

VBX LIMITED

ACN 163 215 914

ANNUAL REPORT

**FOR THE YEAR ENDED
30 JUNE 2023**

CONTENTS

Corporate Information	1
Directors' Report	2
Auditor's Independence Declaration	9
Independent Auditor's Report	10
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Consolidated Financial Statements	18
Director's Declaration	37

CORPORATE INFORMATION

This financial report includes the consolidated financial statements and notes of VBX Limited and its controlled entities ('the Group'). The Group's functional and presentation currency is AUD (\$).

A description of the Group's operations and of its principal activities is included in the review of operations and activities in the Director's report. The Director's report is not part of the financial report.

Directors

Mr Ryan de Franck – Managing Director

Mr Richard de Franck – Non-Executive Director

Mr George Lloyd – Non-Executive Director

Ms Vivienne Powe – Non-Executive Director (appointed 8 July 2022)

Company Secretaries

Mr Steven Wood (appointed 31 July 2022)

Registered Office

47 Ord Street, West Perth WA 6005

Principal Place of Business

Unit 13, 83 Hector Street

Osborne Park, WA 6017

Share Registry

Automatic Registry Services

Level 5, 191 St Georges Terrace

Perth WA 6000

Telephone: +1300 288 664

Auditors

BDO Audit (WA) Pty Ltd

Level 9, Mia Yellagonga Tower 2

5 Spring Street

Perth WA 6000

Bankers

Westpac Banking Corporation

681 Beaufort Street

Mt Lawley WA 6050

Solicitors

Hamilton Locke

Level 27/152-158

St Georges Terrace

Perth WA 6000

DIRECTORS' REPORT

Your Directors' present the following report on VBX Limited and its controlled entities (referred to hereafter as "the Group") for the year ended 30 June 2023.

Directors

The persons who were Directors of VBX Limited during the reporting period and up to the date of this report are:

NAME	ROLE	APPOINTMENT/RESIGNATION DATE
Mr Ryan de Franck	Managing Director	Appointed on 9 April 2013
Mr Richard de Franck	Non-Executive Director	Appointed on 19 August 2016
Mr George Lloyd	Non-Executive Director	Appointed on 24 April 2020
Ms Vivienne Powe	Non-Executive Director	Appointed on 8 July 2022
Mr Ian Junk	Non-Executive Director	Appointed on 27 May 2019, resigned on 20 February 2023
Mr Phillip Campbell	Non-Executive Director	Appointed on 12 July 2022, resigned on 31 July 2022

Joint Company Secretary

Mr Steven Wood (appointed on 31 July 2022)

Ms Jade Jonas-Dwyer (appointed on 31 July 2022, resigned on 21 April 2023)

Principal Activities

During the financial year the principal activities of the Group were the exploration and evaluation of the Wuudagu Bauxite Project. There were no significant changes in the nature of the activities of the Group during the year.

Dividends

There were no dividends paid or proposed during the year.

Review of Operations

The Consolidated Statement of Profit or Loss and other Comprehensive Income shows a net loss from continuing operations attributable to owners of \$2,010,927 for the financial year ended 30 June 2023.

Significant Change in State of Affairs

There were no significant changes in the state of affairs of the Group during the year.

Likely developments and expected results of operations

The Group will continue its mineral exploration and development activity at and around its projects with the object of identifying commercial resources.

The Group will also continue to identify and assess potential business development opportunities suitable for the Group.

Environmental Regulation

The Group is subject to significant environmental regulation in respect of mineral exploration activities.

The Group operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers. The Company's exploration activities are currently regulated by significant environmental regulation under laws of the Commonwealth and states and territories of Australia. The Group aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Directors are mindful of the regulatory regime in relation to the impact of organisational activities on the environment.

There have been no known breaches by the Group during the year.

DIRECTORS' REPORT

Material Business Risk

The Group considers the following to be its key material business risks:

Additional requirements for capital

The Group's capital requirements depend on numerous factors. The Company may require further financing. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be. There is however no guarantee that the Company will be able to secure any additional funding or be able to secure funding on terms favourable to the Company.

Exploration and Operating Risk

The mineral exploration licenses comprising the Company's projects are at various stages of exploration, and mineral exploration and development are high-risk undertakings.

There can be no assurance that future exploration of these licenses, or any other mineral licenses that may be acquired in the future, will result in the discovery of an economic resource. Even if an apparently viable resource is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns or adverse weather conditions, unanticipated operational and technical difficulties, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the costs of consumables, spare parts, plant, equipment and staff, native title process, changing government regulations and many other factors beyond the control of the Company.

Environmental

The operations and proposed activities of the Company are subject to laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. There is also a risk of an environmental spill, accident or some other environmental disaster that could have adverse financial consequences and could also raise concerns about the Company's social license to operate. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

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DIRECTORS' REPORT

Matters Subsequent to Reporting Date

Date	Details
July 2023	New Loans Subsequent to year end, the Company received \$250,000 from the issuance of unsecured loan notes from existing shareholders to fund ongoing working capital requirements.
	Number of loan notes: 625,000
	Maturity date: 31 December 2023
	Face value \$250,000
	Repayment price: \$0.42
	Repayment: \$262,500
	Interest rate: Nil
October 23	Changes to Loan Terms On 30 October 23, the terms for the loans outlined in Note 8 were modified. The Maturity Date was extended to 31 December 2023 and the Repayment Price was increased to \$0.46.
November 23	Share Based Payment On 20 November 2023, the Company issued 165,000 fully paid ordinary shares at \$0.40 per share to extinguish liabilities of \$66,000 to CM Group.Net Pty Ltd, for the provision of a bauxite industry subscriptions and the IPO market report prepared.
November 23	Conversion of Convertible Notes On 20 November 2023, the Company converted 1,000,000 convertible notes to fully paid ordinary shares at the face value \$0.40 Of the 1,000,000 convertible notes converted to fully paid ordinary shares, 75,000 fully paid ordinary shares at \$0.40 cents were issued to related parties of Ryan de Franck and 50,000 fully paid ordinary shares at \$0.40 cents were issued to related parties of Vivienne Powe.
November 23	Changes to Loan Terms On 30 November 23, the terms for the loans outlined in Note 8 were modified. The Maturity Date was extended to the earlier of 31 March 2024 or the date on which the Company completes a capital raising of at least \$2,000,000.

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

DIRECTORS' REPORT

Information on Directors

The names of the directors of VBX who held office during the financial year and at the date of this report are:

Mr Ryan de Franck Managing Director

Qualifications

BCom, M.AppFin, GD.MinExGeo

Appointed

Managing Director since 9 April 2013

Experience

Ryan de Franck has a broad range of experience across corporate finance, corporate development and company management with a focus on the natural resources sector. From 2007 to 2014 he was a Corporate Finance Executive with Deloitte in Perth and Liberum Capital in London. In 2014 he founded Valperlon, a diversified natural resources exploration and project development group. He holds a Bachelor of Commerce degree from the University of Western Australia, a Masters in Applied Finance from Financial Securities Institute of Australia and a Graduate Diploma in Mineral Exploration Geoscience from the Western Australian School of Mines.

Interest in Shares, Options and Performance Rights

26,816,667 Ordinary fully paid shares

25,000,000 Performance rights

Other current directorships

Non-Executive Director: GCX Metals Limited
(ASX: GCX)

Former directorships held in past three years

Non-Executive Director: Fin Resources Limited
(ASX: FIN) – resigned 31 May 2022

Mr George Lloyd Non-Executive Chairman

Qualifications

B.Sc.Eng (Industrial Engineering), MBA, FAICD

Appointed

Non-Executive Chairman since 24 April 2020

Experience

Mr Lloyd has over 40 years of resource industry and corporate finance experience, serving as a senior executive and director of listed and unlisted companies in engineering services, industrial minerals, base and precious metals, and energy.

Mr Lloyd holds a Bachelor of Engineering Science in Industrial Engineering, a Master of Business Administration, (both from the University of New South Wales), Stanford Executive Program (Stanford University), FAICD. Mr Lloyd's professional career has encompassed roles with RGC Limited; Elders Resources Limited; Southern Pacific Petroleum NL, Central Pacific Minerals NL and Australian Gas Light Company.

Interest in Shares, Options and Performance Rights

175,000 Ordinary fully paid shares

1,000,000 Options

Other current directorships

Chairman: Astron Corporation Limited
(ASX: ATR)

Former directorships held in past three years

N/A

DIRECTORS' REPORT

Mr Richard de Franck Non-Executive Director

Qualifications

B.Com

Appointed

Non-Executive Director since 19 August 2016

Experience

Mr de Franck has over 40 years' experience specialising in industrial relations and human resources management in the resources sector. Mr de Franck's professional career included working with J Ray McDermott, Davey McKee Pacific, Offshore Installation Services Pty Ltd and GRN Australasia Pty Ltd.

Mr de Franck has a Bachelor of Commerce from the University of Western Australia.

Mr de Franck is currently a Director of Offshore Installation Services Pty Ltd.

Interest in Shares, Options and Performance Rights

11,316,667 Ordinary fully paid shares
500,000 Options

Other current directorships

N/A

Former directorships held in past three years

N/A

Ms Vivienne Powe Non-Executive Director

Qualifications

B.Eng (Met Eng) with Distinction, GD. AppFin, MBA, GAICD, F.FIN, F.AusIMM

Appointed

Non-Executive Director since 8 July 2022

Experience

Ms Powe has over 30 years of project development, operational and corporate development experience across a broad range of commodities including senior executive positions with Perenti, Global Advanced Metals, BHP, Iluka and Woodside Energy.

Ms Powe holds a Bachelor of Metallurgical Engineering with Distinction (Honours equivalent) from the Royal Melbourne Institute of Technology, a Graduate Diploma in Applied Finance from the Financial Services Institute of Australasia (FINSIA) and a Masters in Business Administration (Technology Management) from Deakin University.

Interest in Shares, Options and Performance Rights

250,000 Options

Other current directorships

Non-Executive Director: Artemis Resources Limited (ASX:ARV)

Former directorships held in past three years

N/A

DIRECTORS' REPORT

Director Meetings

The number of directors' meetings and number of meetings attended by each of the directors of the Company during the year are:

	Number of Director Meetings Eligible to Attend	Number of Director Meetings Directors' Attended
Director		
Mr Ryan de Franck	4	4
Mr Richard de Franck	4	4
Mr George Lloyd	4	4
Ms Vivienne Powe	3	3
Mr Ian Junk	4	4
Mr Phillip Campbell	-	-

Company Secretary

Mr Steven Wood was appointed as Company Secretary on 31 July 2022. Mr Wood is an employee of Grange Consulting Group, having joined Grange in October 2011 where he specialises in corporate advisory, company secretarial and financial management services. Mr Wood is a Chartered Accountant, and since joining Grange he has been involved in various private and seed capital raisings as well as successful ASX listings, whilst also providing company secretarial and financial management services to both ASX and unlisted public and private companies.

Financial Position

The net (liabilities) of the consolidated Group have increased to (\$1,628,652) as at 30 June 2023 (2022: (\$75,315)). The Group's working capital (deficiency), being current asset less current liabilities was (\$1,642,801) at 30 June 2023 (2022: (\$88,659)).

Shares under option and performance rights

Unissued ordinary shares of VBX Limited under option and performance rights at the date of this report are as follows:

Security Code	Grant Date	Expiry Date	Exercise Price	Number Under Option	Number Under Performance Rights
Performance rights	3 Dec 2019	5 years from listing date	Nil	-	25,000,000
Unlisted options	9 Sep 2022	3 years from listing date	\$0.75	1,750,000	-
			Total	1,750,000	25,000,000

Shares Issued on Exercise of Options and Performance Rights

During the financial year no ordinary shares of the Group were issued as a result of the exercise of performance rights or options.

Insurance of Officers

During the year, VBX Limited paid a premium to insure the directors and secretary of the Group.

Proceedings on behalf of the group

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

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under section 237 of the *Corporations Act 2001*.

DIRECTORS' REPORT

Non-audit services

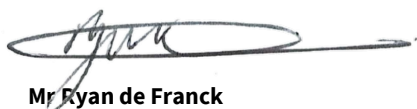
The Group may decide to employ its auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group is important.

Details of the amounts paid or payable to the auditor for audit and non-audit services provided were disclosed in Note 18, \$52,109 for the financial year ended 30 June 2023 (2022: \$4,079). The Board of Directors has considered the position and is satisfied that the provision on non-audit services is compatible with the general standard of independence of auditors imposed by the Corporation Act 2001. The Directors also satisfied that the provision on non-audit services by the auditor, did not compromise the auditor independence requirements of the Corporation Act 2001.

Auditor's Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on the page following this Directors' Report.

This report of Directors, incorporating the Remuneration Report, is signed in accordance with a resolution of Directors.



Mr Ryan de Franck
Managing Director

Perth, Western Australia, 8 December 2023

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF VBX LIMITED

As lead auditor of VBX Limited for the year ended 30 June 2023, 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 VBX Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

08 December 2023

INDEPENDENT AUDITOR'S REPORT

To the members of VBX Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VBX Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 VBX Limited, 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 2023 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.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the group's ability to continue as a going concern and therefore the group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed on the other information 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.

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 (<http://www.auasb.gov.au/Home.aspx>) at:

http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

BDO Audit (WA) Pty Ltd

BDO
J Prue

Jarrad Prue

Director

Perth

08 December 2023

2023 FINANCIAL STATEMENTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Changes in Equity	16
Consolidated Statement of Cash Flows	17
Notes to the Consolidated Financial Statements	18
Director's Declaration	37

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2023

	Note	Year ended 30 June 2023 \$	Year ended 30 June 2022 \$
Revenue from continuing operations			
Other income	2	900	148,987
Compliance and legal expense		(309,064)	(102,255)
Administration expense		(92,999)	(33,707)
Directors and consultants expense		(447,633)	(558,558)
Exploration expense		(651,483)	(464,933)
Depreciation and amortisation		(18,799)	(18,784)
Marketing expense		(1,198)	(9,000)
Share based payments expense	12	(457,590)	-
Finance costs		(33,061)	(3,983)
Profit/(Loss) before income tax		(2,010,927)	(1,042,233)
Income tax expense	3	-	-
Profit/(Loss) after income tax		(2,010,927)	(1,042,233)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange difference on translation of foreign operations		-	-
Other comprehensive loss for the period, net of tax		-	-
Total comprehensive profit/(loss) for the year		(2,010,927)	(1,042,233)
Total comprehensive profit/(loss) is attributable to:			
Owners of VBX Limited		(2,010,927)	(1,042,233)
		(2,010,927)	(1,042,233)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Note	2023 \$	2022 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	51,235	379,640
Trade and other receivables		35,735	35,356
Total current assets		86,970	414,996
Non-current assets			
Property, plant and equipment		189	682
Right of use assets	6	44,240	62,546
Total non-current assets		44,429	63,228
TOTAL ASSETS		131,399	478,224
LIABILITIES			
Current liabilities			
Trade payables and other payables	7	980,168	485,322
Borrowings	8	330,000	-
Convertible notes	9	400,000	-
Lease liability	10	19,603	18,333
Total current liabilities		1,729,771	503,655
Non-current liabilities			
Lease liability	10	30,280	49,884
Total non-current liabilities		30,280	49,884
TOTAL LIABILITIES		1,760,051	553,539
(NET ASSET DEFICIENCY)		(1,628,652)	(75,315)
EQUITY			
Issued capital	11	4,449,510	4,449,510
Reserves	12	457,590	-
Accumulated losses		(6,535,752)	(4,524,825)
(NET DEFICIENCY IN EQUITY)		(1,628,652)	(75,315)

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2023

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2022	4,449,510	-	(4,524,825)	(75,315)
Total comprehensive income for the period				
Loss for the year	-	-	(2,010,927)	(2,010,927)
Total comprehensive income/(loss) for the period	-	-	(2,010,927)	(2,010,927)
Transactions with owners, recorded directly in equity				
Share based payments	-	457,590	-	457,590
Balance at 30 June 2023	4,449,510	457,590	(6,535,752)	(1,628,652)
	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
Balance at 1 July 2021	2,502,510	-	(3,482,591)	(980,081)
Total comprehensive income for the period				
Loss for the year	-	-	(1,042,233)	(1,042,233)
Total comprehensive income/(loss) for the period	-	-	(1,042,233)	(1,042,233)
Transactions with owners, recorded directly in equity				
Value of conversion rights on convertible notes	1,785,000	-	-	1,785,000
Shares issued in lieu of payment to suppliers, net of transaction costs	162,000	-	-	162,000
Balance at 30 June 2022	4,449,510	-	(4,524,825)	(75,315)

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

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CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(356,428)	(327,431)
Payment for exploration and evaluation expenditure		(651,483)	(464,933)
Interest received		900	251
R&D tax incentive received		-	148,736
Net cash outflow from operating activities	5	(1,007,011)	(643,377)
Cash flows from investing activities			
Net cash outflow from investing activities		-	-
Cash flows from financing activities			
Proceeds from borrowings	8	300,000	-
Proceeds from the issue of convertible notes	9	400,000	900,000
Payments of principal portion of lease liabilities		(21,394)	(21,015)
Net cash inflow from financing activities		678,606	878,985
Net increase (decrease) in cash and cash equivalents		(328,405)	235,608
Cash and cash equivalents at beginning of the financial period		379,640	144,032
Cash and cash equivalents at end of the period	5	51,235	379,640

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies

(a) Basis of preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") and the Corporation Act 2001.

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

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sales financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

(b) New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company during the financial year.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(c) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by VBX at the end of the reporting period. A controlled entity is any entity over which VBX has the ability and right to govern the financial and operating policies so as to obtain benefits from the entity's activities.

Where controlled entities have entered or left the Group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in note 16 to the financial statements.

In preparing the consolidated financial statements, all intragroup balances and transactions between entities in the consolidated Group have been eliminated in full on consolidation.

(d) Revenue Recognition

The Company recognises revenue as follows:

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(d) Revenue Recognition (continued)

Research and Development (R&D) tax incentive benefit

Research and Development tax incentive benefit includes R&D concessions received or receivable in respect of eligible R&D as registered with AusIndustry. The R&D concession is brought to account when the eligible R&D expenditure has been identified and the resulting expected R&D incentive amount receivable has been quantified. The R&D concession amount is recognised in other income as it relates to spending that has been expensed to the Statement of Profit or Loss and Other Comprehensive Income

(e) Exploration and Evaluation Expenses

Exploration and evaluation costs are expensed in the year they are incurred.

(f) Finance costs

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

(g) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(h) Good and Services Tax (GST)

Revenues, expenses and assets are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

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

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

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

(i) Income Tax Expense

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(j) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial Assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the statement of financial performance. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(k) Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted when the fair value of goods and/or services cannot be determined. The fair value of options granted is measured using the Black-Scholes option pricing model. The fair value of performance rights granted is measured using the trinomial barrier model where required. The model uses assumptions and estimates as inputs. Some performance rights value is determined with reference to the share price on the grant date.

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the year in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date'). The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting year 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(l) Right of use assets

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

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

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

(m) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

(n) Convertible notes

Convertible notes can be converted to share capital at the option of the holder. The liability component of the convertible note is recognised at fair value on initial recognition, the fair value of the convertible note will equate to the proceeds received. Any directly attributable transaction costs are allocated to the convertible note liability.

Where the convertible note has embedded derivative features and the company is unable to measure the embedded derivative separately either at acquisition or at the end of a subsequent financial reporting period, it shall designate the entire hybrid contract as at fair value through Profit and Loss account.

The convertible note liability is removed from the statement of financial position when the obligations specified in the contract are discharged. This can occur upon the option holder exercising their option or the option period lapses requiring the Company to discharge the obligation.

(o) Borrowings

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

(p) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(q) 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 Groups 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 Groups normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

(r) Parent entity information

The financial information for the parent entity, VBX Limited, disclosed in Note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries and associates are accounted for at cost in the financial statements of VBX Limited. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Share-based payments

The grant by the Company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking the fair value of employee services.

(s) Critical Accounting Judgements, Estimates and Judgements

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

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 12 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(s) Critical Accounting Judgements, Estimates and Judgements (continued)

Estimation of useful lives of assets

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

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

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Group's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Group reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the Group estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

1. Summary of significant accounting policies (continued)

(t) Going Concern

The financial report has been prepared on a going concern basis with the Directors of the opinion that the Group can meet its obligations as and when they fall due.

For the year ended 30 June 2023, the Group recorded a loss of \$2,010,927 (2022: loss \$1,042,233), and had a net cash outflow from operations of \$1,007,011 (2022: \$643,377). At 30 June 2023, the Group had \$51,235 (30 June 2022: \$379,640) in cash and cash equivalents. For the Group to continue to carry out its exploration activities, meet its expenditure requirements and continue as a going concern it is dependent on securing additional funding. These conditions indicate a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business.

For the Group to be able to continue to carry out its exploration activity and to have sufficient working capital, it is dependent on the financial support from its shareholders to fund its working capital requirements and/or successfully raising capital. The Directors have prepared a cashflow forecast for the next 12-month period reflecting the need for further funding as mentioned above. While the Directors are confident that they will be able to raise the funding, the timing, extent and cost of additional funding is always uncertain. In the event that funding of an amount required to meet the future budgeted operational and investing activities of the Company is unavailable, the Directors would undertake steps to scale down its operations and reduce its discretionary expenditure in order to curtail cash outflows.

The Group successfully raised \$400,000 during the year through the issue of convertible notes (refer to note 9), as well as an additional \$300,000 through loan facilities with shareholders (refer to note 8) which supports the Company's ability to raise capital if required. Subsequent to Year end the Group raised an additional \$250,000 through loan facilities with shareholders (refer to note 17).

The maturity date of the related party loans have been extended to the earlier of 31 March 2024 or the date of which the Company completes a capital raising of at least \$2,000,000. The Directors have also agreed to accrue the director fees owed to them until such time as the Company is in a financial position to pay these accrued director fees.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at the amounts that differ from those stated in the financial statements. The financial report does not include any adjustment relating to the recoverability and classification of the asset carrying amounts or the classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2. Other income

	2023 \$	2022 \$
Interest income	900	251
R&D Rebate	-	148,467
Other	-	269
Total other income	900	148,987

3. Income tax

	2023 \$	2022 \$
(a) Income tax expense		
Current tax expense	-	-
Deferred tax expense	-	-
	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

3. Income tax (continued)

	2023 \$	2022 \$
(b) Reconciliation of income tax expense to prima facie tax payable:		
Loss before income tax	(2,010,927)	(1,042,233)
Prima facie tax benefit on loss from ordinary activities before income tax at 30% (2022: 30%)	(603,278)	(312,670)
Adjustments for:		
Non-deductible expenses	234,152	49,136
Accounting expenditure subject to R&D tax incentive	-	29,341
Deduction for decline in value of depreciating assets	(148)	(1,524)
Other deductible expense	(6,531)	(6,898)
R&D Tax Offset	-	(44,540)
Tax losses not brought to account	375,805	287,155
	-	-
(c) Deferred income tax		
Tax value of losses carried forward	1,485,723	1,133,662
Accrued expenses	208,748	148,000
Non-recognition of deferred tax assets	(1,694,471)	(1,281,662)
	-	-
(c) Tax losses		
Australian tax losses of a revenue nature carried forward for which no deferred tax asset has been recognised	4,952,409	3,778,874
Potential Australian tax benefit at 30% (2022: 30%)	1,485,723	1,133,662

The benefit for tax losses will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised;
- (ii) the Company continues to comply with the conditions for deductibility imposed by law; and
- (iii) No changes in income tax legislation adversely affect the Company in utilising the benefits.

4. Dividends paid or proposed

The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

5. Cash and cash equivalents

	2023 \$	2022 \$
Current		
Cash at bank and in hand	51,235	379,640
Total cash and cash equivalent	51,235	379,640

Cash at bank and in hand earns interest at both floating rates based on daily bank rates.

Refer to Note 13 on financial instruments for details on the Company's exposure to risk in respect of its cash balance.

Significant accounting policy

For cashflow statement presentation proposed, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments with original maturities of three months or less that are readily

to known amounts of cash and which are subject to an insignificant risk of change in rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

5. Cash and cash equivalents (continued)

Operating cash flow reconciliation

	2023 \$	2022 \$
Reconciliation of operating cash flows to net profit/(loss)		
Profit/(loss) for the year	(2,010,927)	(1,042,233)
Depreciation and amortisation	18,799	18,784
Net finance costs	33,061	4,022
Share based payment expenses	457,590	162,000
(Increase)/decrease in trade and other receivables	(378)	32,950
Increase/(decrease) in trade and other payables	494,844	181,100
Cash flow from operations	(1,007,011)	(643,377)

Non-cash investing activities

There were no non-cash investing activities during the period.

Non-cash financing activities

There were no non-cash financing activities during the period.

6. Right of use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	109,838	109,838
Less: Accumulated amortisation	(65,598)	(47,292)
Total	44,240	62,546

Additions to the right-of-use assets during the year were nil. The company leases land and buildings for its warehouse under an agreement of two years with an option to extend for additional terms, up to 6 years. The arrangement does not include variable lease payments or residual guarantees. Where the lease includes the option to renew, this has been factored into the lease calculation.

7. Trade and other payables

	2023 \$	2022 \$
Current		
Trade payables	281,118	53,256
Accrued expenses	695,828	428,986
Other payables	3,222	3,080
	980,168	485,322

Significant accounting policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 2 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing and have an average term of 2 months. All amounts are expected to be settled within 12 months. Please refer to Note 13 on Financial Instruments for further discussion on risk management.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

8. Borrowings

	2023 \$	2022 \$
Opening Balance	-	-
Issue of loans ⁽ⁱ⁾	300,000	-
Implied Interest	30,000	-
Closing Balance	330,000	-

- (i) During the period, the Company received \$300,000 from the issuance of unsecured loan notes from existing shareholders to fund ongoing working capital requirements

The key terms of the loans are as follows:

Number of loan notes:	750,000
Maturity date:	30 June 2023
Face value:	\$0.40
Repayment price:	\$0.44
Repayment:	Each loan note is repayable in cash at the repayment price at any time on or prior to the maturity date.
Interest rate:	Nil

Subsequent to year end the maturity dates of the loans were deferred until 31 December 2023 and the repayment price increased to A\$0.46. (Refer Note 17)

9. Convertible notes

	2023 \$	2022 \$
Opening Balance	-	885,000
Issue of convertible notes ⁽ⁱⁱ⁾	400,000 ⁽ⁱⁱ⁾	900,000 ⁽ⁱⁱⁱ⁾
Less conversion of convertible notes into share capital on conversion date ⁽ⁱ⁾	-	(1,785,000)
Closing Balance	400,000	-

- (i) Refer to note 12 for further details on conversion.

- (ii) During the period, the Company issued \$400,000 worth of convertible notes.

The key terms of the Convertible Notes are as follows:

Number of convertible notes:	1,000,000
Maturity date:	30 June 2023
Face value:	\$0.40
Conversion price:	Each convertible note will convert into ordinary shares (subscription shares) at the lower of a 20% discount to the issue price for ordinary shares in the next fundraising or at face value
Interest rate:	Nil
Automatic conversion:	Unless previously converted by the subscriber, conversion of the convertible note into ordinary shares will automatically occur at Face Value on the maturity date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

9. Convertible notes (continued)

(iii) In the prior period, the Company issued \$900,000 worth of convertible notes.

The key terms of the Convertible Notes are as follows:

Number of convertible notes:	4,500,000
Maturity date:	31 December 2021
Face value:	\$0.20
Conversion price:	Each convertible note will convert into ordinary shares at the lower of the issue price of ordinary shares in the next fund raising or at face value
Interest rate:	Nil
Automatic conversion:	Unless previously converted by the subscriber, conversion of the convertible note into ordinary shares will automatically occur at Face Value on the maturity date.

Subsequent to year end the convertible notes were converted to ordinary shares. (Refer Note 17).

10. Lease liabilities

	2023 \$	2022 \$
Current		
Lease liability	19,603	18,333
Total current lease liability	19,603	18,333
Non-current		
Lease liability	30,280	49,884
Total current lease liability	30,280	49,884
Total lease liabilities	49,883	68,217

11. Issued capital

(a) Issued and fully paid

	30 June 2023		30 June 2022	
	\$	No.	\$	No.
Ordinary shares	4,449,510	56,224,583	4,449,510	56,224,583
	4,449,510	56,224,583	4,449,510	56,224,583

(b) Movement reconciliation

Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2022	56,224,583	4,449,510
Share issue costs	-	-
Closing Balance at 30 June 2023	56,224,583	4,449,510
Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2021	46,489,583	2,502,510
Value of conversion rights on convertible notes – 31 December 2021	8,925,000	1,785,000
Shares issued in lieu of payment to suppliers, net of transaction costs - 22 January 2022 ⁽ⁱ⁾	810,000	162,000
Share issue costs	-	(25,000)
Closing Balance at 30 June 2022	56,224,583	4,449,510

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

11. Issued capital (continued)

⁽ⁱ⁾ The Company issued 810,000 at \$0.20 per share to extinguish liabilities of \$162,000. As required by AASB 2, as the company couldn't fair value the services rendered, the shares have been valued base on the market value of the shares issued.

The share capital of the Group as at 30 June 2023 was 56,224,583 ordinary shares. No shares of the Group were subject to escrow at 30 June 2023.

(c) Terms and conditions of issued capital

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the Group, to participate in proceeds from the sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Group.

Unissued ordinary shares of VBX Limited under option and performance rights at the date of this report are as follows:

Grant Date	Expiry Date	Exercise Price	Number
Performance rights ⁽ⁱ⁾	5 years from listing date	Nil	25,000,000
Options ⁽ⁱ⁾	3 years from listing date	\$0.75	1,750,000
			26,750,000

(i) Refer to note 11 for further details on the terms and conditions of the performance rights and options.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's capital includes ordinary share capital, partly paid shares and financial liabilities, supported by financial assets.

The Group's capital includes mainly ordinary share capital and financial liabilities supported by financial assets.

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

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programs and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

12. Share Based Payment Reserves

(a) Equity settled share-based payments

	30 June 2023		30 June 2022	
	\$	No.	\$	No
Performance rights reserve ^(b)	-	25,000,000	-	25,000,000
Options reserve ^(c)	457,590	1,750,000	-	-
	457,590	25,000,000	-	25,000,000

(b) Movement reconciliation

Performance Rights

	Number	\$
Balance at the beginning of the period – 1 July 2021	25,000,000	-
Movement during the year	-	-
Balance at the end of the period – 30 June 2022	25,000,000	-
Balance at the beginning of the period – 1 July 2022	25,000,000	-
Movement during the year	-	-
Balance at the end of the period – 30 June 2023	25,000,000	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Share Based Payment Reserves (continued)

During the financial year ended 30 June 2020, 25,000,000 performance rights were issued to Director Ryan de Franck with the performance rights vesting upon achievement of either of the applicable Project Milestone or Share Price Milestone. These Milestones have been outlined below:

Performance Rights	Number	Project Milestone	Share Price Milestone	Milestone Date
Class A	5,000,000	Vest upon the Company completing and announcing a positive feasibility study for the development of the Wuudagu Bauxite Project	A\$0.40 per share	2 years from Listing Date
Class B	5,000,000	Vest upon the Company entering into an off take or marketing agreement for at least 1 million tonnes per annum of product produced from the Wuudagu Bauxite Project	A\$0.60 per share	3 years from Listing Date
Class C	5,000,000	Vest upon the Company completing and announcing financial close for the funding required for the development of the Wuudagu Bauxite Project	A\$0.80 per share	4 years from Listing Date
Class D	10,000,000	Vest upon the date that the Company achieves first delivery of product from the Wuudagu Bauxite Project to an agent or customer under an off take or marketing agreement	A\$1.00 per share	5 years from Listing Date
Total	25,000,000			

The inputs for the valuation of the share-based payment have been stated below:

Grant Date:	3 December 2019
Number of Performance Rights:	25,000,000
Share Price at grant date ⁽ⁱ⁾	\$0.12
Expiry Date	5 years from Listing Date

⁽ⁱ⁾This is based on the share price at the most recent issue of capital being undertaken at grant date.

The table below shows the fair value for each class of Performance Rights:

Class	Fair Value \$
A	600,000
B	600,000
C	600,000
D	1,200,000
Total	3,000,000

The fair value of the Performance Rights is measured with reference to the share price on grant date and application of a likelihood of achieving the vesting conditions. This likelihood is required to be reassessed at each reporting date.

On 21 March 2023 a deed of amendment was entered into changing the Share Price Milestones to the following.

Performance Rights	Share Price Milestone
Class A	20-Day VWAP of a 20% premium to the IPO Issue Price
Class B	20-Day VWAP of a 30% premium to the IPO Issue Price
Class C	20-Day VWAP of a 60% premium to the IPO Issue Price
Class D	20-Day VWAP of a 100% premium to the IPO Issue Price

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

12. Share Based Payment Reserves (continued)

At the reporting date, 30 June 2023, management have assessed the probability of achieving both the Share Price Milestones and the Project Milestones, for Classes A-D, to be 0%. Therefore, no share-based payment expense has been recognised for the period ended 30 June 2023. No performance rights were issued as share based payments during the year ended 30 June 2023.

(c) Movement reconciliation

Options

	Number	\$
Balance at the beginning of the period – 1 July 2021	-	-
Movement during the year	-	-
Balance at the end of the period – 30 June 2022	-	-
Balance at the beginning of the period – 1 July 2022	-	-
Movement during the year	1,750,000	457,590
Balance at the end of the period – 30 June 2023	1,750,000	457,590

During the period, 2,250,000 unlisted options were granted to the Company's Non-Executive Directors, exercisable at \$0.75 per option and expiring 3 years from the date the Company is quoted on the ASX. The options were issued for nil consideration as they were issued as a performance based component of the respective non-executive directors' remuneration packages.

Security	Number	Grant Date	Exercise Price	Expiry	Vesting Date
Unlisted Option	2,250,000	9 September 2022	\$0.75	3 years from Listing Date	Vested immediately

The Options were valued using a Black-Scholes Model with the following inputs:

	2023	2022
Fair Value	\$0.20	-
Share Price	\$0.40	-
Exercise Price	\$0.75	-
Expected Volatility (weighted average)	100%	-
Expected Life (weighted average)	3	-
Expected dividends	Nil	-
Risk free interest rate (based on government bonds)	3.41%	-

The fair value of the Options is measured with reference to the share price on grant date and application of a likelihood of achieving the vesting conditions. This likelihood is required to be reassessed at each reporting date.

At the reporting date, 30 June 2023, management have assessed the probability of the options being converted to shares to be 100%. 500,000 options were forfeited when Ian Junk resigned on 20 February 2023.

No options issued as share based payment during the year ended 30 June 2023.

13. Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks including market risk (interest rate risk, foreign exchange risk and price risk), credit risk and liquidity risk. The Groups overall risk management program focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group does not use derivative financial instruments; however the Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and other price risks and aging analysis for credit risk.

Risk management is carried out by the Board of Directors with assistance from suitably qualified external and internal advisors. The Board provides written principles for overall risk management and further policies will evolve commensurate with the evolution and growth of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

13. Financial instruments (continued)

(a) Market risk

(i) Interest Rate Risk

The Group hold cash at bank with variable interest rates. The interest rate is low and changes in the interest rates will have minimal impact to the Group.

(ii) Foreign exchange risk

The Group operated pre-dominantly in Australia in the year ended 30 June 2023 and had minimal exposure to foreign exchange risk.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted the policy of dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company measures credit risk on a fair value basis. The Company does not have any significant credit risk exposure to a 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 Company's maximum exposure to credit risk without taking account of the fair value of any collateral or other security obtained.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings:

	2023 \$	2022 \$
Cash and cash equivalents AA-	51,235	379,640
Total	51,235	379,640

(c) Maturity analysis of financial assets and liabilities

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. As at reporting date the Group had sufficient cash reserves to meet its requirements. The Group therefore had no credit standby facilities or arrangements for further funding in place.

The financial liabilities of the Group at reporting date were trade payables incurred in the normal course of the business. These were non-interest bearing and were due within the normal 30-60 days terms of creditor payments. The Group does not consider this to be material to the Group and have therefore not undertaken any further analysis of risk exposure.

2023 Contractual maturities of financial liabilities	Less than 6 months	1 year or less	Over 1 to 5 years	More than 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Financial liabilities							
Trade payables	281,118	-	-	-	-	-	281,118
Other payables	699,050	-	-	-	-	-	699,050
Total financial liabilities	980,168	-	-	-	-	-	980,168

2022 Contractual maturities of financial liabilities	Less than 6 months	1 year or less	Over 1 to 5 years	More than 5 years	Over 5 years	Total contractual cash flows	Carrying amount of liabilities
Financial liabilities							
Trade payables	53,256	-	-	-	-	-	53,256
Other payables	432,067	-	-	-	-	-	432,067
Total financial liabilities	485,323	-	-	-	-	-	485,323

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

14. Operating segments

Operating segments that meet the quantitative criteria of AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to the users of the financial statements.

The Group operates within the mineral exploration industry within Australia.

The Group determines its operating segments by reference to internal reports that are reviewed and used by the Board of Directors (the chief operating decision maker) in assessing performance and in determining the allocation of resources. The Board of Directors currently receive the Statement of Financial Position and Statement of Comprehensive Income information that is prepared in accordance with Australian Accounting Standards.

The Statement of Financial Position and Statement of Comprehensive Income information received by the Board of Directors does not include any information by segment. The executive team manages each exploration activity of each exploration concession through review and approval of statutory expenditure requirements and other operational information. Based on this criterion, the Group has only one operating segment, being exploration, and the segment operations and results are the same as the Group results.

15. Commitments and contingent liabilities

(a) Exploration expenditure

In order to maintain mining tenements, the economic entity is committed to meet the prescribed conditions under which tenements were granted. These commitments may be met in the normal course of operations by future capital raisings and/or farm-in/out and under certain circumstances are subject to the possibility of adjustment to the amount and timing of such obligations or by tenement relinquishment.

	2023 \$	2022 \$
Exploration expenditure commitments		
Payable:		
Not later than 12 months	321,000	269,667
Between 12 months and 5 years	721,101	747,001
Greater than 5 years	-	-
Total	1,042,101	1,016,668

(b) Other commitments and contingency

At the date of the report no other material commitments, contingent assets or contingent liabilities exist that the Group is aware of, other than those disclosed above.

16. Related party disclosure

(a) Parent entities

VBX Limited is the ultimate Australian parent entity.

(b) Subsidiaries

The consolidated financial statements include the financial statements of VBX Limited, and the subsidiaries listed in the following table.

	Country of Incorporation	30 June 2023 % Equity Interest	30 June 2022 % Equity Interest	Principal Activity
VBX Kalumburu Pty Ltd	Australia	100	100	Holding Subsidiary
Sustainabal Pty Ltd ⁽ⁱ⁾	Australia	100	100	Holding Subsidiary

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

16. Related party disclosure (continued)

(c) Key management personnel compensation

	2023 \$	2022 \$
Short-term employee benefits ⁽ⁱ⁾	210,548	195,000
Total	210,548	195,000

- (i) The amount for 30 June 2023 includes \$199,341 which has been accrued (2022: accrual of \$145,000).
(ii) Nil was paid to Valperlon Services Pty Ltd (2022: \$50,000), an entity related to Ryan de Franck.

(d) Other transactions to/from related parties

Convertible Notes

On 31 December 2021, the Company issued \$165,000 fully paid ordinary shares to The Ludbrook Super Fund, an entity related to Richard de Franck, in relation to the conversion of convertible notes.

On 31 December 2021, the Company issued \$35,000 fully paid ordinary shares to Jojeto Pty Ltd, an entity related to George Lloyd, in relation to the conversion of convertible notes.

On 31 December 2021, the Company issued \$35,000 fully paid ordinary shares to Aurora Prospects Pty Ltd, an entity related to Ian Junk, in relation to the conversion of convertible notes.

Refer to Note 9 for further details.

Borrowings

On 1 November 2022, the Company received \$200,000 from the issuance of unsecured loan notes to Offshore Installation Services Pty Ltd, an entity related to Richard de Franck.

On 9 March 2023, the Company received \$50,000 from the issuance of unsecured loan notes to Offshore Installation Services Pty Ltd, an entity related to Richard de Franck.

On 9 March 2023, the Company received \$25,000 from the issuance of unsecured loan notes to Ryan de Franck ATF the Valperson Trust, an entity related to Ryan de Franck.

On 9 March 2023, the Company received \$25,000 from the issuance of unsecured loan notes to Brian Powe, an entity related to Vivienne Powe.

Refer to Note 8 for further details.

Share Based Payments

On 9 September 2022, the Company granted 2,250,000 unlisted options to Non-Executive Directors, 500,000 to Richard de Franck, 500,000 to Ian Junk, 1,000,000 to George Lloyd and 250,000 to Vivienne Powe.

500,000 unlisted options were forfeited when Ian Junk resigned on 20 February 2023.

Refer to Note 12 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

17. Events after the reporting date

Date	Details												
July 2023	New Loans Subsequent to year end, the Company received \$250,000 from the issuance of unsecured loan notes from existing shareholders to fund ongoing working capital requirements. <table> <tr> <td>Number of loan notes:</td><td>625,000</td></tr> <tr> <td>Maturity date:</td><td>31 December 2023</td></tr> <tr> <td>Face value</td><td>\$250,000</td></tr> <tr> <td>Repayment price:</td><td>\$0.42</td></tr> <tr> <td>Repayment:</td><td>\$262,500</td></tr> <tr> <td>Interest rate:</td><td>Nil</td></tr> </table>	Number of loan notes:	625,000	Maturity date:	31 December 2023	Face value	\$250,000	Repayment price:	\$0.42	Repayment:	\$262,500	Interest rate:	Nil
Number of loan notes:	625,000												
Maturity date:	31 December 2023												
Face value	\$250,000												
Repayment price:	\$0.42												
Repayment:	\$262,500												
Interest rate:	Nil												
October 23	Changes to Loan Terms On 30 October 23, the terms for the loans outlined in Note 8 were modified. The Maturity Date was extended to 31 December 2023 and the Repayment Price was increased to \$0.46.												
November 23	Share Based Payment On 20 November 2023, the Company issued 165,000 fully paid ordinary shares at \$0.40 per share to extinguish liabilities of \$66,000 to CM Group.Net Pty Ltd, for the provision of a bauxite industry subscriptions and the IPO market report prepared.												
November 23	Conversion of Convertible Notes On 20 November 2023, the Company converted 1,000,000 convertible notes to fully paid ordinary shares at the face value \$0.40 Of the 1,000,000 convertible notes converted to fully paid ordinary shares, 75,000 fully paid ordinary shares at \$0.40 cents were issued to related parties of Ryan de Franck and 50,000 fully paid ordinary shares at \$0.40 cents were issued to related parties of Vivienne Powe.												
November 23	Changes to Loan Terms On 30 November 23, the terms for the loans outlined in Note 8 were modified. The Maturity Date was extended to the earlier of 31 March 2024 or the date on which the Company completes a capital raising of at least \$2,000,000.												

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2023

18. Auditor's remuneration

	2023 \$	2022 \$
Audit Services		
Amounts received or due and receivable by BDO Audit (WA) Pty Ltd		
- An audit and review of the financial reports of the Group (including subsidiaries)	34,435	29,458
Non-Audit Services		
- Other assurance services (independent limited assurance report)	-	4,079
- Other assurance services (investigating accountant)	18,609	-
- Other assurance services (independent expert report)	30,900	-
- Other assurance services (Preparation and participation at DDC)	2,600	-
Total remuneration for audit & non-audit services	86,544	33,537

19. Parent entity information

The following details information related to the parent entity, VBX Limited, as at 30 June 2023. The information presented here has been prepared using consistent accounting policies as presented in Note 1.

	2023 \$	2022 \$
Current assets	86,970	414,996
Non-current assets	44,429	63,228
Total assets	131,399	478,224
Current liabilities	1,729,771	503,655
Non-current liabilities	30,280	49,884
Total liabilities	1,760,051	553,539
Contributed equity	4,474,510	4,474,510
Reserves	457,590	-
Accumulated losses	(6,535,752)	(4,524,825)
Share issue costs	(25,000)	(25,000)
Total equity	(1,628,652)	(75,315)
Loss after income tax	2,010,927	1,042,233
Other comprehensive income/ (loss) for the period	-	-
Total comprehensive loss for the period	2,010,927	1,042,233

Guarantees

The Company has not entered into any guarantees in relation to the debts of any of its subsidiaries.

DIRECTOR'S DECLARATION

The directors of the Company declare that:

- (a) the financial statements and notes are in accordance with the Corporations Act 2001, and:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the Group.
 - (iii) are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, as stated in note 1 to the financial statements; and
- (b) In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable; and
- (c) The Directors have been given the declarations by the Managing Director /Chief Financial Officer as required by section 295A, of the *Corporations Act 2001*.

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



Mr Ryan de Franck
Managing Director

Perth, 8 December 2023