	-
Closing Balance	<u>2,000,000</u>	<u>-</u>

¹Refer to note 9 for further details.

The ultimate recoupment of the expenditure is dependent upon the successful development and commercial exploitation or, alternatively, sale of the respective areas of interest. The Group incurred \$1,026,622 of exploration expense associated to its project which was not capitalised.

5. TRADE AND OTHER PAYABLES

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Trade Payables	223,659	1,806
Other Payables and Accrued Expense	91,064	14,463
Closing Balance	<u>314,723</u>	<u>16,269</u>

Trade creditors and other creditors are non-interest bearing and generally payable on 30-day terms. Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

6. ISSUED CAPITAL

	As At 30 June 2022 No.	As At 30 Jun 2021 No.
Fully paid ordinary shares	35,000,000	1

	As At 30 June 2022		As At 30 Jun 2021	
	No.	\$	No.	\$
Opening Balance	1	1	1	1
Elimination of Share Capital	(1)	-	-	-
Shares issued under the Public Offer	25,000,000	5,000,000	-	-
Consideration Shares issued to RareX Limited– Refer Note 9	10,000,000	1,920,000	-	-
Capital raising costs	-	(385,629)	-	-
Balance at end of the year	35,000,000	6,534,372	1	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

ISSUED CAPITAL (CONTINUED)

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(a) Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid-up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it may continue to provide returns for shareholders and benefits for other stakeholders.

Given the nature of the Company's activities in mineral exploration, it does not have ready access to credit facilities, with the primary source of funding being equity raisings and borrowings from related parties. Accordingly, the objective of the Company's capital risk management was to balance its working capital position against the requirements of the Company to meet exploration programmes and overheads. This was achieved by maintaining appropriate liquidity to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The working capital position of the Company at 30 June 2022 and 30 June 2021 are as follows:

	As At 30 June 2022 \$ \$	As At 30 Jun 2021 \$ \$
Cash and cash equivalents	3,335,875	1
Trade and other receivables	226,223	2,796
Trade and other payables	(314,723)	(16,269)
Provisions	(11,974)	2,387
Borrowings	-	(126,017)
Working capital position	3,235,401	(137,102)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

7. SHARE BASED PAYMENT RESERVE

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Opening Balance:	-	-
Issue of Director rights (share-based payment expensed)	67,705	-
Issue of Corporate Advisors Options (share-based payment expensed)	217,000	-
Issue of Exploration Manager Options (share-based payment expensed)	43,400	-
Issue of Advisor Options (cost of equity)	155,000	-
Closing Balance	483,105	-

The Advisor Options and the Director Options are defined as share based payments. The valuation of share based payment transactions is measured by reference to fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

ITEM	VALUE OF INPUT		
	Lead Manager Options	Corporate Advisor Options	Exploration Manager Options
Fair value per instrument	\$0.124	\$0.124	\$0.124
Number of options	1,250,000	1,750,000	350,000
Expected volatility	110%	110%	110%
Implied option life	3 years	3 years	3 years
Expected dividend yield	Nil	Nil	Nil
Risk free rate	0.120%	0.120%	0.120%
Exercise Share Price	\$0.25	\$0.25	\$0.25
Underlying share price at grant date	\$0.20	\$0.20	\$0.20
Total Fair Value	\$155,000	\$217,000	\$43,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SHARE BASED PAYMENT RESERVE (CONTINUED)

Share options and weighted average exercise prices are as follows for the reporting periods presented:

	2022		2021	
	No. of options	Weighted average exercise price of options	No. of options	Weighted average exercise price of options
Balance at beginning of financial year	-	-	-	-
Granted	3,350,000	0.25	-	-
Forfeited	-	-	-	-
Exercised	-	-	-	-
Expired	-	-	-	-
Outstanding at end of the financial year	-	-	-	-
Options exercisable as end of the financial year:	3,350,000	0.25	-	-

The weighted average remaining contractual life of options outstanding at year end was 2.4 years.

Performance Rights 1

The fair value is determined using the Monte Carlo Simulation, taking into account the terms and conditions upon which the rights were granted.

ITEM	Tranche 1 ¹	Tranche 2 ¹	Tranche 3 ¹
Fair value per option	\$0.1607	\$0.1550	\$0.1423
Number of Rights	999,999	999,999	1,000,002
Share Price Target	\$0.30	\$0.35	\$0.40
Expected volatility	122.9%	122.9%	122.9%
Implied life	3	3	3
Expected dividend yield	0%	0%	0%
Risk free rate	0.93%	0.93%	0.93%
Vesting Date	21/11/2024	21/11/2024	21/11/2024
Underlying share price at grant date	\$0.20	\$0.20	\$0.20
Total Fair Value	\$160,700	\$155,000	\$142,300

These rights have an attached service condition and has vesting over a 3 period. The total share-based payment expense from the rights vested is \$61,568.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

SHARE BASED PAYMENT RESERVE (CONTINUED)

¹Directors of Cosmos Exploration Limited were granted 3 million performance rights on 1 December 2021. Vesting Conditions for each of the tranches are listed below

- The Company's Shares attaining a VWAP of not less than \$0.30 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.35 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.40 per Share over a period of 20 consecutive Trading Days on which trades were recorded.

It was noted that a Director had resigned during the year and forfeited their performance rights during the year, which had led to a total of 1 million performance rights from tranche 1, 2 and 3 being reversed.

Performance Rights 2

The fair value is determined using the Monte Carlo Simulation, taking into account the terms and conditions upon which the rights were granted.

ITEM	Tranche 1 ²	Tranche 2 ²	Tranche 3 ²
Fair value per option	\$0.1112	\$0.1086	\$0.1053
Number of Rights	333,333	333,333	333,334
Share Price Target	\$0.30	\$0.35	\$0.40
Expected volatility	107.9%	107.9%	107.9%
Implied life	3	3	3
Expected dividend yield	0%	0%	0%
Risk free rate	2.67%	2.67%	2.67%
Vesting Date	21/11/2024	21/11/2024	21/11/2024
Underlying share price at grant date	\$0.16	\$0.16	\$0.16
Total Fair Value	\$37,079	\$36,200	\$35,106

These rights have an attached service condition and has vesting over a 3 period. The total share-based payment expense from the rights vested is \$6,137.

² A Director of Cosmos Exploration Limited were granted 1 million performance rights on 29 April 2022. Vesting Conditions for each of the tranches are listed below

- The Company's Shares attaining a VWAP of not less than \$0.30 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.35 per Share over a period of 20 consecutive Trading Days on which trades were recorded.
- The Company's Shares attaining a VWAP of not less than \$0.40 per Share over a period of 20 consecutive Trading Days on which trades were recorded.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

8. ACCUMULATED LOSSES

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Opening Balance:	141,877	-
Loss for the period	1,640,199	141,877
Closing Balance	1,782,076	141,877

9. ASSET ACQUISITION

	As At 30 June 2022	
	No. Shares	\$
Purchase Consideration	10,000,000	1,920,000
Net identifiable assets	-	-
Deferred Exploration	-	2,000,000
Fair value liabilities assumed under Demerger and Implementation Deed and Tenement Sale Agreement	-	(80,000)
Total	10,000,000	1,920,000

During the period Cosmos completed the satisfaction of the condition's precedent to the Demerger Implementation Deed and Tenement Sale Agreement, on completion, the Company issued to RareX 10,000,000 Shares for the purchase of a 75% interest in the Orange East Project, and a 100% of the Byro East Project, reimburse RareX \$30,000 for expenditure incurred on the Byro East Project tenements, and reimburse RareX \$50,000 for expenditure incurred on the Orange East Project tenements. Reserves and resources are often used as the basis for estimates of fair value to be used in purchase price. However, as the assets are in the exploration stage and do not yet have a defined reserve or resources a fair value for these assets cannot be reliably determined. As such, the fair value of exploration and evaluation assets acquired has been based on the fair value of consideration. The fair value of shares issued was determined based on the underlying share price on issue date.

The acquisition of the legal and beneficial interests in the Byro East Project and Orange East Project has not deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Deferred exploration expenditure is estimated to be \$2,000,000. Total reimbursement of \$30,000 and \$50,000 on the respective tenements have been treated as liabilities with an increase to equity of \$1,920,000 under the raise. As part of the Demerger from RareX costs associated with the IPO will be split between RareX and Cosmos on a 50:50 basis. This had led to \$322,453 being forgiven by RareX Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

10. INCOME TAX EXPENSE

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
(a) Income tax expense	-	-
(b) Numerical reconciliation between tax expense and before income tax loss		
Loss before income tax	(1,640,199)	(141,877)
Income tax calculated at 25% (2021: 27.5%)	(426,452)	(39,016)
Tax effect of:		
- Capital raising expenditure	-	(1,063)
Non- Deductive Tax Expense	88,487	-
Future income tax benefit not brought to account	337,965	40,079
Income tax benefit	-	-
(c) Unrecognised deferred tax assets		
Loss before income tax	(1,640,199)	(141,877)
Tax losses	337,965	35,445
Other timing differences	124,500	4,634
Deferred tax assets not brought to account.	462,465	40,079
Deferred tax assets offset against deferred tax liabilities	(63,577)	-
Net deferred tax assets	398,888	40,079

The Company has not recognised any deferred tax assets or liabilities. These benefits will only be obtained if:

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

(d) Franking credits

The Company has no franking credits available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

11. FINANCIAL INSTRUMENTS

(i) **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's principal financial instruments comprise cash and short-term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the year under review, it has been the Group's policy not to trade in financial instruments.

The directors' overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Financial Risk Exposures and Management

The main risks arising from the Group's financial instruments are interest rate risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Foreign Currency Risk

The Group is not exposed to fluctuations in foreign currencies.

(b) Interest Rate Risk

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 120 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. The Group does not currently have short or long-term debt, and therefore this risk is minimal.

Sensitivity analysis

An increase of 50 basis points in interest rates would not have had a material impact on the Consolidated Entity's profit or loss.

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

	As At 30 June 2022 \$	As At 30 June 2021 \$
Cash and Cash equivalents AA	3,335,875	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

FINANCIAL INSTRUMENTS (CONTINUED)

(d) Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows. The Group does not have any significant liquidity risk as the Group does not currently have any collateral debts.

(e) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(ii) FINANCIAL INSTRUMENT COMPOSITION AND MATURITY ANALYSIS

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the Statement of Financial Position.

	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in			Non-Interest bearing \$	Total \$
			1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
30 June 2022							
Financial Assets							
Cash and cash equivalents	1.09	3,335,875	-	-	-	-	3,335,875
Trade and other receivables	-	-	-	-	-	-	-
	-	3,335,875	-	-	-	-	3,335,875
Financial Liabilities							
Trade and other creditors	-	-	-	-	-	223,659	223,659
Borrowings	-	-	-	-	-	-	-
	-	-	-	-	-	223,659	223,659

	Weighted average interest rate %	Floating interest rate \$	Fixed interest maturing in			Non-Interest bearing \$	Total \$
			1 year or less \$	over 1 year less than 5 \$	more than 5 years \$		
30 June 2021							
Financial Assets							
Cash and cash equivalents	-	1	-	-	-	-	1
Trade and other receivables	-	-	-	-	-	2,796	2,796
	-	1	-	-	-	2,796	2,797
Financial Liabilities							
Trade and other creditors	-	-	-	-	-	16,269	16,269
Borrowings	-	-	126,017	-	-	-	126,017
	-	-	126,017	-	-	16,269	142,286

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

FINANCIAL INSTRUMENTS (CONTINUED)

Trade and sundry payables are expected to be paid as follows:

Less than 6 months

As At 30 June 2022 \$	As At 30 Jun 2021 \$
314,723	16,269
314,723	16,269

12. EARNINGS PER SHARE

(a) Loss used in the calculation of basic and diluted loss per share

(b) Weighted average number of ordinary shares outstanding during the financial year used in calculation of basic earnings per share

As At 30 June 2022 \$	As At 30 Jun 2021 \$
1,640,199	141,877
<i>Number of shares</i>	<i>Number of shares</i>
20,328,768	1

The instruments that could potentially dilute basic EPS in the future, but not included in the calculation are options and performance rights.

13. SEGMENT REPORTING

The Company has adopted AASB 8 'Operating Segments' which requires operating segments to be identified on the basis of internal reports about components of the Company that are reviewed by the chief operating decision maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Company reviews internal reports prepared as consolidated financial statements and strategic decisions of the Company are determined upon analysis of these internal reports.

The Company operates in the mineral exploration sector in Australia. All assets and liabilities are held in Australia.

14. SUBSEQUENT EVENTS

Subsequent to year end, Cosmos has entered into a binding term sheet to acquire the interest from Gold and Copper Resources and Columbine Resources "the vendors" on the following terms:

- Cosmos to acquire a 80% interest in exchange for 600,000 shares in Cosmos and \$30,000.
- The vendors to retain a 20% free carried interest until completion of a Pre-Feasibility Study.
- The Vendors to retain a 2% NSR royalty for the first 500,000 ounces of Gold Equivalent production.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

- Completion of the acquisition is subject to the satisfaction of standard condition precedents.

SUBSEQUENT EVENTS (CONTINUED)

Cosmos issued 650,000 options with an exercise price of \$.025 expiring on 24 November 2024 as part of the employee securities incentive plan.

Other than the above, at the time of this report there were no further events subsequent to the reporting date that required disclosure.

15. RELATED PARTY TRANSACTIONS

During the year ended 30 June 2022 the following related party transaction was undertaken between the Group and director related entities:

a) Key Management Personnel compensation

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

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Short-term salary, fees and commissions	137,252	-
Post-employment superannuation	-	-
Share based-payments	67,705	-
Total key management personnel compensation	204,957	-

b) Other related party transactions

During the year Cosmos completed the satisfaction of the conditions precedent to the Demerger Implementation Deed and Tenement Sale Agreement, on completion, the Company issued to RareX Limited (a company where Mr Jeremy Robinson is currently Managing Director) 10,000,000 Shares for the purchase of a 75% interest in the Orange East Project, and a 100% of the Byro East Project, reimburse RareX \$30,000 for expenditure incurred on the Byro East Project tenements, and reimburse RareX \$50,000 for expenditure incurred on the Orange East Project tenements.

The acquisition of the legal and beneficial interests in the Byro East Project and Orange East Project has not deemed to be a business combination as they fall outside the scope of AASB 3 Business Combinations. Deferred exploration expenditure is estimated to be \$2,000,000. Total reimbursement of \$30,000 and \$50,000 on the respective tenements have been treated as liabilities with an increase to equity of \$1,920,000 under the raise. As part of the Demerger from RareX costs associated with the IPO will be split between RareX and Cosmos on a 50:50 basis. This had led to \$322,453 being forgiven by RareX Limited.

The company has an agreement with Smallcap Corporate (SCC), of which Mr James Bahen is a Director, (Corporate Services Agreement). Pursuant to the Corporate Services Agreement, the SCC was appointed to provide corporate and administrative services to the Company. During the year \$66,500 was charged in relation to providing corporate and administrative services to Cosmos Exploration Limited. The agreement has been negotiated at arm's length and contains standards commercial terms and therefore falls within the exception on section 210 of the Corporations Act. Amounting outstanding as at 30 June 2022 was \$14,080.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

RELATED PARTY TRANSACTIONS (CONTINUED)

Post the Demerger Implementation Deed and Tenement sale arrangement, the company has an arrangement with RareX Limited (RareX), of which Mr Jeremy Robinson is a Director, where RareX provides Cosmos use of their office space, provides geological service and use of its equipment. The arrangement has been negotiated at arm's length and contains standards commercial terms. During the year the cost post demerger implementation deed amounted to \$30,886. Amounting outstanding as at 30 June 2022 was \$7,362.

Directors of Cosmos Exploration Limited were granted 3 million performance rights on various dates. Vesting Conditions for each of the tranches are listed in note 7.

16. AUDITOR'S REMUNERATION

Remuneration of the auditor for:

Audit or review of the financial report of the Company and controlled entities:

Other assurance services – Independent Accountants Report

As At 30 June 2022 \$	As At 30 Jun 2021 \$
36,000	10,000
20,393	-
<u>56,393</u>	<u>10,000</u>

17. CASH FLOW INFORMATION

Reconciliation of cash flow from operations with loss after income tax

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Loss after income tax expense for the period	(1,640,199)	(141,877)
Share Based payment Expense	328,104	-
Changes in operating assets and liabilities:		
Movement in trade and other receivables	(110,427)	(2,796)
Movement in provisions	9,587	2,387
Movement in trade and other payables	327,973	16,269
	<u>(1,084,962)</u>	<u>(126,017)</u>

Non-cash investing and financing activities:

During the year, the Group had acquired the Projects from Rarex Limited for \$1,920,000 consideration shares (2021: \$nil). Details can be located at note 9. Share based payment expense of \$155,000 (2021: \$Nil) were classified as share issues cost and recorded directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

18. COMMITMENTS AND CONTINGENT LIABILITIES

18.1. TENEMENT RELATED COMMITMENTS AND CONTINGENCIES

The Company is required to meet minimum committed expenditure requirements to maintain current rights of tenure to exploration licences. These obligations may be subject to re-negotiation, may be farmed-out or may be relinquished and have not been provided for in the statement of financial position. A summary of aggregate commitments is as follows:

	As At 30 June 2022 \$	As At 30 Jun 2021 \$
Within one year	452,128	-
One to five years	3,131,200	-
	<u>3,583,328</u>	<u>-</u>

Other than the above, there are no other contingencies or commitments.

19. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

	Country of Incorporation	Class of Shares	Equity holding 2022	Equity holding 2021
Cosmos Tanami Pty Ltd	Australia	Ordinary	100%	-%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2022

20. PARENT ENTITY NOTE

The following details information related to the parent entity, Cosmos Exploration Limited, at 30 June 2022. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2022 \$	2021 \$
Current Assets	3,562,098	2,797
Non-Current Assets	2,000,000	-
Total Assets	5,562,098	2,797
Current Liabilities	326,697	144,673
Non-Current Liabilities	-	-
Total Liabilities	326,697	144,673
Net Asset/(Deficit)	5,235,401	(141,876)
Contributed Equity	6,534,372	1
Reserves	483,105	-
Accumulated losses	(1,782,076)	(141,877)
Total Equity	5,235,401	(141,876)
Loss for the year	(1,640,199)	(141,877)
Other Comprehensive Loss for the year	-	-
Total comprehensive loss for the year	(1,640,199)	(141,877)

ADDITIONAL SECURITIES EXCHANGE INFORMATION FOR THE YEAR ENDED 30 JUNE 2022

In accordance with the ASX listing rule 4.10, the Company provides the following information to shareholders not elsewhere disclosed in the Annual Report. The information provided is current as at 27 September 2022.

REGISTERED OFFICE OF THE COMPANY

Unit 6, 94 Rokeby Road,
Subiaco WA 6008, Australia
Tel: + (08) 6143 6720

STOCK EXCHANGE LISTING

Quotation has been granted for 35,000,000 fully paid ordinary shares (Shares) on the ASX

VOTING RIGHTS

For all ordinary shares, voting rights are on vote per member on a show of hands and one vote per share in a poll.

SHARE REGISTRY

The registers of shares and options of the Company are maintained by:

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA, 6000

COMPANY SECRETARY

The company has a joint company secretary; James Bahen and Robbie Featherby

CORPORATE GOVERNANCE

The Company's Corporate Governance statement for the financial period ended 30 June 2022 can be found at: www.cosmosx.com.au

INFORMATION PURSUANT TO LISTING RULE 4.10.19

Between the Company's admission to the official list of the ASX on 29 November 2021 and the end of the reporting period of 30 June 2022, the Company used its cash and assets in a form readily convertible to cash that it has at the time of admission in a way consistent with its business objectives.

ORDINARY FULLY PAID SHARES

SUBSTANTIAL HOLDERS

The names of substantial holders in Cosmos Exploration Limited and the number of securities to which each substantial shareholder and their associates have a relevant interest, as disclosed in substantial shareholder notices given to the Company, as set out below.

Holder Name	Number of shares which the substantial holder holds a relevant interest	% of total shares on issue
RAREX LIMITED	10,000,000	28.57%

NUMBER OF HOLDERS OF EACH CLASS OF EQUITY SECURITY

Security Code	Security Name	Total Holders	Total Holdings
C1X	ORDINARY FULLY PAID SHARES	501	25,000,000

ADDITIONAL SECURITIES EXCHANGE INFORMATION

for the year ended 30 June 2022

C1XEOPT	UNL OPT @ \$0.25 EXP 3YRS ESC 24M	2	3,000,000
C1XESC24	ESCROWED SHARES 24M FROM QUOTATION	1	10,000,000
C1XOPT	UNL OPTIONS @ \$0.25 EXP 3YRS	1	350,000
C1XPRA	PERFORMANCE RIGHTS - TRANCHE A	3	999,999
C1XPRB	PERFORMANCE RIGHTS - TRANCHE B	3	999,999
C1XPRC	PERFORMANCE RIGHTS - TRANCHE C	3	1,000,002
TOTAL		514	41,350,000

DISTRIBUTION SCHEDULE OF SHAREHOLDERS

Number of Shares held	Number of Shareholders	Total Units
above 0 up to and including 1,000	12	3,157
above 1,000 up to and including 5,000	17	56,056
above 5,000 up to and including 10,000	170	1,650,252
above 10,000 up to and including 100,000	246	9,232,327
above 100,000	56	24,058,208
Totals	501	35,000,000
Holders with an unmarketable parcel	24	36,370

TOP 20 SHAREHOLDERS

Position	Holder Name	Holding	% IC
1	RAREX LIMITED	10,000,000	28.57%
2	EVANS LEAP HOLDINGS PTY LTD <EVANS LEAP HOLDINGS A/C>	800,000	2.29%
3	CLARKSON'S BOATHOUSE PTY LTD <CLARKSON SUPER FUND A/C>	760,000	2.17%
4	SWANCAVE PTY LTD <BMC FAMILY A/C>	675,000	1.93%
5	MR DAVID JOHN HADDOW	516,857	1.48%
6	CRANLEY CONSULTING PTY LTD <CRANLEY CONSULTING A/C>	503,765	1.44%
7	MR DANIEL JOHN BAHEN & MRS LORRAINE MARY BAHEN <DANIEL JOHN BAHEN S/F A/C>	500,000	1.43%
7	MR MARK JOHN BAHEN & MRS MARGARET PATRICIA BAHEN <MJ BAHEN SUPER FUND A/C>	500,000	1.43%
7	SANCOAST PTY LTD	500,000	1.43%
7	HAMMERHEAD HOLDINGS PTY LTD <HHH S/F A/C>	500,000	1.43%
8	HALE COURT HOLDINGS PTY LTD	400,000	1.14%
9	JETOSEA PTY LTD	371,594	1.06%
10	KENDALI PTY LTD	370,000	1.06%
11	CITICORP NOMINEES PTY LIMITED	312,864	0.89%
12	BLU BONE PTY LTD <THE SHARE TRADING A/C>	300,000	0.86%
12	MR BRADLEY KEITH MOIR	300,000	0.86%
13	BEEBEE HOLDINGS PTY LTD	270,000	0.77%
14	SARELDA PTY LTD <SARELDA S/F A/C>	257,250	0.74%
14	MR YIFENG GAO	257,250	0.74%
15	MR GREGORY NORMAN PETERS	256,250	0.73%

ADDITIONAL SECURITIES EXCHANGE INFORMATION for the year ended 30 June 2022

16	MR MAREK KOPRIVA	212,500	0.61%
17	NORTH OF THE RIVER INVESTMENTS PTY LTD	211,000	0.60%
18	MR STEPHEN PAUL BAXTER & MRS SARAH-MAY BAXTER	200,000	0.57%
18	AC YOUNG PTY LTD <AC YOUNG A/C>	200,000	0.57%
18	SYROS SECURITIES PTY LTD <SYROS A/C>	200,000	0.57%
18	MR PETER HARRY MADDERN <PETER MADDERN FAMILY A/C>	200,000	0.57%
19	BNP PARIBAS NOMINEES PTY LTD BARCLAYS <DRP A/C>	190,618	0.54%
20	MR ZANE ROBERT LEWIS <RLZ A/C>	187,500	0.54%
	Totals	19,952,448	57.01%
	Total Issued Capital	35,000,000	100.00%

ESCROWED SECURITIES

Security Code	Security Name	Total Holders	Total Holdings
C1XESC24	ESCROWED SHARES 24M FROM QUOTATION	1	10,000,000
	TOTAL	1	10,000,000

UNQUOTED SECURITY HOLDERS OVER 20%

UNL OPT @ \$0.25 EXP 3YRS ESC 24M

Holder Name	Holding Balance	% IC
GOLDEN TRIANGLE CAPITAL PTY LTD	1,750,000	27.56%

BUY-BACK

There is no on-market buy-back.

INFORMATION PURSUANT TO LISTING RULE 5.20

Tenement ID	Status	State	Location	Project Name	Area Km2	Interest at the beginning of the period - %	Interest acquired or disposed - %	Interest at the end of the period - %
E09/2386	Granted	WA	350km NE of Geraldton	Byro East	271.0	100	-	100
E09/2387	Granted	WA	345km NE of Geraldton	Byro East	40.0	100	-	100
E09/2408	Granted	WA	400km NE of Geraldton	Byro East	243.7	100	-	100

ADDITIONAL SECURITIES EXCHANGE INFORMATION

for the year ended 30 June 2022

E09/2409	Granted	WA	334km NE of Geraldton	Byro East	225.4	100	-	100
E09/2443	Granted	WA	326km NE of Geraldton	Byro East	119.9	100	-	100
E09/2525	Application	WA	402km NE of Geraldton	Byro East	175.8	-	-	-
E09/2527	Application	WA	402km NE of Geraldton	Byro East	530.2	-	-	-
EL/8442	Granted	NSW	20km E of Orange	Orange East	40.0	75	-	75
E80/5763	Application	WA	265km SE of Halls Creek	Tanami West	632.2	-	-	-
E80/5764	Application	WA	295km SE of Halls Creek	Tanami West	637.7	-	-	-
E80/5765	Application	WA	285km SE of Halls Creek	Tanami West	641.5	-	-	-
E80/5766	Application	WA	260km SE of Halls Creek	Tanami West	417.6	-	-	-