2022 Annual Report

OREXPLORE TECHNOLOGIES LIMITED
ABN 98 645 505 406

CONTENTS

DIRECTORS

Alan Bye	Non-executive chairman
Brett Giroud	Managing director
Kent Swick	Non-executive director
Stuart Carmichael	Non-executive director
Stefan Sädbom	Non-executive director
Will Randall	Non-executive director

COMPANY SECRETARY

Frank Campagna

REGISTERED AND PRINCIPAL OFFICE

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STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX: OXT)

SOLICITORS

Hamilton Locke
Level 27, 152-158 St Georges Terrace
Perth WA 6000

AUDITOR

Grant Thornton Audit Pty Ltd
Level 43, 152-158 St Georges Terrace
Perth WA 6000

BANKER

National Australia Bank Ltd

Orexplore delivered on its strategy to demonstrate market traction through the 2022 year as it accelerated the commercialisation of its Technology Platform. In its first year since listing, revenue has grown from $64k to $1.2m with +10 new customer engagements from digital scanning of core originating from the Australian, European, African and American regions. The Company has significantly increased its capability and capacity across all functions through the year, including a new data-science group and ramped up operations team. Simultaneously Orexplore has advanced the technology platform and continues to deliver and further develop its suite of life-of-mine solutions collaboratively with customers in the market.

Orexplore commenced trading on the Australian Securities Exchange (ASX) on 21 January 2022 following the demerger from Swick Mining Services and a strongly supported priority offer. The Company subsequently commenced the development of independent systems, processes and corporate and operational capacity across its Perth headquarters and Stockholm based R&D / manufacture facility.

As part of the process, the Company defined a new globally focused mining technology business strategy, and accelerated the development of the software solutions focused on the mining sector that are powered by the technology platform.

Orexplore is a "deep tech" technology solutions company, that is differentiated from the myriad of data science companies, not only by its unique technology platform, but by its depth and breadth of capability that spans from the development of systems that directly sense rock samples, through to the strategic geo-science team that works with customers to demonstrate the value creation from the adoption of transformational technology.

This "sense to transform" organisational capability, is supported by functions that the Company has been rapidly advancing through the year. The operations, sales, engineering, corporate and geology functions were all significantly advanced, and a new data-science division was created, resulting in a step change in the Company's commercialisation speed and the securing of its first major contract win through the year.

Orexplore's Technology Platform seeks to enable customers to "drill for information" and create orebody knowledge from core in a more sustainable manner.

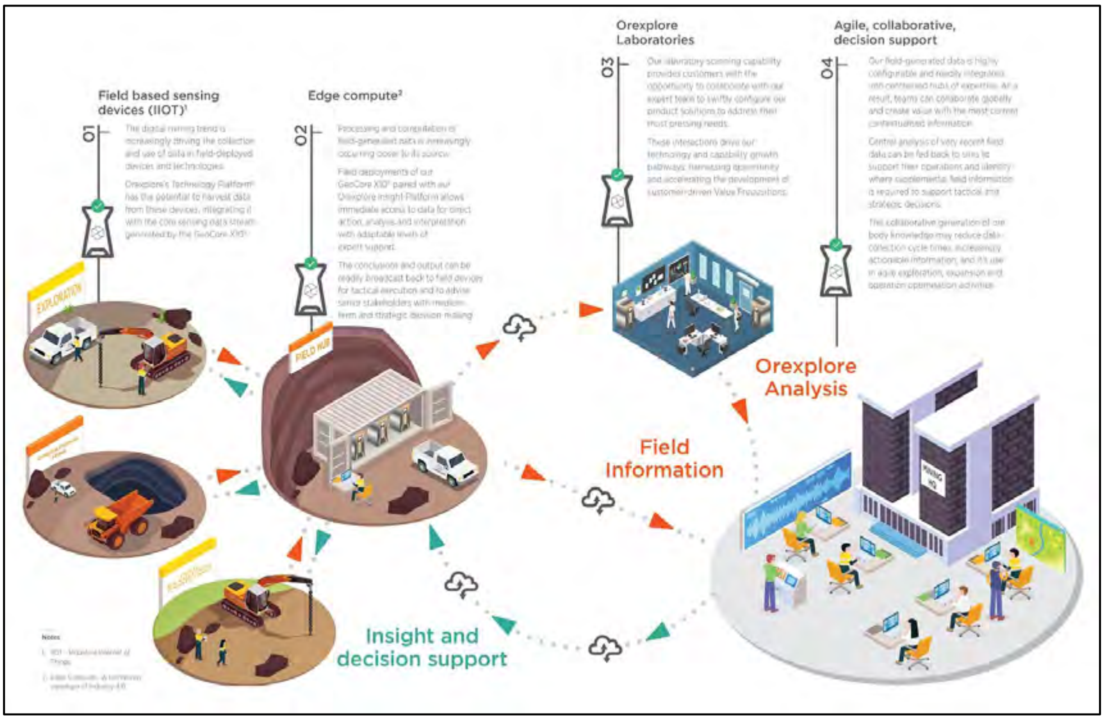

Figure 1 - Orexplore - Drill for information

Orexplore's field-based core sensing GeoCore X10® product and remote Orexplore Insight® software, delivers a very rapid "drilled to insight" time, connecting geological and mining decision makers anywhere in the world to drilled core hours after extraction. Enabling customers to establish a new architecture of "remote IIOT (Industrial Internet of Things) - to global experts" within their business, is truly transformational to the methods and speed that orebodies are scanned and decisions are made from exploration programs, to major project studies, operations and beyond.

The Company delivered on its stated goal of demonstrating traction throughout a year of accelerating engagement and commitment from customers through commercial field deployments. This included the Company's most significant contract to date for OZ Minerals (circa $2.35m) that included a containerised set of four GeoCore X10 units, and a commercial field deployment for Wiluna Mining. These successful deployments importantly demonstrate the increasing demand for the breadth and depth of practical solutions that are supported by the suite of solutions, as evidenced by delivery of exploration decision support for Wiluna Mining and acceleration of Resource to Reserve (R2R) conversion for OZ Minerals.

The power of the technology platform to deliver solutions across the life of mine was further validated across the year through multiple laboratory-based commercial engagements for scanning and product development across a set of Tier 1 and other miners, with core sourced from Latin America, Africa, North America, Australia and Europe. The scanning and solutions under development included a focus on ore-sorting; acid-rock drainage; critical minerals testing; and operational tools including grade control and sample optimisation as well as further support for the important ESG aspect of mining and exploration.

The work undertaken through field deployments and commercial laboratory scanning has significantly advanced the development of the targeted software solutions delivered by the platform across the life of mine and demonstrated traction through commercial customer adoption. The Orexplore Technology Platform is unique in its breadth of solution coverage across the entire life of mine as compared to other technologies targeting the mining sector.

Figure 2 - Orexplore's solution suite

The Company's global strategy was advanced through the year with the Stockholm R&D facility further increasing its balance of effort towards supporting field deployments, sales, manufacturing capability and commercialisation efforts, in addition to advancing the R&D roadmaps of the platform in close contact with the commercial engagements.

The Australian region focused on developing operational capacity and capability to support the field deployments that occurred during the year including the major OZ Minerals deployment. The Perth office also developed its corporate capability through the appointment of Greg Haskis as CFO and the advancement of its IT, financial management, engineering and corporate systems and processes to support delivery and integration with Stockholm.

2022 was a year of accelerating change in global affairs and markets, with many associated challenges for Company's worldwide as they navigated these changes. Through this period, companies and customers have reacted with varying degrees of risk adjustment to suit conditions across the year and have refocused on the fundamentals of their operations. Orexplore has observed this through 2022, however the Company has also noticed that customers have not changed their outlooks on the fundamental global transitions that are impacting their businesses, and the critical role technology can play in helping them navigate through them. The major transitions of energy, ESG, digitisation, and workforce evolution continue to heavily buffet the mining sector, driving transformation in their operations, which represents an excellent opportunity over the medium term for companies to create value through technology offerings that can support these transitions. Orexplore's suite of solutions has been crafted with these macro forces in mind due to their enduring nature, and the Company believes it is well positioned as a result to generate value from them over time.

Latin America is considered a key region of potential future growth for the business. As such, during the year, Orexplore commenced a sales partnership in the Latin American region with a seasoned group of sales professionals having extensive experience of bringing new technology groups to the region. Customer discovery commenced during the year with multiple customer facility visits, site inspections and extended engagement between the Orexplore offices and potential future customers in the region. Multiple large core-farms and other opportunities were identified in the region and a sales pipeline developed in order to refine and execute the best strategic entry into the region.

Major contract – OZ Minerals

During the year Orexplore was awarded its largest ever commercial contract, a $2.35m binding contract with OZ Minerals with the primary goal of rapidly producing new Orebody Knowledge (OBK) and recovery options as part of a Resource to Reserve (R2R) solution. This is building upon and accelerating the traditional study methods for assessing deposits through the utilization of new technologies including Orexplore's platform. The process was underpinned by a field deployment featuring four GeoCore X10 machines to scan field-based core and connect new information sets into existing geological systems and processes. Additionally, multiple other new data streams have been connected to geologists and mining professional through the Company's Orexplore Insight® software platform.

Figure 3 - OZ Minerals field deployment

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TECHNOLOGIES

Ramping up for deployment of this major contract was highly valuable through 2022, as it has created the building blocks of operational capability and capacity of the Company including staff, scanning contractors, geology and data science capability, together with associated operational, corporate and finance systems, processes and procedures. Significant work was undertaken by the site team to document successful approaches and apply lessons learnt to rapidly improve other processes and systems through the period.

Challenges occurred in the initial site access due to weather and other delays, and at the same time the Company worked through a very rapid ramp up in its operational capability and capacity. This included brand new remote teams working in some instances with constrained access to facilities; significant site integration services, and the manufacture of bespoke IT systems to operate and manage the deployment effectively.

The Company's maintenance and engineering departments performed well as they created new systems and processes and responded to the requirements of deploying and maintaining the systems including reactive maintenance callouts and machine upgrades. Overall, the reliability and availability of the individual GeoCore X10 machines was good, and the performance of the associated processing lines and teams that feed the machines continued to improve as the teams and site matured over time.

The "operational recipe" developed across this major commercial deployment to a large-scale core-farm, and the associated telecommunications and engineering designs has been derived and continually improved through this period, and this has created excellent value within the business for future field deployments. For example, the Company delivered excellent results on speed of deployment, through new transportation and commissioning methods, approximately halving the time to commence scanning in a multi-machine field deployment.

A key component of the project has been the integration of the massive data sets into the transforming study processes that are rapidly evolving as part of the development of new ways of undertaking studies through improved orebody knowledge (**OBK**) and fitting this high resolution OBK to strategic mining assessments and process plant optionality. Orexplore commenced development of a set of complex transform functions whereby the raw scan data is processed in order to connect it to geological block modelling systems and simulators and also produce highly valuable data streams and products including:

- Density – directly measured high resolution;
- Smart domaining – validating and redefining traditional domains through lithology and other system outputs;
- Sortability;
- Hardness / Comminution;
- Recovery;
- Rock Quality Designation (RQD);
- Structural controls;
- Heterogeneity; and
- Digital test proxies - geo-metallurgical UCS strength testing.
    - These test proxies build correlations between the often piecemeal and limited traditional test and sampling protocols with the high-resolution data from the platform's CT and XRF scanners in order to assist with building confidence and reducing risk much more broadly across the deposit as each available hole is scanned.

The competitive advantage to the Company to see through the entire core and apply advanced data science to generate the data products as outlined above with its own proprietary data sets is significant and will continue to increase as a significant driver of value creation for the Company and its customers.

Laboratory operations

The Stockholm and Perth laboratories undertook commercial core scanning from a selection of Tier 1 and other customers across the year including larger projects such as the circa 1,200m Western Areas project and a number of other commercial solution development projects ranging from Ore sorting to Acid Rock drainage for 10+ distinct customers. This work through the laboratory is pivotal to the joint work collaboratively defining and developing new solutions with customers and demonstrating their value creation utilising their own deposit samples. The outputs of these projects are used to refine and advance Orexplore's offering and form the basis of technical case studies and sales material that is used globally to advance market adoption.

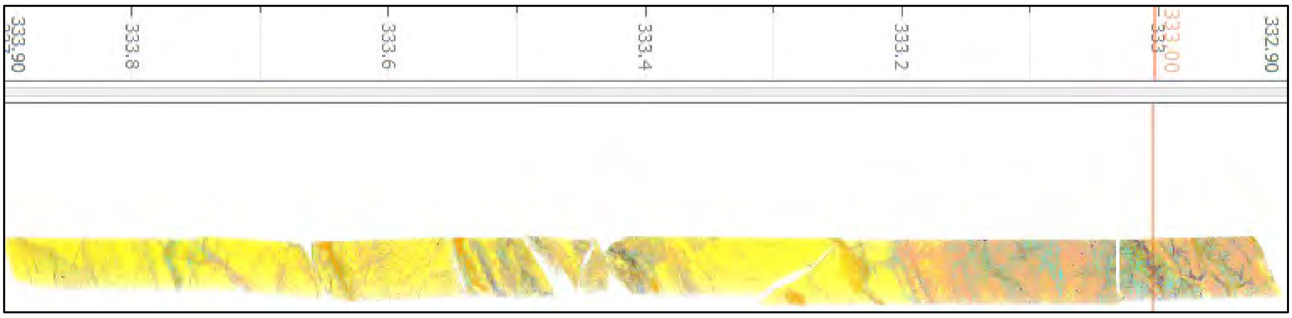

Figure 4 - Digital core

Sales and customer engagement

The mining sector has traditionally not rapidly adopted new technologies, and operational groups can perceive change as a threat to steady state performance, that "someone else can implement first". Mining companies now however, seem to be accelerating their adoption of these technologies as the communication of their value creation spreads, which is evident in the rising levels of digital core scanning that is occurring across the core scanning technology group of companies. Essential to working effectively in the context of these forces, is a customer-centric group of geoscience professionals, that can quickly identify the burning issues that an operation is seeking a solution to, and to ensure that rather than just "pushing technology" on a group, that the solutions are developed and refined to address these urgent needs. Orexplore has focused on identifying these Industry and customer requirements to continue to improve the technology-market fit and drive adoption rates.

The overall sales process and pipeline advanced significantly through the year, with excellent identification of opportunities in Latin America, and a large and growing suite of customer relationships and targets being identified more broadly across Australia and Europe. The Company advanced its sales processes through the additional hiring of an operational sales professional in the Australian region, and robust use of an advanced CRM system to guide sales focus and opportunity validation.

The number of customer engagements, and the sales pipeline of the Company grew robustly across the year, and the speed and performance of leads moving through the sales pipeline increased significantly. As software solutions matured through the year, these seeded the sales materials and case studies that further advanced customer engagement and interest. Typical customer archetypes engaging with the Company included global and regional heads of geology and geoscience; major project study leads; general managers of operations; and lead technical experts from sites and central technology groups.

The Company was present at multiple conferences including PDAC, Diggers and Dealers, RIU and others through-out the year and hosted numerous customers at the Perth and Stockholm facilities to promote and advance the awareness of the technology and the capability of the organisation.

Social media outreach, webinars, Videos, and other communication content through multiple channels was produced and delivered through the year with robust growth in Industry and customer awareness metrics demonstrating the Company's increasing performance compared to competitors through these channels.

To support the Company's sales expansion and ability to rapidly respond to demand, our containerised deployment solution was advanced, with upgrades to the structure and systems across two sea-container units and development of a new single-machine unit, which is able to be produced and deployed in less than one month and is highly mobile, suiting rapid remote deployments of the machines.

OREXPLORE
TECHNOLOGIES

Engineering and Operations

The Company developed its operational group across the year as a result of the first major commercial field deployment. This included allocating senior members to the roles of project manager, study integration lead and site-based roles, in addition to the hiring of a mixture of casual, fixed-term and contract workers to deliver the operations in the field. Operations systems including project management tools, rostering systems and other tracking and management tools were built in support of the group.

The engineering team was significantly bolstered through the year with a strong focus on developing the operations and maintenance support functions for the GeoCore X10 fleet. This was successfully achieved through the hiring and development of maintenance engineers, who also undertook a range of other tasks including commercial scanning, development of internal and client facing maintenance systems, setup of the Perth based laboratory to undertake machine modifications and other functions. These roles proved critical through the year in mobilising and calibrating the Company's field deployments and supporting machine availability and reliability.

Orexplore has developed field deployment platforms based around a three machine Geocore X10® containerized solution and through the 2022 year additionally developed a single machine remotely deployable unit. Both footprints are easily transportable and modular and suit a range of field configurations that are able to service remote core farms or integrate into mine site core processing stations.

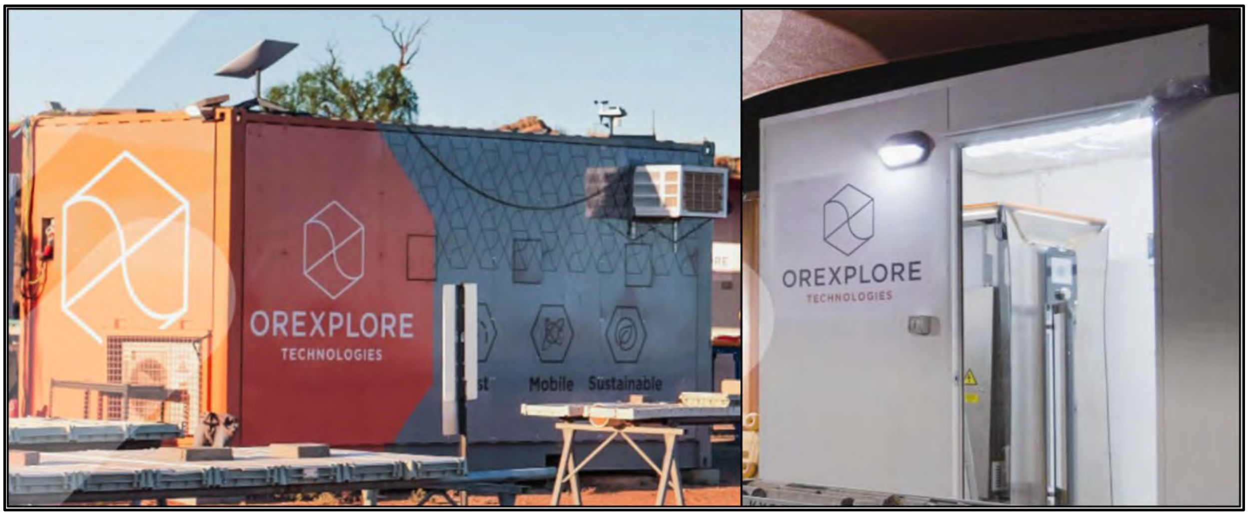

Figure 5 - Orexplore containerised and single unit deployment

Safety is critical to the success of the field deployments and is a foundational value of the Company. Orexplore undertook health and safety training for its team members across the year and was pro-active in identifying the need for remote safety management including the development of risk registers; and the installation of a defibrillator and first-aid facilities. The company also commenced the use of the digital safety application iAuditor (Safety Culture) to deliver site safety processes such as Job Hazard Analysis (JHA's) and pre-starts. Across the period, the operational group had 3 minor equipment damage incidents and no significant personnel incidents.

Product design and manufacturing engineering personnel were also added to the Stockholm office to advance the commercialisation of the platform and produce a new HQ capable machine that was utilised almost immediately by customers through commercial scanning in Perth, and significantly increased the serviceable available market (SOM) for the Company.

Geoscience Solutions

Orexplore's suite of solutions significantly advanced across the year, with traction demonstrated through the deployment of the Exploration decision support tool (Wiluna deployment), and the Resource to Reserve (R2R) acceleration solution (OZ Minerals deployment) comprised of a set of new orebody knowledge and recovery data products.

Advancements across ore sorting, acid rock drainage, grade control, sampling optimisation and others all occurred across the year through commercial core scanning at the Perth and Stockholm laboratories through a selection of Tier 1 and other customers using core sourced from multiple global regions.

Pivotal to the adoption of the technology globally by customers and unique to Orexplore is the extraction of valuable information from the enormous 3D datasets in the form of data products. These data products combine to form solutions to customers, with the example of ore-sorting solutions requiring the extraction of detailed particle information from core. This work was significantly advanced through 2022 through the creation of a new data science team who have been working closely with the geo-science and R&D teams to develop new data products.

The new data science team was focused on transforming the very large data sets produced by the GeoCore X10 systems into saleable data products that underpin the commercial solutions offered to Industry. The team rapidly developed industry unique software data products including particle extraction and identification from 3D models; ore sorting solutions; auto RQD; smart domaining (that validates or challenges geological model boundaries) and multiple strip-log products including manual/computer logging validation amongst others.

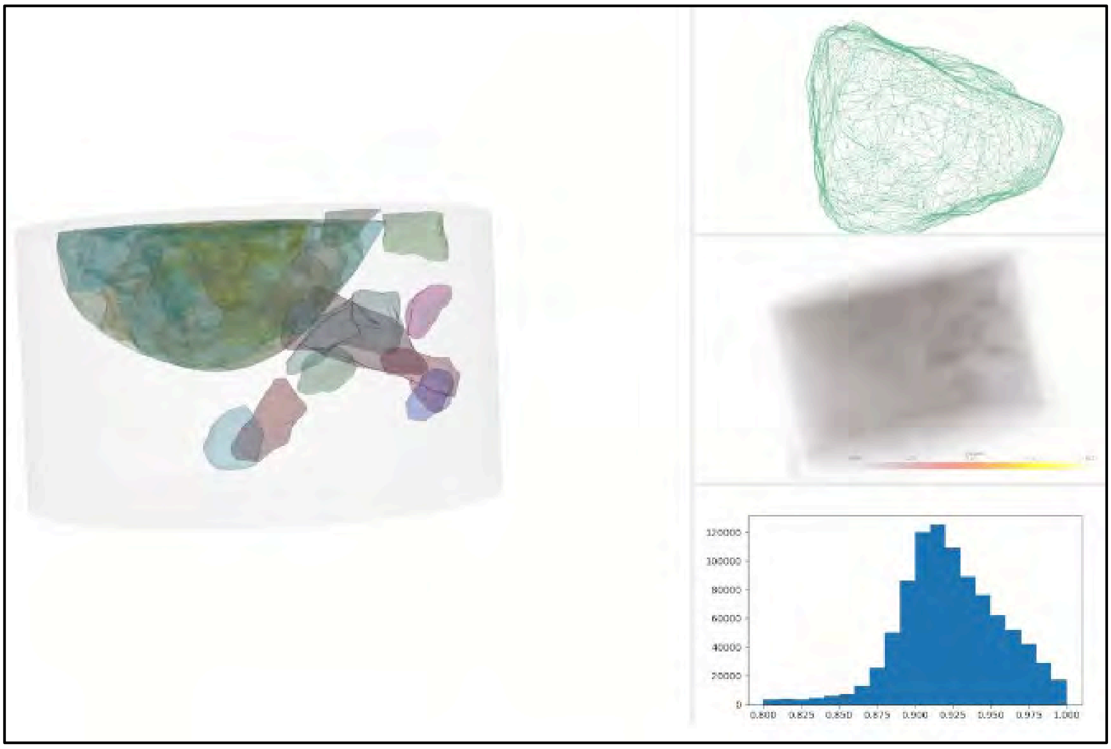

Figure 6 - Particle extraction from 3D core

Emerging industry demand through the year drove the development and application of the Company's solutions and data products to critical minerals exploration, processing and recycling opportunities with customers. This occurred through a small technology trial and set of small commercial engagements where the Company has applied its data science capabilities to improving the efficiency and feasibility of customer's major project studies and concept of operations, including pivotal CAPEX/OPEX drivers such as the sortability of deposits, and potential grade control solutions.

OREXPLORE
TECHNOLOGIES

Technology Platform

In response to customer and industry demand, Orexplore accelerated the design and manufacture of a new HQ capable machine. New supplier links were built throughout Western Australia to support the high-quality manufacture of precision parts and systems, and this enabled the Company to deliver the upgrade project in less than half the time and budget previously expected.

The HQ machine was almost immediately utilised by customers through the Perth laboratory and was also rolled out to site. The new machine was built through internal electro-mechanical modifications and associated instrumentation and software systems and removed the previous limit of NQ core size. Functionality, reliability and performance was excellent, and the Company is moving towards upgrading its fleet with this new capability.

Figure 7 - HQ capable GeoCore X10

To support the production of the in-demand ore-sorting solution, and to advance the 3D capability of the platform, the Company commenced the development of new dual-energy functionality through the 2022 year. Testing and commercial utilisation of this advancement commenced in the fourth quarter of the year with pleasing results.

The combined R&D and engineering teams undertook significant work through the year on improvements in the instrumentation and systems of the platform and increased the performance of the resulting 3D mineralogical model. Advances were made in Machine Learning using advanced training sets to calibrate and train the system and this represents a powerful method augmenting our XRF/XRT sensor fusion models.

During 2022, as the engineering team's capabilities were bolstered, the Stockholm R&D and manufacture group improved designs and built and tested new machine components and systems. In addition to the roll-out of the HQ upgrade, the main manufacturing team produced the latest standard machine and completed testing of all main systems during the year. This additional machine in the fleet represents a significant advancement in the modularity, maintainability and operability of the machine design and is the result of the Company's prior design and development work. Future fleet additions are expected in the following period that will utilise these improvements, and work is undergoing on upgrading the original fleet to improve its capability and maintainability. Machine manufacture times are subject to the supply of key components, and where all inventory components are co-located the actual assembly and final manufacture and testing of the machine can occur rapidly in around one week through the Stockholm facility.

The Orexplore Insight® platform was comprehensively advanced across 2022 with a large set of new features and performance enhancements underpinning the solutions that the Company sold into the market. Additions to the software included:

- Stereonets;
- Advanced core annotation;
- Strip logs and customer data imports;
- Auto RQD;
- New attenuation segmentation tool for segmentation and mineralogy;
- Particle size distributions;
- Enhanced functionality for structural logging; and
- Numerous improvements to the overall look, feel and performance of the system.

OREXPLORE
TECHNOLOGIES

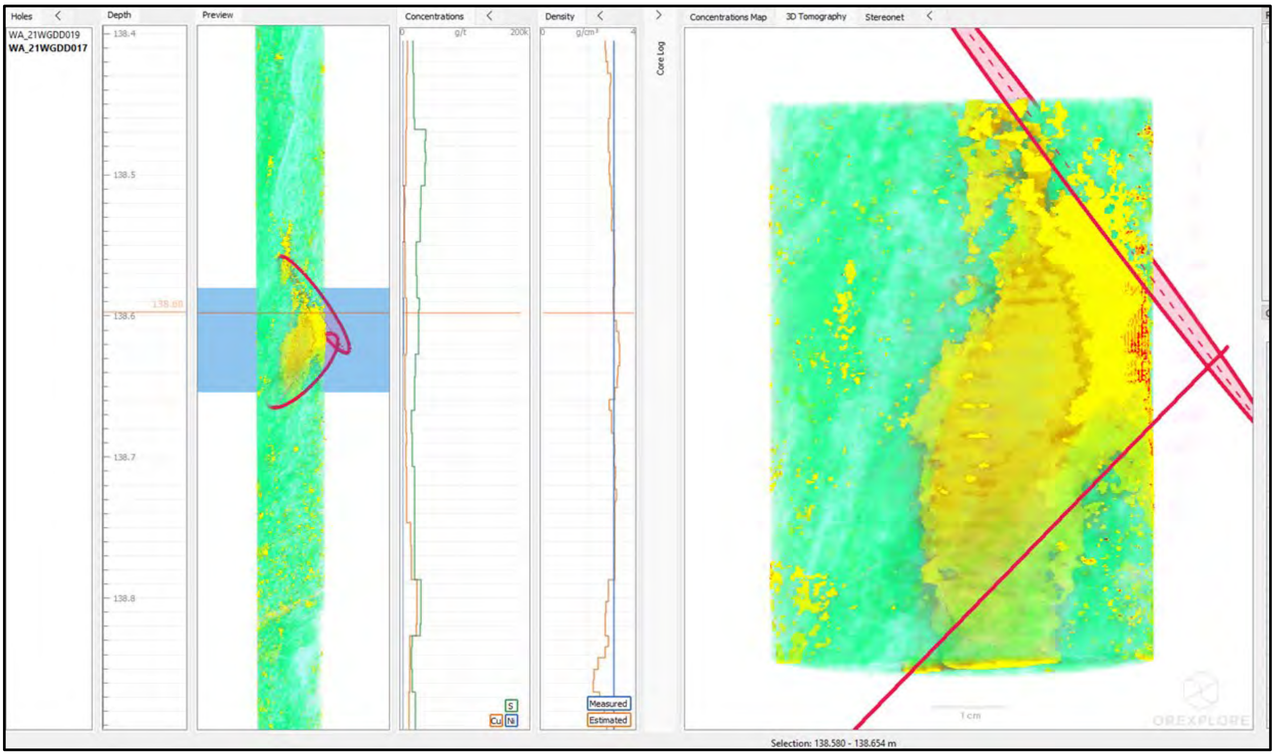

Figure 8 Orexplore Insight(R) - Structural annotation

The Company continued to build out data storage, processing and delivery systems through the year, and launched a client Portal, that delivers imaging and statistics from each site, via the Cloud, to clients within 10 minutes of the core sample being removed from the scanner, anywhere in the world. Across the year the engineering team continued to push and leverage the latest advances in compute technology to drive increased speed and quality of the data products and solutions powered by the technology platform.

As the year closed, the focus of the business was on building the operational capability and capacity to deliver the major OZ minerals field deployment, sales in the Latin American region, and rapidly developing the data-products and solutions through the geo-data science team. Customer engagement, and commercial core scanning through laboratories to develop solutions such as ore sorting with Tier 1 and other operators was also a strong focus throughout the whole year and accelerated in the second half.

2022 resulted in a step change advancement across every area of the business, and the speed to solution design and development rapidly increased resulting in revenue generating solutions in the field.

The Company delivered on its goal of demonstrating commercial traction in the industry across the year, and in parallel improved its position to scale through a strong focus on organisational development and advancing the performance and solution depth of the technology platform with customers. With commercial core scanning in the Company's laboratories from multiple regions of the world from a range of Tier 1 and other customers, and a strong sales entry into Latin America, Orexplore is well positioned to move into the scaling phase through 2023.

OREXPLORE
TECHNOLOGIES

ESG

Orexplore emerged from Stockholm, Sweden, a country known for its global leadership on sustainability and the environment, and therefore adopted a strong foundational value of sustainability and a core mission of promoting and enabling the sustainability of the mining Industry. The Company is committed to continually improving not only its own environmental footprint, social value generation and strong governance, but also that of its customers. It seeks to achieve this through providing a technology platform and suite of solutions that seek to deliver a transformation in the high-resolution modelling of orebodies that can unlock the ability to recover them more efficiently through precision mining, well-matched process plants and reduced life of mine operational footprints, all of which drive improved environmental and techno-economic outcomes for customers.

The Company actively monitors its own footprint with regard to these principles and proudly sources all power for its Stockholm R&D and manufacture facility from fully renewable energy sources. Opportunities to power field-deployments with renewable energy are also under study and the Company will continue to advance the monitoring and accounting of energy use and associated emissions and seek to reduce this over time.

The Company's environmental impact is considered very positive with a very small physical footprint on site and a fundamental architecture of the technology platform whereby the GeoCore X10 units are placed on site near drill rigs to promote the "transport of information not drill core" thereby seeking to reduce the costs and associated emissions of the movement of drill core through vehicles and aircraft both within sites and often remotely to laboratories and other often overseas providers. Case studies on the potential saving for customers will emerge over time as the Company continues to demonstrate the positive impact of such a transformation in the industry. Orexplore is also committed to demonstrating the likely significantly larger net positive benefit it believes it generates for customers from developing high-resolution orebodies that can be more precisely mined over time, hence potentially reducing mining footprints, and reducing operational bulk material movements and associated emissions across the life of mine.

An expected future social value generator is the remote field deployment of the GeoCore X10 units, that are easily operated by school graduates and do not require professional geology or other degrees to operate. As these units are embedded in remote mining operations and on exploration sites, the Company believes there is a good opportunity to positively support regional employment across the globe to remote communities. These local scanning teams are then able to work with the remote geology and mining professionals to understand the core they are scanning, which provides an additional benefit of working with, and learning from these experts.

OREXPLORE
TECHNOLOGIES

The Directors present their report together with the consolidated financial statements of Orexplore Technologies Limited ("**the Company**" or "**Orexplore**") and its subsidiaries for the year ended 31 December 2022 and the auditor's report thereon. The use of the words **Company** and **Group** are interchangeable for the purposes of this report.

DIRECTORS

The Directors of the Company at any time during or since the year ended 31 December 2021 are set out below. Directors were in office for the entire period unless otherwise stated.

Alan Bye, BSc, BSc Hons, PhD
Non-executive chairman – director since October 2020

Dr Bye has more than 20 years' experience in senior operational and strategic roles in the resources industry working in 15 countries covering 9 commodities. Dr Bye has a mining operational background and has a PhD in mining engineering and is a fellow of the Academy of Technology Science and Engineering (FTSE).

He was previously Vice President Technology at BHP and in his global role he was accountable for execution of major innovation programs across five commodity value chains covering both digital and extractive technologies.

Dr Bye was a director of Swick Mining Services Limited from November 2019 until February 2022.

Brett Giroud, B.Eng (Computer Systems) Hons, MBA
Managing director– director since July 2021

Mr Giroud is an engineering executive and technology industry leader with over 25 years of corporate leadership and engineering consulting experience. He was the former APAC head of Strategy and Transaction Services for Worley (Advisian), and former Chief Engineer for Jacobs Engineering (Information and Communications Technology), where he created and led a group of over 100 systems engineering and technology professionals.

Mr Giroud has initiated and led business units and large-scale teams and been directly responsible for safely delivering more than $250m of complex disruptive technology projects for Tier-1 clients across a portfolio of more than $15B of major growth projects. Mr Giroud has worked across Australia, Europe, and the Middle East and has extensive experience across the entire engineering and technology lifecycle from concept and design, through studies and major project delivery, into construction and leadership positions across site commissioning activities.

As a prior visiting guest lecturer at the University of Western Australia across functional safety and advanced systems, and an independent advisor to emerging technology companies, Mr Giroud is experienced at early-stage technology ventures and commercialisation.

Kent Swick, B.Eng (Mech)
Non-executive director– director since October 2020

Mr Swick is a Mechanical Engineer with over 30 years' experience in civil construction, mining maintenance and surface and underground mineral drilling. He was previously employed by Atlas Copco Australia as a Maintenance Engineer managing underground maintenance, where he developed a strong understanding of underground mining methods and equipment.

Mr Swick founded Swick Mining Services initially as an underground longhole drilling contractor before moving into underground diamond drilling and RC drilling. He was the driving technical force behind the design of the company's innovative underground diamond drill rig and award winning surface reverse circulation drill rig. In addition to holding a Bachelor of Engineering (majoring in Mechanical Engineering) degree from the University of Western Australia, he has completed the Owner/President Management program at Harvard Business School.

He was a director of Swick Mining Services Limited from October 2006 until February 2022.

Stuart Carmichael, B.Com, CA
Non-executive director – director since February 2021

Mr Carmichael is a Chartered Accountant with over 20 years' experience across various industry sectors and jurisdictions including Australia, USA, United Kingdom and the Middle East.

Mr Carmichael is a principal and director of Ventnor Equities & Advisory and Ventnor Securities which specialises in the provision of corporate finance and equity capital markets advice to small and mid-cap ASX listed companies including initial public offerings, capital raisings, corporate restructures and mergers and acquisitions.

He is the non-executive chairman of K-TIG Limited (appointed 30 June 2017) and is a non-executive director of ClearVue Technologies Limited (appointed 19 January 2018) and De.mem Limited (appointed 21 November 2016). He was previously a non-executive director of Harvest Technology Group Limited (8 July 2021 to 3 October 2022), Osteopore Limited (11 December 2018 to 8 October 2021), Swick Mining Services Limited (August 2019 to February 2022) and Schrole Group Limited (10 August 2017 to 24 May 2022).

Stefan Sädbom, BSc (Geology)
Non-executive director – director since October 2021

Mr Sädbom is a senior exploration geologist with over 35 years' experience in exploration and underground mining in highly deformed and metamorphosed Proterozoic terrains and has significant experience in a wide range of commodities and processes including geological mapping, field work, sampling procedures, mine planning, monitoring and logging.

Mr Sädbom has served as the exploration geologist, exploration mine geologist or senior exploration geologist with a number of entities including Geological Survey of Sweden (SGU), Swedish Geological AB (SGAB), Vieille Montagne, North Limited, Parkes, Australia, North Mining Exploration Sweden AB, Zinkgruvan Mining AB/ Rio Tinto / Lundin Mining AB and Bergskraft AB. He has been the consulting senior exploration geologist with Bergskraft Bergslagen AB since 2009.

He is the sole director of the Group's Swedish subsidiary company, Orexplore AB and currently serves as non-executive chairman of Lovisagruvan AB.

Will Randall, B.Bus
Non-executive director – appointed 22 January 2022

Mr Randall has over 25 years of operational and executive experience in the Global Commodity and Mining Industries, operating across cultures, geographies, products and supply chains.

Mr Randall was based in Asia from 1997 to 2020 with a critical focus on business development and supply chain strategies. He has served on the boards of various listed and private companies over this period.

INTERESTS IN THE SHARES OF THE COMPANY

As at the date of this report, the direct and indirect interests of the directors in the shares of the Company were:

	Number of Ordinary Shares	Number of Performance Rights
Alan Bye	nil	3,109,926
Brett Giroud	nil	5,183,210
Kent Swick	15,548,873	nil
Stuart Carmichael	nil	nil
Stefan Sädbom	nil	nil
Will Randall	19,696,198	nil

COMPANY SECRETARY

Frank Campagna, B.Bus (acc), CPA.

Mr Campagna is a Certified Practicing Accountant with over 25 years' experience as a Company Secretary, Chief Financial Officer and Commercial Manager for listed resources and industrial companies. He presently operates a corporate consultancy practice which provides corporate secretarial and advisory services to both listed and unlisted companies.

BOARD COMMITTEES

At the date of this report, there are no separate committees of the Board. The Board as a whole acts in the capacity of the Audit Committee and the Remuneration and Nomination committee. Matters typically dealt with by these Board committees are dealt with by the full Board. Separate Board committees will be established once the size and scale of operations of the Company warrant such committees.

MEETINGS OF DIRECTORS

The number of meetings of the Board of Directors held during the year ended 31 December 2022 and the number of meetings attended by each Director whilst in office are as follows:

	Directors' meetings	
	Number eligible to attend	**Number attended**
Alan Bye	12	11
Brett Giroud	12	12
Kent Swick	12	10
Stuart Carmichael	12	12
Stefan Sädbom	12	12

PRINCIPAL ACTIVITIES

The principal activity of the Group during the year was the research, development, sale, and provision of core scanning services using its proprietary GeoCore X10® hardware product and its associated interface software Orexplore Insight®. The GeoCore X10® is a transportable X-ray rock mass scanning technology (XRF and CT) that digitises drill core creating a three-dimensional data set that facilitates "through the rock" analysis of features such as internal structures, texture, elemental detections and density.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Orexplore was demerged from Swick Mining Services Limited ("**Swick**") on 7 January 2022 via an in-specie distribution under the terms of the Demerger Implementation Deed dated 12 November 2021, under which Swick sold its fully owned Orexplore entities Orexplore AB and Orexplore Australia Pty Ltd to Orexplore Technologies Limited on 23 December 2021.

On 19 January 2022, Orexplore was admitted to the official list of the ASX, and its shares commenced trading on 21 January 2022.

There have been no other significant changes in the state of affairs of the Group during the financial period not otherwise disclosed in this report or the financial statements.

REVIEW OF OPERATIONS

The Orexplore Group was formed on 23 December 2021 when Swick transferred ownership of its wholly owned Orexplore operating companies to Orexplore Technologies Limited as more fully set out in note 1.1 to the consolidated financial statements. For accounting purposes, Orexplore AB is considered the parent company of the Orexplore Group. As a result, the comparative amounts disclosed in these financial statements in respect of the results for the year ended 31 December 2021 ("**FY2021**") represent predominantly the results of Orexplore AB for the period before the formation of the Orexplore Group.

The table below which summarises the operating results of the Group for the year under review, also includes unaudited aggregated information for Orexplore AB and Orexplore Australia Pty Ltd for the full financial year ended 31 December 2021, and is presented for information only.

	FY2022 $000	FY2021 $000	Aggregated FY2021 $000
Revenue from contracts with customers	1,212	8	64
Other income	334	368	357
Employee benefits expense	(4,524)	(1,368)	(2,667)
Share based payments	(121)	(1,137)	(1,137)
Other operating expenses	(3,080)	(633)	(2,404)
Depreciation and amortisation expense	(1,391)	(1,013)	(1,608)
Intangible assets – abandonment of asset costs	(2,876)	-	-
Finance costs	(30)	(5)	(8)
Loss for the year	(10,476)	(3,780)	(7,403)
EBITDA[1]	(9,055)	(2,762)	(5,787)
Underlying EBITDA[2]	(6,179)	(2,762)	(5,787)

1. EBITDA and Underlying EBITDA are categorised as non-IFRS information prepared in accordance with ASIC Regulatory Guidance 230 - *Disclosing non-IFRS financial information*.
2. Underlying EBITDA is EBITDA excluding non-cash adjustments to intangible assets of $2,876,000.

Following its demerger from Swick, and the focus on commercialising the Orexplore technology platform, the scale and extent of the Group's activities expanded significantly during the year and as a result the direct comparison of the results for the year ended 31 December 2022 ("**FY2022**") against the prior period is limited.

Income
Total revenue from contracts with customers was $1,212,000 and includes revenue from direct scanning activities and from related consulting work. This result represents a significant increase on prior year performance. As noted in the Managing Director's review, the Group was awarded its largest commercial contract during FY2022 by Oz Minerals and commenced work under the $2.35 million contract during the second half of FY2022. Up to 31 December 2022, total revenue invoiced under the contract was $863,000 and comprised 71% of total revenue recognised for the year. The Company also successfully completed a field deployment with Wiluna Mining during the first half of the year and recognised revenue of $162,000 in terms of its contract with Wiluna. Unfortunately, subsequent to completion of this project, Wiluna entered administration and as a result the Company has fully provided for the non-recovery of this debt.

Other income includes grant income of $224,000 received on finalisation of a European Union grant program where Orexplore was a key participant and where, following final audit of the grant program during FY2022, the Company was awarded a higher proportion of the total grant available under the program than had originally been approved. In the prior year, other income received also consisted mainly of grant income under this program.

OREXPLORE
TECHNOLOGIES

Expenditure
Employee benefit expenses is the largest item of expenditure for the Group. At 31 December 2021, the Group employed 6 full-time employees and 2 casual employees in its Australian operations having slowly increased staff numbers during FY2021. In order to support the increase of its operating, IT, engineering and general corporate and administration capacity following the Swick demerger, and to facilitate site deployments, the number of Australian-based staff had increased to 16 as at 31 December 2022, including 2 staff members on fixed-term contracts and 5 casual employees. Wherever possible and taking into consideration the Company's current level of development, it utilises fixed term and casual staff for specific projects to retain overall flexibility in operational capacity. Orexplore also utilises the services of labour hire providers to augment its own staff on operational deployments and at 31 December 2022 had a further 2 site-based labour hire employees.

This increase in staff employed in Australia is the primary reason for the overall increase in employee benefit expenses to $4,524,000 during FY2022.

The number of employees based in Sweden at 31 December 2022 was 11, which represents a net decrease of 2 as compared with the position at 31 December 2021.

In FY2021, the Group disclosed share-based payments of $1,137,000. This represents costs relating to listing Orexplore on the ASX – these costs were paid for by Swick but are reflected as share based payments as part of the reverse acquisition of the listed entity by the accounting parent company. Share based payments expensed in FY2022 of $121,000 represent the current year portion of the total value of performance rights granted that are being allocated on a straight-line basis over the period from grant date to vesting date. The value of the performance rights granted was calculated as at the grant date using a binomial pricing model.

The increase in other operating costs reflects the impact of the Group ramping up its overall operational capacity, the direct costs associated with contacts won and additional costs associated with being listed on the ASX.

A review of the Group's remaining ongoing development project where development expenditure was being capitalised was undertaken at 31 December 2022. As part of the review, the Group assessed the progress and status of development work to date and determined that the specific assets developed in relation to this project were no longer expected to be of economic benefit to the Group and are considered abandoned. The total value of the abandonment was $2,876,000. While the project costs have been abandoned, the Group obtained valuable data and developed new instrument components as part of the process. As the specific benefits not abandoned were not able to be separated from other elements of the project, an expense for the entire value was recognised. The Group will continue to actively work on the development of new advanced sensing instruments in future.

Adjusted EBITDA, which excludes non-cash depreciation and amortisation, finance costs and the impact from re-evaluating development costs capitalised as noted above, was a loss of $6,179,000 for FY2022.

Cash Flow
Net financing inflows for the year totalled $1,588,000. This included the proceeds of $2,437,000 raised from a priority offer to existing shareholders in January 2022 in advance of the Company listing on the ASX. Financing outflows included the payment of related capital raising transaction costs and lease payments made in relation to the Group's leased premises in Perth and Stockholm.

Cash outflows from investing activities related to additions of property, plant and equipment of $593,000. This included costs for the Company's first remote site deployment and involved the acquisition of essential equipment used to deploy GX10 units to site as part of the Oz Minerals contract. Payments for development costs capitalised totalled $556,000 for FY2022 (FY2021: $860,000).

Net operating cash outflows for FY2022 were $5,978,000 and included cash receipts of $1,324,000 from customers and government grants

Cash held at 31 December 2022 was $7,039,000.

Financial Position
The net current asset position of the Group at 31 December 2022 was $7,268,000 (FY2021: $12,693,000). Total net assets at 31 December 2022 were $12,208,000.

Additional information on the Group's operations and expansion during FY2022 is set out in the Managing Director's review for FY2022 contained in the Annual Report.

EVENTS SUBSEQUENT TO REPORTING DATE

There has been no matter or circumstance that has arisen after the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIVIDENDS

No dividends have been paid, declared or recommended for the year ended 31 December 2022 (2021: nil).

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Disclosure of information regarding likely developments in the operations of the Group in future financial years and the expected results of those operations is uncertain and therefore not appropriate to disclose. Therefore, this information has not been presented in this report.

ENVIRONMENTAL REGULATION

In the course of its activities, the Group is required to adhere to environmental regulations imposed on it by various regulatory authorities. The Group has not received any notification from any regulatory authority or client of any breaches of environmental regulations and to the best of its knowledge has complied with all material environmental requirements up to the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During the financial year, the Company paid an insurance premium to insure all the directors and officers against liabilities for any costs and expenses incurred by them in defending legal proceedings arising from their conduct while acting in the capacity of directors and officers of the Company, other than conduct which might be a willful breach of duty in relation to the Company.

Premiums paid are not disclosed because disclosure is prohibited by the insurance contract.

The Company has also indemnified directors against liability incurred as a director, including costs and expenses in successfully defending legal proceedings.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton Audit Pty Ltd, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify the auditors during or since the financial year.

PERFORMANCE RIGHTS

No performance rights were issued during the year. At the date of this report, unvested performance rights are as follows:

Grant date	Vesting date	Expiry date	Number of rights
22 December 2021	22 December 2025	22 December 2025	2,767,834
22 December 2021	22 December 2026	22 December 2026	5,525,302
Total			**8,293,136**

Performance rights holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity.

PROCEEDINGS ON BEHALF OF THE 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. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES PROVIDED BY AUDITOR

Details of amounts paid or payable to the auditor for non-audit services provided during the year are outlined in Note 7 to the consolidated financial statements.

The Board is satisfied that the provision of non-audit services, when provided, is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors use the principles set out below to judge whether the external auditor's independence is compromised:

- All non-audit services are reviewed and approved by the board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110*: Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

ROUNDING

The parent entity is a Company of the kind specified in ASIC Corporation Legislative Instrument 2016/191. In accordance with that class order, amounts contained in the consolidated financial statements have been rounded to the nearest thousand dollars ($'000) unless specifically stated otherwise.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration required under Section 307C of the Corporation's Act 2001 (Cth) is set out on page 29 and forms part of the Directors' Report for the year ended 31 December 2022.

REMUNERATION REPORT (AUDITED)

Persons addressed and scope of the Remuneration Report

This remuneration report (the "**Report**") forms part of the Directors' Report for the year ended 31 December 2022 and has been audited in accordance with section 300A of the Corporations Act 2001. The Report has been prepared in accordance with the Corporations Act, applicable regulations, and the Company's policies regarding key management personnel ("**KMP**") remuneration governance.

KMP are the non-executive directors ("**NED**"s), executive director and senior executive employees who have authority and responsibility for planning, directing and controlling the activities of the Company and Group.

Parts of this remuneration report and tables are split to show remuneration details of KMP for the period 1 January 2021 to 22 December 2021 (period before the Group Restructure as defined in note 1.1 to the financial statements) and the period 23 December 2021 to 31 December 2022 (period post Group Restructure). The remuneration information related to the period prior to the Group Restructure pertains to the accounting parent entity Orexplore AB, and the remuneration information related to the period post the Group Restructure pertains to the Orexplore Group.

The following table provides details of persons who were KMP of Orexplore AB for the period 1 January 2021 to 22 December 2021 (period prior to Group Restructure):

Name	**Position**	**Term as KMP**
Non-Executive Directors:		
Stefan Sädbom	NED	Full period
Magnus Rehn	NED	Ceased 28 June 2021

Executive Directors and other Senior Executives:		
Kevin Rebenius	Managing Director	Ceased 28 February 2021
Mikael Bergqvist	Chief Technology Officer	Full period

The following table provides details of persons who were KMP of the Group in the period subsequent to the Group Restructure from 23 December 2021 to the end of the current financial year:

Name	**Position**	**Term as KMP**
Non-Executive Directors:		
Alan Bye	NED, Chairman	Full period
Kent Swick	NED	Full period
Stuart Carmichael	NED	Full period
Stefan Sädbom	NED	Full period

Executive Directors and other Senior Executives:		
Brett Giroud	Group Managing Director	Full period
Mikael Bergqvist	Chief Technology Officer	Full period
Greg Haskis	Chief Financial Officer	Effective from 20 June 2022

Remuneration policy

The remuneration policy of the Group is designed to align the interests of directors and management with the interests of shareholders and the Company's objectives by providing a fixed remuneration component and, where appropriate, offering specific short-term (cash bonuses) and long-term (equity schemes) incentives linked to performance. The Board considers that the remuneration policy is appropriate and effective in its ability to attract, retain and motivate suitably qualified and experienced directors and management to direct and manage the Group's business and corporate activities, as well as to create goal congruence with the Company's shareholders.

Specifically, the remuneration policy has been put in place with the following aims in mind:

- remuneration practices and systems should support the Company's wider objectives and strategies;
- remuneration of directors and management should be aligned to the long-term interests of shareholders within an appropriate control framework;
- remuneration of directors and management should reflect their duties and responsibilities;
- remuneration of directors and management should be comparative and competitive, thereby allowing the Company to attract, retain and motivate suitably qualified and experienced people; and
- there should be a clear relationship between performance and remuneration.

Relationship between remuneration policy and Company performance

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators (KPI's), and the second being the issue of performance rights to encourage the alignment of personal and shareholder interests, as well as a longer-term retention strategy. The Company believes this policy will be effective in increasing shareholder wealth over time.

Remuneration and Nomination Committee

The Board has not established a Remuneration and Nomination Committee due to the size of the business. The whole Board is tasked with the responsibilities to develop and assess the Group's remuneration policies to ensure that remuneration is sufficient and reasonable and that its relationship to performance is clear. The primary objective of the Board is to develop remuneration policies for the Group that are appropriate to the organisation with respect to its size, peers and market conditions, and to recommend remuneration packages and incentive schemes for directors and management that motivate and reward performance, attract and retain quality people, and align interests with those of shareholders.

Remuneration structure - non-executive directors

Objective
The Board seeks to set remuneration for non-executive directors at a level which provides the Company with the ability to attract and retain suitably qualified and experienced directors, whilst incurring a cost which is acceptable to shareholders. Non-executive directors should be adequately remunerated for their time and effort and the risks inherently involved with holding such a position.

Structure
Remuneration levels for non-executive directors are reviewed at least annually by the Board. The maximum aggregate fee pool for non-executive directors is $350,000 pursuant to the Company's constitution. The Board ratifies the remuneration of non-executive directors, including the Chairman. As at the date of this report, remuneration for non-executive directors was set at $50,000 per annum exclusive of statutory superannuation, with remuneration for the non-executive chairman set at $100,000 per annum exclusive of statutory superannuation.

Variable remuneration – non-executive chairman
The Non-executive Chairman is entitled to long term incentives in the form of performance rights as the Board have determined the position is crucial to the development of the Company's technology and eventually the success of the Company. Award of the performance rights aligns the remuneration outcome of the Non-executive Chairman to that of shareholders.

Remuneration structure - executive directors & management

Objective

The remuneration for executive directors and management is designed to promote superior performance and long-term commitment to the Company. The Board aims to reward executive directors and management with a level and mix of remuneration commensurate with their position and responsibilities within the Group.

The Company's remuneration policy for executive directors and management reflects its commitment to align remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group.

The principles of the policy are:

- to provide rewards that reflect the competitive market in which the Company operates;
- individual reward should be linked to performance criteria; and
- executives should be rewarded for both financial and non-financial performance.

Structure

Remuneration for executive directors and management may comprise fixed and variable remuneration components. Remuneration is reviewed at least annually by the Board. Remuneration packages for executive directors and management currently comprise a base salary and superannuation (fixed components) and may also include cash bonuses and securities (variable, performance-based components).

In determining individual remuneration packages, the Board reviews the individual's annual performance, specific roles and responsibilities, and remuneration relative to their position within the Group and with positions in comparable companies through the use of market data and surveys. Where appropriate, a package may be adjusted to reflect the role, responsibilities and importance of that position and to keep pace with market trends and ensure continued remuneration competitiveness.

In conducting a comparative analysis, the Group's expected performance for the year is considered in the context of the Group's capacity to fund remuneration budgets. From time to time, a review of the total remuneration package by an independent remuneration consultant may be undertaken to provide an independent reference point.

Fixed remuneration

The components of the fixed remuneration of executive directors and management are determined individually and may include:

- cash remuneration;
- superannuation;
- accommodation and travel benefits; and
- other benefits.

Variable remuneration

The components of the variable remuneration of executive directors and management are determined individually and may include:

- Short term incentives (non-salary cash-based incentives) – KMP are eligible to participate in a cash bonus if so determined by the Board: and
- Long term incentives – KMP are eligible to receive performance rights if so determined by the Board.

OREXPLORE
TECHNOLOGIES

Employment contracts

Remuneration and terms of employment for Executives are formalised in employment contracts. As at the date of this report, the Group had entered into employment contracts with the following KMP:

Brett Giroud - Managing Director

- The service arrangement commenced on 1 July 2021 and continues until terminated.
- Base salary of $378,000 plus superannuation per annum.
- Short term incentive: annually, subject to agreed key performance indicators being met and Board approval, Mr Giroud will be entitled to a performance-based bonus up to a maximum of 40% of his base salary plus superannuation.
- Long term incentive: Mr Giroud is eligible to participate in incentive arrangements offered by the Company from time to time.
- Termination: either party may terminate the agreement on 3 months' notice or payment in lieu. The Company may also terminate the appointment at any time without notice if Mr Giroud engages in serious misconduct.
- Restraint: from the commencement of the executive services agreement until 24 months after employment ends, Mr Giroud will be restrained from engaging in a business or activity in competition with the business of the Company and from soliciting customers or employees of Orexplore within Australia.

Mikael Bergqvist – Chief Technology Officer

- Appointed on 1 November 2011.
- Contract is ongoing and has no fixed term.
- Base salary of SEK 1,200,000 plus pension per annum.
- Termination: either party may terminate the agreement on 3 months' notice; and
- Restraint: from the commencement of the executive service contract until 12 months after employment ends, Mr Bergqvist will be restrained from engaging in a business or activity in competition with the business of the Company.

Greg Haskis – Chief Financial Officer

- The service arrangement commenced on 27 September 2021 and replaced an initial fixed term contract that commenced on 20 June 2022, and continues until terminated.
- Base salary of $240,000 plus superannuation per annum.
- Short term incentive: annually, subject to agreed key performance indicators being met and Board approval, Mr Haskis will be entitled to a performance-based bonus up to a maximum of 20% of his base salary plus superannuation.
- Long term incentive: Mr Haskis is eligible to participate in incentive arrangements offered by the Company from time to time.
- Termination: either party may terminate the agreement on 3 months' notice or payment in lieu. The Company may also terminate the appointment at any time without notice in the case of serious misconduct.
- Restraint: from the commencement of the executive services agreement until 12 months after employment ends, Mr Haskis will be restrained from engaging in a business or activity in competition with the business of the Company and from soliciting customers or employees of Orexplore within Australia.

All contracts contain redundancy and severance benefits in accordance with the applicable legislation.

Performance rights plan

The Company has adopted a Performance Rights Plan. The objective of this plan is to provide the Company with a remuneration mechanism through the granting of rights for securities in the capital of the Company to motivate and retain KMP and other selected members of staff.

No performance rights were issued during the year.

Relationship between remuneration policy and Company performance

Orexplore AB was historically a research and development company working on developing world first core scanning technology. On demerging from Swick Mining Services in December 2021, the Group has increasingly focussed on the commercialisation of its products and solutions. Up until the current year under review, the Group had generated little revenue and has not generated profits over the historical periods as it continues to develop the technology.

The remuneration policy of KMP is therefore based on market factors to ensure the Company can attract, retain and motivate suitably qualified directors and management to direct and manage the Group's business and corporate activities, as well as to create goal congruence with the Company's shareholders.

The historical financial information of the Group is provided below. This historical financial information for financial years before 2022 is predominantly for Orexplore AB (accounting parent entity) as the consolidated group was only formed at the end of 2021. The 2022 information presented is in respect of the Group.

	2022 $000	2021 $000	2020 $000	2019 $000	2018 $000
Revenue and other income	1,546	376	179	14	-
Net profit / (loss) before tax[1]	(10,476)	(3,780)	(3,929)	(3,635)	(2,811)
Net profit / (loss) after tax[1]	(10,476)	(3,780)	(3,929)	(3,635)	(2,811)
Share price at start of year[2]	13.5c	n/a	n/a	n/a	n/a
Share price at end of year	9.0c	n/a	n/a	n/a	n/a
Basic earnings / (loss) per share	(10.12)	(5.15)	(5.38)	n/a	n/a
Dividends declared	nil	nil	nil	nil	nil

1. Includes the impact of a non-cash adjustment to intangible assets of $2,876,000 for the year ended 31 December 2022.
2. The Company's shares commenced trading on ASX on 21 January 2022 and the closing market price for its shares on that day is shown in the table above.

Statutory and Share-based reporting

KMP Remuneration for Orexplore AB for the period 1 January 2021 to 22 December 2021 (prior to Group Restructure)[1]

	Short-Term Benefits			Post-employment	Long-term Benefits	Share-based Payments	Total Remuneration	Performance Related
	Salary, Fees & Leave	Cash Bonus	Other	Super-annuation	Long service leave	Performance Rights[2]		
2021:	$	$	$	$	$	$	$	%
Stefan Sädbom	22,954	-	-	-	-	-	22,954	0%
Magnus Rehn (Resigned 28 June 2021)	7,403	-	-	-	-	-	7,403	0%
Total non-executive directors	**30,357**	**-**	**-**	**-**	**-**	**-**	**30,357**	**0%**
Mikael Bergqvist	212,952	-	-	35,640	-	-	248,592	0%
Kevin Rebenius (Resigned 28 February 2021)	43,530	-	-	5,959	-	-	49,489	0%
Total executives	**256,482**	**-**	**-**	**41,599**	**-**	**-**	**298,081**	**0%**
Total KMP	**286,839**	**-**	**-**	**41,599**	**-**	**-**	**328,438**	**0%**

Executive KMP Remuneration for the Group for the period 23 December 2021 to 31 December 2022 (post Group Restructure)[1]

	Year	Short-Term Benefits			Post-employment	Long-term Benefits	Share-based Payments	Total Remuneration	Performance Related
		Salary, Fees & Leave	Cash Bonus	Other	Super-annuation	Long service leave	Performance Rights[2]		
		$	$	$	$	$	$	$	%
Brett Giroud	**2022**	**369,231**	**130,749**	**-**	**24,690**	**1,190**	**73,816**	**599,676**	**34%**
	2021	7,671	-	-	767	-	1,821	10,259	18%
Mikael Bergqvist	**2022**	**183,037**	**-**	**-**	**30,491**	**-**	**-**	**213,528**	**0%**
	2021	-	-	-	-	-	-	-	-
Greg Haskis (Appointed 20 June 2022)	**2022**	**131,788**	**-**	**-**	**12,600**	**-**	**-**	**144,388**	**0%**
	2021	-	-	-	-	-	-	-	-
Total executive KMP	**2022**	**684,056**	**130,749**	**-**	**67,781**	**1,190**	**73,816**	**957,592**	**21%**
	2021	7,671	-	-	767	-	1,821	10,259	18%

1. The remuneration information related to the period prior to the Group Restructure on 23 December 2021 pertains only to the accounting parent entity Orexplore AB and is presented separately to clearly show the change in designated KMP of the new Orexplore Group as of that date.
2. The value of performance rights granted to KMP is calculated as at the grant date using a binomial pricing model. The amounts disclosed in the table above have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

Cash Bonus
Following a review of his performance by the Chairman of the Company, Mr Giroud was granted a short term incentive cash bonus based on his performance against key performance measures for the 12 month period ended 30 June 2022. This represents 88% of Mr Giroud's maximum STI target for that period.

Non-Executive Director KMP Remuneration for the Group for the period 23 December 2021 to 31 December 2022 (post Group Restructure)

	Year	Short-Term Benefits			Post-employment	Long-term Benefits	Share-based Payments	Total Remuneration	Performance Related
		Salary, Fees & Leave	Cash Bonus	Other	Super-annuation	Long service leave	Performance Rights[1]		
		$	$	$	$	$	$	$	%
Alan Bye	**2022**	**100,000**	**-**	**-**	**10,250**	**-**	**44,290**	**154,540**	**29%**
	2021	2,192	-	-	219	-	1,092	3,503	31%
Kent Swick	**2022**	**50,000**	**-**	**-**	**5,125**	**-**	**-**	**55,125**	**0%**
	2021	1,096	-	-	110	-	-	1,206	0%
Stuart Carmichael	**2022**	**50,000**	**-**	**-**	**5,125**	**-**	**-**	**55,125**	**0%**
	2021	1,096	-	-	110	-	-	1,206	0%
Stefan Sädbom	**2022**	**75,335**	**-**	**-**	**-**	**-**	**-**	**75,335**	**0%**
	2021	1,206	-	-	-	-	-	1,206	0%
Total NED KMP	**2022**	**275,335**	**-**	**-**	**20,500**	**-**	**44,290**	**340,125**	**13%**
	2021	5,590	-	-	439	-	1,092	7,121	15%

1. The value of performance rights granted to KMP is calculated as at the grant date using a binomial pricing model. The amounts disclosed in the table above have been determined by allocating the grant date value on a straight-line basis over the period from grant date to vesting date.

OREXPLORE
TECHNOLOGIES

Performance rights awarded, vested and lapsed during the year
The table below discloses the number of performance rights granted, exercised or lapsed as part of the remuneration of KMPs under the Company's performance rights plan:

	Year	Balance at beginning of year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at end of year	Exercisable	Not exercisable
Alan Bye	**2022**	**3,109,926**	**-**	**-**	**-**	**3,109,926**	**-**	**3,109,926**
	2021	-	3,109,926	-	-	3,109,926	-	3,109,926
Brett Giroud	**2022**	**5,183,210**	**-**	**-**	**-**	**5,183,210**	**-**	**5,183,210**
	2021	-	5,183,210	-	-	5,183,210	-	5,183,210
Total	**2022**	**8,293,136**	**-**	**-**	**-**	**8,293,136**	**-**	**8,293,136**
	2021	-	8,293,136	-	-	8,293,136	-	8,293,136

The terms and conditions of the performance rights that have been granted to KMP are as follows:

PR series	Grant date	Number held		Vesting date and conditions
		Alan Bye	Brett Giroud	
Series 1	22/12/2021	1,036,642	1,731,192	Vest 100% on or before 22 December 2025 upon the 20-day VWAP equalling or exceeding $0.375 as long as the participant is still employed by the Company.
Series 2	22/12/2021	1,036,642	1,731,192	Vest 100% on or before 22 December 2026 upon the 20-day VWAP equalling or exceeding $0.50 as long as the participant is still employed by the Company.
Series 3	22/12/2021	1,036,642	1,720,826	Vest 100% on or before 22 December 2026 upon the 20-day VWAP equalling or exceeding $0.625 as long as the participant is still employed by the Company.
Total granted		**3,109,926**	**5,183,210**	

VWAP – volume weighted average share price

KMP shareholdings – Orexplore Technologies Limited
The number of ordinary shares in Orexplore Technologies Limited held by each KMP of the Group during the financial year is as follows:

	Balance at beginning of year	Issued on exercise of rights during the year	Issued as part of the Company's Priority Offer	Other changes during the year	Balance at end of year
Non-executive directors					
Alan Bye	-	-	-	-	-
Kent Swick	11,150,873	-	1,200,000	3,198,000	15,548,873
Stuart Carmichael	-	-	-	-	-
Stefan Sädbom	-	-	-	-	-
Other executives					
Brett Giroud	-	-	-	-	-
Mikael Bergqvist	-	-	-	-	-
Greg Haskis	-	-	-	-	
Total	**11,150,873**	**-**	**1,200,000**	**3,198,000**	**15,548,873**

OREXPLORE
TECHNOLOGIES

Other key management personnel transactions
There have been no other transactions involving equity instruments other than those described in the tables above.

*****End of remuneration report*****

This Directors' Report is signed in accordance with a resolution of the Board of Directors.

Alan Bye
Chairman
Dated: 28 February 2023

Grant Thornton Audit Pty Ltd
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Perth WA 6850

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Auditor's Independence Declaration

To the Directors of Orexplore Technologies Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Orexplore Technologies for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 28 February 2023

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 $000	31 Dec 2021 $000
Revenue from contracts with customers	4	1,212	8
Other income	4	334	368
Employee benefits expense	5	(4,524)	(1,368)
Share based payments	21	(121)	(1,137)
Depreciation and amortisation expense		(1,391)	(1,013)
Abandonment of asset costs - Intangible assets	15	(2,876)	-
Other operating expenses	6	(3,080)	(633)
Finance costs		(30)	(5)
Loss before income tax expense		**(10,476)**	**(3,780)**
Income tax	8	-	-
Loss after income tax		**(10,476)**	**(3,780)**
OTHER COMPREHENSIVE LOSS			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(798)	(245)
Other comprehensive income for the period net of tax		**(798)**	**(245)**
Total comprehensive loss for the period		**(11,274)**	**(4,025)**
Basic and diluted loss per share (cents)	9	(10.12)	(5.15)

The accompanying notes are an integral part of the consolidated financial statements

OREXPLORE TECHNOLOGIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 $000	31 Dec 2021 $000
CURRENT ASSETS			
Cash and cash equivalents	10	7,039	12,644
Trade and other receivables	11	642	809
Inventories	12	1,181	1,198
Prepayments		192	118
Total current assets		**9,054**	**14,769**
NON-CURRENT ASSETS			
Property, plant and equipment	13	1,772	1,798
Right-of-use assets	14	923	508
Intangible assets	15	2,826	6,080
Total non-current assets		**5,521**	**8,386**
TOTAL ASSETS		**14,575**	**23,155**
CURRENT LIABILITIES			
Trade and other payables	16	1,034	1,565
Provisions	17	363	102
Lease liabilities	18	389	408
Total current liabilities		**1,786**	**2,075**
NON-CURRENT LIABILITIES			
Provisions	17	5	-
Lease liabilities	18	576	156
Total non-current liabilities		**581**	**156**
TOTAL LIABILITIES		**2,367**	**2,231**
NET ASSETS		**12,208**	**20,924**
EQUITY			
Issued capital	19	39,153	36,716
Foreign exchange reserve	20	(816)	(18)
Share-based payment reserve	21	1,258	1,137
Accumulated losses		(27,387)	(16,911)
TOTAL EQUITY		**12,208**	**20,924**

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Issued Capital $000	Foreign Exchange Reserve $000	Share-Based Payment Reserve $000	Accumu-lated Losses $000	Total Equity $000
Balance at 1 January 2022		**36,716**	**(18)**	**1,137**	**(16,911)**	**20,924**
Total comprehensive income for the period:						
Loss for the period		-	-	-	(10,476)	(10,476)
Other comprehensive loss for the period	20	-	(798)	-	-	(798)
Transactions with owners, recorded directly in equity:						
Share-based payment transactions	21	-	-	121	-	121
Contributed equity	19	2,437	-	-	-	2,437
Balance at 31 December 2022		**39,153**	**(816)**	**1,258**	**(27,387)**	**12,208**

	Note	Issued Capital $000	Foreign Exchange Reserve $000	Share-Based Payment Reserve $000	Accumu-lated Losses $000	Total Equity $000
Balance at 1 January 2021		**21,332**	**227**	**-**	**(13,131)**	**8,428**
Total comprehensive income for the period:						
Loss for the period		-	-	-	(3,780)	(3,780)
Other comprehensive loss for the period	20	-	(245)	-	-	(245)
Transactions with owners, recorded directly in equity:						
Acquisition of subsidiaries		12,243	-	-	-	12,243
Share-based payment transactions	21	-	-	1,137	-	1,137
Contributed equity	19	3,141	-	-	-	3,141
Balance at 31 December 2021		**36,716**	**(18)**	**1,137**	**(16,911)**	**20,924**

The accompanying notes are an integral part of the consolidated financial statements.

OREXPLORE
TECHNOLOGIES

CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 $000	31 Dec 2021 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		777	8
Receipts of government grants		547	-
Payments to suppliers and employees		(7,308)	(2,224)
Interest received / (paid)		6	(5)
Net cash used in operating activities	10	**(5,978)**	**(2,221)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(593)	(101)
Receipts from disposal of property, plant and equipment		2	-
Payments for development costs and other intangible assets		(556)	(860)
Acquisitions of subsidiaries, net of cash acquired		-	12,452
Net cash (used in) / from investing activities		**(1,147)**	**11,491**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,437	-
Capital contributions from former parent		-	3,141
Transaction costs related to capital raising		(455)	-
Repayment of lease liabilities		(394)	(306)
Net cash provided by financing activities		**1,588**	**2,835**
Net (decrease) / increase in cash held		**(5,537)**	**12,105**
Cash at the beginning of the period		**12,644**	**595**
Effects of exchange rate movements on cash		(68)	(56)
Cash at the end of the period	10	**7,039**	**12,644**

The accompanying notes are an integral part of the consolidated financial statements.

OREXPLORE TECHNOLOGIES

1. GENERAL INFORMATION

1.1 Reporting entity

Orexplore Technologies Limited (the "**Company**" or "**Orexplore**") is a public company listed on the Australian Securities Exchange ("**ASX**"). Orexplore Technologies Limited and its subsidiaries (together referred to as the "**Group**") operate in Perth Australia, Stockholm Sweden and internationally. The consolidated financial report of the Company for the year ended 31 December 2022 comprises the Company and its subsidiaries and was authorised for issue in accordance with a resolution of the directors on 28 February 2023.

The address for the Company's registered office and principal place of business is 75 McDonald Crescent, Bassendean, Western Australia, 6054, Australia.

The principal activities of the Group are the research, development, sale, and provision of core scanning services using its proprietary GeoCore X10® hardware product and its associated interface software Orexplore Insight®. The GeoCore X10® is a transportable X-ray rock mass scanning technology (XRF and CT) that digitises drill core creating a three-dimensional data set that facilitates "through the rock" analysis of features such as internal structures, texture, elemental detections, and density.

Orexplore was demerged from Swick Mining Services Limited ("**Swick**") on 7 January 2022 via an in-specie distribution under the terms of a Demerger Implementation Deed dated 12 November 2021, under which Swick sold its fully owned Orexplore entities Orexplore AB and Orexplore Australia Pty Ltd to Orexplore Technologies Limited on 23 December 2021 ("**Group Restructure**").

The substance of the Group Restructure transaction was evaluated in accordance with AASB 3 *Business Combinations* and it was determined that the Orexplore Group represents the continuation of Orexplore AB, which acquired Orexplore Technologies Limited and Orexplore Australia Pty Ltd and its subsidiaries via a common control transaction. Therefore, for the purpose of this report Orexplore AB is considered the Accounting Acquirer for the business combination, even though Orexplore Technologies Limited is the legal parent entity.

Given the acquisition date of Orexplore Australia & Orexplore Technologies Ltd was 23 December 2021, the profit and loss of Orexplore Australia Pty Ltd for the seven days to 31 December 2021 was determined as immaterial and therefore the business acquisition was based on the 31 December 2021 balance sheets of the acquired entities Orexplore Australia Pty Ltd and Orexplore Technologies Limited.

As such, comparative amounts for the period ending 31 December 2021 as shown in the Consolidated Statement of Profit and Loss and Other Comprehensive Income and the Consolidated Statement of Cashflows includes only the results of Orexplore AB. Comparative amounts as at 31 December 2021 represent the consolidated financial position of all Group entities at that date.

1.2 Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. Compliance with the Australian Accounting Standards results in compliance with the International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise stated.

The Company is of the kind referred to in ASIC Corporations (*Rounding in Financials / Directors' Report*) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument amounts in the financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

OREXPLORE
TECHNOLOGIES

1.3 Going Concern

The financial statements for the period ended 31 December 2022 have been prepared on the basis that the Group is a going concern and therefore, contemplates the continuity of normal business activity, realisation of assets and settlement of liabilities in the normal course of business.

During the year the Group recorded a net loss after tax of $10,476,000 including a non-cash adjustment to capitalised development costs of $2,876,000 and had net cash outflows from operating activities of $5,978,000. At balance date the Group had working capital of $7,268,000, including cash held of $7,039,000.

The Directors have prepared the financial statements on the going concern basis. The ability of the Group to continue as a going concern and to fund its ongoing expansion programme is dependent upon the Group successfully raising additional capital and managing its cash outflows in line with budgeted expectations to provide the necessary working capital to cover its corporate costs over the next year.

The Directors are confident of the Group's ability to continue as a going concern and to raise additional funds as may be required. However, in the event that the Group is unable to raise additional capital, material uncertainty would exist that may cast doubt on the ability of the Group to continue as a going concern.

These consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern.

1.4 Significant accounting policies

The principal accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

1.4.1 Basis of Consolidation

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest in a subsidiary, without a loss of control, is accounted for as an equity transaction.

1.4.2 Business Combinations

AASB 3 *Business Combination* ("**AASB 3**") establishes principles and requirements for how an acquirer accounts for a business combination, which is defined as *"a transaction or other event in which an acquirer obtains control of one or more businesses"*. AASB 3 however excludes from its scope a combination of entities or businesses under common control. A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. This will include transactions such as the transfer of subsidiaries or businesses between entities within a group, provided the transaction meets the definition of a business combination in AASB 3.

Orexplore AB and Orexplore Australia Pty Ltd existed before their combination on 23 December 2021 and were under the common control of Swick prior to and immediately after the formation of the Orexplore

Group. There was no loss of control by Swick. Orexplore Technology Limited was the vehicle that brought together the Orexplore businesses for the purpose of the listing on the ASX.

AASB 3 scopes out business combinations under common control and is not prescriptive otherwise as to the method of accounting for such transactions. Orexplore has develop an accounting policy that results in relevant and reliable information by applying the hierarchy of AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. Applying that hierarchy, the Group considered the most recent pronouncements of other standard-setting bodies having a similar framework to IFRS, other accounting literature and accepted industry practices, to the extent that these do not conflict with any AAS or the Conceptual Framework for Financial Reporting. Several standard-setting bodies have issued guidance and some allow or require a pooling of interests method to account for business combinations under common control.

The Company applies the “Pooling of Interest” method of accounting for a business combination under common control. Under this method the assets and liabilities of the combining parties are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognise any new assets or liabilities, at the date of the combination. No ‘new’ goodwill is recognised as a result of the combination. The only goodwill that is recognised is any existing goodwill relating to either of the combining parties. Any difference between the consideration transferred and the acquired net assets is reflected within equity under the “Common Control Business Combination Reserve” account. The carrying amounts recognised reflect balances recognised in the controlling party’s general ledger. Prior periods were not restated to reflect the state of the business prior to the common control transaction (prospective approach).

The accounting parent entity was determined to be Orexplore AB. Determination of the parent entity was undertaken with due consideration of the facts regarding the Group structure, Group business activities, the demerger transaction, and Accounting Standards.

Orexplore Technologies Limited remains the legal parent of the Group. The parent entity disclosures required by the Corporations Act 2001 are provided for Orexplore Technologies Limited in Note 24.

1.4.3 Foreign currency

Transactions and balances

Each entity within the Group determines its own functional currency based on the currency of the primary economic environment in which the entity operates. For the purpose of the consolidated financial statements, the results and financial position of each entity are translated into Australian dollars, which is the presentation currency for the consolidated financial statements.

Transactions in currencies other than the entity’s functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, the assets and liabilities of the Group’s international operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

Exchange differences arising, if any, are recognised in Other Comprehensive Income and accumulated in equity.

Determination of Functional Currency

The accounting parent entity of the Group is Orexplore AB, a Swedish legal entity. The functional currency of Orexplore AB is the Swedish Krona. The functional currency of entities within the Group are as follows:

Name	Country of Incorporation	Functional currency
Orexplore Technologies Ltd	Australia	Australian Dollar
Orexplore Australia Pty Ltd	Australia	Australian Dollar
Orexplore AB	Sweden	Swedish Krona
Orexplore Canada Inc	Canada	Canadian Dollar
Orexplore USA Inc	USA	US Dollar

The presentation currency of these financial statements is Australian Dollars, as the Group is listed in Australia.

1.4.4 Revenue

Revenue from provision of services

To determine whether to recognise revenue, the Company follows the following 5-step process:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when / as performance obligation(s) are satisfied.

The transaction price is the fair value of consideration received or receivable net of goods and services tax (GST) or value added tax (VAT).

Revenue is recognised upon the satisfaction of performance obligations, which occurs when control of the service transfers to the customer when services are rendered, or ownership of products are transferred to the buyer.

Orexplore generates revenue from providing mineral analysis services to the mining industry. The Group's main revenue stream was through mineral scanning and associated consulting services. Revenue is generally chargeable by meter of core scanned and is recognised upon completion of the scan results.

Revenue is recognised at point in time. Payment terms are usually within 30 - 60 days. A customer is deemed to have gained control of the promised goods / services upon receipt of delivery of goods or scan results.

1.4.5 Government grants

Government grants are benefits received for specific qualifying expenditure in respect of qualifying activities. The grant is recognised only when there is reasonable assurance that the Group will comply with any conditions attached to the grant and the grant will be received. The grant is recognised initially as a liability classed as "deferred income". This is released to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the period necessary to match income with the related grant costs for which they are intended to compensate, on a systematic basis.

1.4.6 Employee benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and annual leave are recognised as a part of current trade and other payables in the Statement of Financial Position.

Other long-term employee benefits

Provision is made for employees' statutory long service leave and annual leave entitlements not expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The Group's obligations for long-term statutory employee benefits are presented as non-current provisions in its Consolidated Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least twelve months after the end of the reporting period, in which case the obligations are presented as current provisions.

Defined contribution plans and pension obligations
Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial periods. Such contributions are recognised as an expense in the period in which the related service is performed.

Performance rights plan
The performance rights plan allows certain employees to acquire rights to shares in the Company. The grant date fair value of the rights issued is calculated using a binomial model and recognised as an employee share based payment in the profit and loss with a corresponding increase in equity, on a straight-line basis over the period from grant date to vesting date.

1.4.7 Income tax

Income tax expense comprises current and deferred tax. Current and deferred tax are recognised in the Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax recoverable from or payable to the taxation authorities based on the current period's taxable income, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- differences relating to investments in subsidiaries and associates and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.4.8 Goods and services tax (GST) and value added tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST / VAT, except where the amount of GST / VAT incurred is not recoverable from the relevant tax authority. In these circumstances the GST / VAT is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables in the statement of financial position are shown inclusive of GST / VAT. The net amount of GST / VAT recoverable from, or payable to, the relevant tax authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

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

1.4.9 Trade and other receivables

Receivables which generally have 30 – 60 day terms are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Expected credit loss is recognised using the simplified approach as outlined at 1.4.10 below. Bad debts are written off as incurred.

1.4.10 Financial instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.
Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3*: Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses are taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets
Financial assets are subsequently measured at:
- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit and loss on the basis of the two primary criteria, being the contractual cash flow characteristics of the financial asset; and the business model for managing the financial assets.

A financial asset is subsequently measured at amortised cost when it meets the following conditions:
- the financial asset is managed solely to collect contractual cash flows;
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal; and
- interest on the principal amount outstanding on specified dates.

A financial asset is subsequently measured at fair value through other comprehensive income when it meets the following conditions:
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal; and
- interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the conditions of amortised cost and the fair value through other comprehensive income's measurement condition are subsequently measured at fair value through profit or loss.

The Group initially designates financial instruments as measured at fair value through profit or loss if:
- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit and loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments
At initial recognition, as long as the equity instrument is not held for trading or not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: *Business Combinations* applies, the Group has not made any irrevocable elections to measure any subsequent changes in fair value of the equity instruments in other comprehensive income.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Group’s accounting policy.

Derecognition
Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities
A liability is derecognised when it is extinguished (i.e., when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets
A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Entity no longer controls the asset (i.e. it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity which the Group elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Compound financial instruments
Compound financial instruments (such as convertible notes) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangement.

Impairment
The Group recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or fair value through other comprehensive income.

A loss allowance is not recognised for financial assets measured at fair value through profit or loss or equity instruments measured at fair value through other comprehensive income.

Impairment of receivables
The Group recognises an allowance for expected credit losses ("**ECLs**") for all receivables not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables due in less than 12 months, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The expected credit loss is based on its historical credit loss experience, current financial difficulties of the debtor and is adjusted for forward-looking factors specific to the debtor and the economic environment.

The allowance for impairment of receivables is calculated by comparing the carrying amount of the receivable to the present value of estimated future cash flows, discounted at the original effective interest rate. Where the Group recognises an impairment loss this is recognised in profit and loss. The Group does not hold any collateral in relation to receivables.

The Group considers a receivable in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full. A receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

1.4.11 Inventories

The Group maintains an inventory of parts and spares for use in Research and Development activities, construction and maintenance of mineral analysis machines and for rendering of mineral analysis services.

Inventory is measured at the lower of cost and net realisable value. Costs incurred in bringing inventory to its present location and condition are accounted for as part of the cost on a first-in/first-out basis. An on-going review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value.

All costs considered necessary to make the sale of the inventories are factored into the net realisable value in order to avoid inventories being carried in excess of amounts expected to be realised from their sale. The Group has not identified any material costs related to the selling of the inventories outside of their initial cost and delivery.

The Group reviews the net realisable value of inventory at the end of each reporting period.

1.4.12 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment. Cost includes acquisition costs, being the fair value of the consideration provided, plus incidental costs directly attributable to the acquisition.

Subsequent costs directly related to an item of plant and equipment, which enhances the functionality of the asset, are recognised in the carrying amount of that item of property, plant and equipment only when it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. All other costs, including repairs and maintenance, are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income as an expense.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit and loss. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. The depreciation method reflects the pattern in which the future economic benefit is expected to be consumed for each asset giving consideration to the estimated working life of each asset. The estimated working life and idle time for each asset is assessed annually. Those items of property, plant and equipment undertaking construction are not depreciated.

The following are the estimated useful lives for each class of property, plant and equipment:

Class	Useful life
Plant and equipment	1 - 20 years
Leasehold improvements	No longer than period of lease
Office furniture & equipment	3 – 5 years

1.4.13 Intangible assets

Intangible assets relate to development undertaken to develop the Company's mineral scanning technology and machines, and patents.

Research and development intangible assets
Research costs are expensed in the period in which they are incurred. Patent costs that relate to projects that are in the research phase are expensed.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the consolidated entity is able to use or sell the asset, the consolidated entity has sufficient resources and intent to complete the development and its costs can be measured reliably.

Capitalised development costs are amortised over the period of their expected useful life when the asset is determined available for use.

The Group has assessed the useful life to be up 10 years, with development assets being amortised on a straight-line basis.

Patents
Legal costs directly attributable to establishing or renewing patent registrations are recognised as intangible assets when it is probable that the patent will generate future economic benefits, is separable from other rights and obligations, and its costs can be reliably measured. Other expenditure that does not meet these criteria are recognised as an expense as incurred. Amortisation is calculated using the straight-line method to allocate the costs of intangible over its estimated useful life.

Impairment
The carrying value of development intangible assets is tested for impairment annually when the asset is not yet available for use or more frequently when an indication of impairment arises during the reporting period.

An impairment loss is recognised for the amount by which the capitalised development carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the recoverable amount, management have used fair value less costs of disposal.

1.4.14 Trade and other payables

Trade payables are carried at amortised cost. They represent unsecured liabilities for goods and services procured by the Group prior to the financial period end that remain unpaid and occur when the Group becomes obligated to make future payments. The amounts are unsecured and are usually paid within 30-60 days of recognition.

1.4.15 Leases

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates exercising a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Cash payments relating to the principal portion of the lease liability are presented within the Consolidated Statement of Cash Flows as cash flows from financing activities and cash payments relating to the interest portion of the lease liability are presented within cash flows from operating activities.

1.4.16 Share capital

Ordinary share capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

1.4.17 Determination of fair values

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For a non-financial asset, the fair value measurement takes into account the ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

1.4.18 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

1.4.19 Comparative amounts

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

1.4.20 Earnings per share

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

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

- costs of servicing equity (other than 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 period 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.

1.4.21 New and amended standards

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

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

There are no standards, amendments to standards and interpretations which are not yet effective and have been identified as those which may materially impact the Group in the period of initial application.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

2.1 Expected credit loss allowance for receivables

The expected credit loss assessment requires, in some cases, a significant degree of estimation and judgement. The level of provision is assessed by applying the Expected Credit Loss ("**ECL**") model which takes into account forward looking attributes of the individual debtor as well as historical data such as recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

2.2 Net realisable value of inventories

The Group reviews the net realisable value of inventory at the end of each reporting period. These inventories represent stores and critical parts used in R&D activities, repairs, maintenance and construction of the mineral analysis machines. On the basis that these items are consumed within 12 months, costs reflect net realisable value at balance date.

2.3 Capitalised development costs

Distinguishing the research and development phases of the project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

An asset is impaired when its carrying amount exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and value-in-use. Management has subjected the Group's capitalised Development costs (Note 15) to impairment testing. Management reviews its carrying value of capitalised development costs and intellectual property annually by comparing the carrying value against fair value less costs of disposal using an internal cost approach model of replacement cost. The replacement cost approach is a valuation technique that reflects the amount that would be required to replace the asset.

This replacement amount exceeded the carrying value of the assets of the CGU.

2.4 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 decrease where the useful lives are greater than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

The Group periodically reviews and changes the estimated useful lives of assets with any changes being treated as a change in accounting estimates and accounted for in a prospective manner.

2.5 AASB 16 Leases

The Group is required to determine the measurement of lease liabilities based on the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, if readily available. Where the implicit interest rate is not readily available, the Group is required to use the Group's incremental borrowing rate. Judgement is required to determine the appropriate discount rate to apply. The discount rate must reflect the rate of interest that a lessee would have to pay to borrow the funds necessary to purchase the right-of-use asset, over a similar term with a similar security, in a similar economic environment.

As at the 31 December 2022 the Group is not aware of any significant risk that would cause a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

3. SEGMENT INFORMATION

The Group has considered the nature and operations of the business and determined that there were no separately distinguishable reporting segments during the reporting period.

4. REVENUE AND OTHER INCOME

	31 Dec 2022 $000	31 Dec 2021 $000
Revenue		
Revenue from contracts with customers	1,212	8
Total Revenue	**1,212**	**8**
Other Income		
Interest received	63	-
Government grants	224	357
Other income	47	11
Total Other Income	**334**	**368**

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

Geographical regions based on location of operations		
Europe	30	8
Australia	1,182	-
Total Revenue	**1,212**	**8**
Geographical regions based on location of customers		
Europe	28	8
Australia	1,139	-
Africa	33	-
North America	12	-
Total Revenue	**1,212**	**8**
Major Services		
Mineral analysis services	**1,212**	**8**
Timing of Revenue Recognition		
Revenue recognised at point in time	**1,212**	**8**

5. EMPLOYEE BENEFITS EXPENSE

	31 Dec 2022 $000	31 Dec 2021 $000
Salaries and fees	3,574	1,231
Superannuation	307	105
Payroll and other tax	356	26
Other staff costs and benefits	287	6
	4,524	**1,368**

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6. OTHER EXPENSES

	31 Dec 2022 $000	31 Dec 2021 $000
Administration and other general costs	438	99
Audit fees	190	19
Computer expenses	113	22
Consultancy	593	76
Direct operating costs	323	-
Disposal of property, plant and equipment	149	-
External accounting and administrative services	193	57
Insurance	123	6
Marketing and advertising	118	44
Premises and related costs	185	88
Provision for expected credit loss	162	-
Recruitment	144	14
Stores, spares and consumables used	349	208
	3,080	**633**

7. AUDITORS REMUNERATION

Amounts received or due and receivable by auditors of the Group are set out below:

	31 Dec 2022 $000	31 Dec 2021 $000
Fees to Grant Thornton Audit Pty Ltd		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	71	-
Fees to Grant Thornton Audit Sweden		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	38	-
Fees to Ernst & Young Sweden		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	15	19
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements	-	57
	15	76
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	66	-
Fees for other assurance and agreed-upon-procedures services under other legislation or contractual arrangements[1]	-	102
	66	102
	190	**178**

1 These fees were incurred by Orexplore Australia Pty Ltd in the period before the formation of the Group and are thus not included in the Statement of Profit and Loss for the year ended 31 December 2021 - refer note 1.1.

8. INCOME TAX

	31 Dec 2022 $000	31 Dec 2021 $000
Income tax recognised in profit or loss:		
Current tax		
Current year tax benefit	-	-
Deferred tax		
Relating to origination and reversal of temporary differences	-	-
Net income tax expense reported in profit or loss	-	-
The expense for the year can be reconciled to accounting profit as follows:		
Accounting loss before income tax	10,476	3,780
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 20.6%)	2,619	779
Other permanent differences	(30)	(234)
Effect of foreign tax rate	(235)	-
Carry forward tax losses not recognised	(2,354)	(545)
Income tax expense	-	-

As at 31 December 2021, both Orexplore Technologies Limited and Orexplore Australia Pty Ltd were part of the Swick tax consolidated group. Swick Mining Services Limited was the head entity of the Swick tax consolidated group. Members of the group entered into a tax sharing agreement, which provided for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default was considered remote.

Current tax, deferred tax liabilities and deferred tax assets arising from temporary differences were allocated to members of the tax consolidated group using the “separate tax payer within a Group” approach. In this regard temporary differences were measured with reference to the carrying amount of assets and liabilities in the separate financial statements of each entity in the tax consolidated group and the tax values within the tax consolidated group. Any current tax liabilities or assets and unused tax losses of the member entity were assumed by the head entity of the tax consolidated group. Assets or liabilities arising under tax funding agreement with the head entity were recognised as amounts payable to or receivable from the head entity in accordance with the tax funding arrangement in place. Any difference in these amounts were recognised by the member entity as an equity contribution from or distribution to the head entity.

Orexplore Technologies Limited and Orexplore Australia Pty Ltd exited the Swick tax consolidated group effective the 7 January 2022. Tax losses from Orexplore Australia Pty Ltd under Australian tax jurisdiction were assumed by Swick Mining Services Limited as the head entity under the tax consolidation regime.

Orexplore AB, Orexplore Canada Inc and Orexplore USA Inc were outside the Swick tax consolidated Group.

As at 31 December 2022, Orexplore AB has $20,539,000 (2021: $16,990,000) in estimated and unrecognised tax losses. There are no time limits to when the Group can use these carried forward tax losses. Tax losses arising from Orexplore AB under Swedish tax jurisdiction may be carried forward indefinitely from the year of the loss.

In addition, at 31 December 2022, the Australian entities of the Group has $3,979,000 of estimated unrecognised tax losses available for future use.

Tax losses are recognised where they are available to be recovered and it is probable that the Company will generate future profits to use the tax losses. No deferred tax assets have been recognised for tax losses as at 31 December 2022 (2021: nil).

The movement in temporary differences is outlined below

	$000
Deferred tax assets:	
Deferred tax assets not recognised at 1 January 2022	3,445
Trade and other receivable	40
Trade and other payables	41
Leases	5
Provisions	66
Foreign exchange rate difference	(314)
Tax losses for the year carried forward	2,095
Deferred tax assets not recognised at 31 December 2022	(5,378)
	-

9. BASIC AND DILUTED LOSS PER SHARE

The earnings and weighted average number of ordinary shares used in the calculation of basic and diluted loss per share are as follows:

	31 Dec 2022 $000	31 Dec 2021 $000
Loss used to calculate basic and diluted loss per share:		
Net loss after tax	10,476	3,780
	No.	**No.**
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted loss per share[1]	103,503,922	73,469,354
Basic loss per share (cents)	10.12	5.15
Diluted loss per share (cents)[2]	10.12	5.15

1 The weighted average number of performance rights not included in diluted earnings per share calculation for 2022 were 8,293,136 (2021: nil). The performance rights are excluded as they are contingently issuable securities.

2 There is no dilutive effect of outstanding performance rights as the Company made a loss after tax and the performance rights are contingently issued securities.

10. CASH AND CASH EQUIVALENTS

	31 Dec 2022 $000	31 Dec 2021 $000
Cash at bank and on hand	7,039	192
Acquisition of cash in a subsidiary	-	12,452
	7,039	**12,644**

Cash and cash equivalents comprise cash balances and deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

Reconciliation of cashflow from operations with loss after income tax:		
Loss after income tax	(10,476)	(3,780)
Non-cash flows in profit and loss:		
Depreciation and amortisation	1,391	1,013
Abandonment of asset costs	2,876	-
Government grant recognised through deferred income	-	(291)
Share based payment expense	121	1,137
Other non-cash adjustments	137	-
Change in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
Decrease / (increase) in trade and other receivables	154	(187)
(Increase) / decrease in inventories	(296)	72
(Increase) / decrease in prepayments	(81)	15
Decrease in trade payables	(80)	(164)
Increase / (decrease) in provisions	276	(36)
Cash flow from operations	**(5,978)**	**(2,221)**

11. TRADE AND OTHER RECEIVABLES

	31 Dec 2022 $000	31 Dec 2021 $000
Trade receivables	620	5
Provision for expected credit losses	(162)	-
Net trade receivables	**458**	**5**
Other receivables	184	804
	642	**809**

Credit terms for trade receivables are generally between 30 and 60 days. Due to the short-term nature of the above receivables, their carrying value is assumed to approximate their fair values.

The main source of credit risk to the Group is considered to relate to the class of assets described as "trade and other receivables". At 31 December 2022, gross trade receivables comprised 5 customers with the largest customer comprising 65% of the total amount outstanding, and the largest two customers together comprising 94% of the total gross trade receivable balance.

The table below details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be of high credit quality.

	Current $000	31-60 days $000	61 – 90 $000	>90 days $000	Total $000
31 December 2022:					
Gross carrying amount	626	-	-	178	804
Specific loss provision	-	-	-	(162)	(162)
Expected credit loss provision	-	-	-	-	-
Net carrying amount	**626**	**-**	**-**	**16**	**642**
31 December 2021:					
Gross carrying amount	809	-	-	-	809
Specific loss provision	-	-	-	-	-
Expected credit loss provision	-	-	-	-	-
Net carrying amount	**809**	**-**	**-**	**-**	**809**

A specific loss provision has been created in relation to a debtor that is currently in administration as the recovery of the balance is uncertain. Based on review at the date of reporting, the expected credit loss rate is 0% (2021: 0%).

12. INVENTORIES

	31 Dec 2022 $000	31 Dec 2021 $000
Consumables and stores	1,181	1,198
Allowance for obsolescence	-	-
Total Inventories	**1,181**	**1,198**

The Group maintains an inventory of parts and spares for use in Research and Development activities, construction of mineral analysis machines and for rendering of mineral analysis services.

An on-going review is conducted in order to ascertain whether items are obsolete or damaged, and if so determined, the carrying amount of the item is written down to its net realisable value.

13. PROPERTY, PLANT AND EQUIPMENT

	31 Dec 2022 $000	31 Dec 2021 $000
Plant and equipment		
Cost	3,362	2,883
Disposal	(147)	-
Accumulated depreciation	(1,682)	(1,235)
Net carrying value - plant and equipment	**1,533**	**1,648**
Leasehold Improvements		
Gross carrying value at cost	257	258
Less accumulated depreciation	(233)	(222)
Net carrying value - leasehold Improvements	**24**	**36**
Office furniture and equipment		
Gross carrying value at cost	689	515
Less accumulated depreciation	(474)	(401)
Net carrying value - furniture and equipment	**215**	**114**
Total net carrying value	**1,772**	**1,798**

	Plant and equipment $000	Leasehold Improve-ments $000	Office furniture and equipment $000	Total $000
Net carrying value at 1 January 2021	**887**	**50**	**137**	**1,074**
Additions	97	-	4	101
Acquisition of subsidiaries	901	-	34	935
Foreign exchange rate difference	(25)	(1)	(4)	(30)
Depreciation expense	(212)	(13)	(57)	(282)
Net carrying value at 31 December 2021	**1,648**	**36**	**114**	**1,798**
Net carrying value at 1 January 2022	**1,648**	**36**	**114**	**1,798**
Additions - general	385	5	202	592
Additions - machines under construction	200	-	-	200
Disposal	(149)	-	-	(149)
Foreign exchange rate difference	(64)	(3)	(6)	(73)
Depreciation expense	(487)	(14)	(95)	(596)
Net carrying value at 31 December 2022	**1,533**	**24**	**215**	**1,772**

14. RIGHT-OF-USE ASSETS

	31 Dec 2022 $000	31 Dec 2021 $000
Office and lab premises		
Cost	2,413	1,713
Accumulated depreciation	(1,490)	(1,205)
Net carrying value – office and lab premises	**923**	**508**

	Office and lab premises $000
Net carrying value at 1 January 2021	**705**
Lease modifications	3
Acquisition of subsidiaries	95
Foreign exchange rate difference	(19)
Depreciation expense	(276)
Net carrying value at 31 December 2021	**508**
Net carrying value at 1 January 2022	**508**
Lease modifications	836
Foreign exchange rate difference	(36)
Depreciation expense	(385)
Net carrying value at 31 December 2022	**923**

Short-term leases with lease terms of less than 12 months are not recognised as right-of-use assets and lease liabilities, as permitted by AASB 16. The Group recorded no short-term lease expenses in 2022 (2021: nil).

15. INTANGIBLE ASSETS

	31 Dec 2022 $000	31 Dec 2021 $000
Patents and trademarks		
Cost	285	265
Accumulated depreciation	(175)	(154)
Net carrying value – patents and trademarks	**110**	**111**
Development assets (amortising)		
Gross carrying value at cost	5,550	4,904
Less accumulated depreciation	(2,834)	(2,713)
Net carrying value - development assets (amortising)	**2,716**	**2,191**
Development assets (non-amortising)		
Gross carrying value at cost	2,842	3,778
Less costs abandoned	(2,842)	-
Net carrying value - development assets (non-amortising)	**-**	**3,778**
Total net carrying value	**2,826**	**6,080**

	Patents and trademarks $000	Dev assets (amortising) $000	Dev assets (non-amortising) $000	Total $000
Net carrying value at 1 January 2021	**74**	**2,686**	**3,074**	**5,834**
Additions	71	-	789	860
Foreign exchange rate difference	(4)	(71)	(85)	(160)
Amortisation expense	(30)	(424)	-	(454)
Net carrying value at 31 December 2021	**111**	**2,191**	**3,778**	**6,080**
Net carrying value at 1 January 2022	**111**	**2,191**	**3,778**	**6,080**
Additions	46	-	510	556
Transfer to amortising category	-	1,106	(1,106)	-
Costs abandoned	-	-	(2,876)	(2,876)
Foreign exchange rate difference	(11)	(207)	(306)	(524)
Amortisation expense	(36)	(374)	-	(410)
Net carrying value at 31 December 2022	**110**	**2,716**	**-**	**2,826**

Intangible assets relate to development undertaken to develop the Group's mineral scanning technology and machines.

Non-amortising development assets pertain to intangible assets in the development phase. Amortising development assets pertain to assets that are completed and ready for use. Intangible assets transfer from the non-amortising class of asset to the amortising class of asset once constructed to the point of completion. All intangible assets are considered to have a finite useful life.

During the year, $1,106,000 of development assets were transferred to the amortising category on their completion and availability for use – such development assets consist primarily of the upgrade of electrical systems that will be deployed in future builds of the Group's GeoCore X10 instruments and will be available for use in future sensing instruments.

A review of the Group's remaining ongoing development project where development expenditure was being capitalised was undertaken at 31 December 2022. As part of the review, the Group assessed the progress and status of development work to date and determined that the specific assets developed in relation to this project were no longer expected to be of economic benefit to the Group and are considered abandoned. The total value of the abandonment was $2,876,000. While the project costs have been abandoned, the Group obtained valuable data and developed new instrument components as part of the process. As the specific benefits not abandoned were not able to be separated from other elements of the project, an expense for the entire value was recognised. The Group will continue to actively work on the development of new advanced sensing instruments in future.

At 31 December 2022, the carrying value of non-amortising development assets was nil.

Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility, the consolidated entity is able to use or sell the asset, the consolidated entity has sufficient resources; and intent to complete the development and its costs can be measured reliably.

The Company currently has development assets available for use and these are tested for impairment when there are indicators of impairment. The Company has tested such available for use development assets for impairment in accordance with the valuation methodology referenced in note 1.4.13.

Once available for use, capitalised development costs are amortised over the period of their expected life.

16. TRADE AND OTHER PAYABLES

	31 Dec 2022 $000	31 Dec 2021 $000
Trade payables	583	898
Expense accruals	101	76
Accrued demerger costs	-	422
Payroll-related payables	269	125
Other payables	81	44
	1,034	**1,565**

Trade and other payables are unsecured and are usually paid within 30-60 days of recognition.

17. PROVISIONS

	31 Dec 2022 $000	31 Dec 2021 $000
Current		
Provision for annual leave	223	102
Provision for short-term incentives	140	-
	363	**102**
Reconciliation of movement in current provisions:		
Balance at 1 January	102	96
Increase / (decrease) in provision for annual leave	131	(33)
Increase in provision for short-term incentives	140	-
Acquisition of subsidiary	-	42
Foreign exchange rate difference	(10)	(3)
Balance at 31 December	**363**	**102**
Non-current		
Provision for long service leave	5	-
	5	
Reconciliation of movement in non-current provisions:		
Balance at 1 January	-	-
Increase in provision for long service leave	5	-
Foreign exchange rate difference	-	-
Balance at 31 December	**5**	**-**

18. LEASE LIABILITIES

	31 Dec 2022 $000	31 Dec 2021 $000
Current		
Lease liabilities related to right-of-use assets	389	408
Total current lease liabilities	**389**	**408**
Non-current		
Lease liabilities related to right-of-use assets	576	156
Total non-current lease liabilities	**576**	**156**
Net carrying value – office and lab premises	**965**	**564**

Leases – Group as Lessee
The Group has entered into two commercial property lease contracts, one in Sweden and one in Australia. Both leased properties contain office and laboratory space and have remaining terms of between 2 and 3 years with the lessor retaining the underlying assets. All lease contracts contain clauses for rental reviews in line with the Consumer Price Index (CPI). The Group does not have an option to purchase the leased premises at the expiry of the lease period. Lease liabilities related to right-of-use assets are secured by the related right-of-use assets.

The average interest rate is 2.1% (2021: 1.6%).

Extension options contained within both leases have been exercised and there are no remaining lease extensions contained within the leases.

Upon termination of the lease held in Australia and the restoration of the property to the agreed condition, the associated bond of $39,490 will be released, or the residual value after lessor deductions, if any.

There are no non-commercial restrictions or covenants imposed by the leases.

Short-term leases with lease terms of less than 12 months are not recognised as right-of-use assets and lease liabilities, as permitted by AASB 16. The Group recorded no short-term lease expenses in 2022 (2021: nil).

AASB 16 related amounts recognised in the Statement of Profit or Loss

	31 Dec 2022 $000	31 Dec 2021 $000
Depreciation charge related to right-of-use assets	385	276
Interest expense on lease liabilities	17	4

OREXPLORE
TECHNOLOGIES

Changes in liabilities arising from financing activities

	31 Dec 2022 $000	31 Dec 2021 $000
Net carrying value at 1 January	**564**	**788**
Cash changes:		
Repayments	(394)	(306)
Non-cash changes:		
Lease modifications	837	3
Acquisition of subsidiary	-	100
Foreign exchange rate difference	(42)	(21)
Net carrying value at 31 December	**965**	**564**

19. ISSUED CAPITAL

	31 Dec 2022 No.	31 Dec 2022 $000	31 Dec 2021 No.	31 Dec 2021 $000
Ordinary shares - fully paid	103,664,196	39,153	93,914,196	36,716

Movements in ordinary share capital:

	31 Dec 2022 No.	31 Dec 2022 $000	31 Dec 2021 No.	31 Dec 2021 $000
Balance at 1 January	93,914,196	36,716	100	21,332
Funds transferred from Swick to Orexplore AB	-	-	-	3,141
Capital transferred upon acquisition of subsidiaries	-	-	-	12,243
Issue of shares through in-specie distribution	-	-	93,914,096	-
Issue of shares	9,750,000	2,437	-	-
	103,664,196	**39,153**	**93,914,196**	**36,716**

On 7 January 2022, Orexplore Technologies Limited issued 9,750,000 ordinary fully paid shares at an issue price of $0.25 per share under a priority offer.

All shares are ordinary fully paid shares and carry one vote per share and the right to dividends. The Company does not have a limited amount of authorised capital and issued shares do not have a par value.

20. FOREIGN EXCHANGE RESERVE

	31 Dec 2022 $000	31 Dec 2021 $000
Opening balance at 1 January	(18)	227
Other comprehensive loss for the year	(798)	(245)
Closing balance at 31 December	**(816)**	**(18)**

The foreign currency translation reserve records exchange differences arising on translation of Orexplore AB to presentation currency.

21. SHARE-BASED PAYMENT RESERVES

	31 Dec 2022 $000	31 Dec 2021 $000
Opening balance at 1 January	1,137	-
Reverse acquisition by accounting parent	-	1,137
Share based payments – performance rights plan	121	-
Closing balance at 31 December	**1,258**	**1,137**

Performance rights plan

The Group has established an Incentive Performance Rights Plan. The rights were granted at no cost to the executives and will convert into ordinary shares on achieving the required performance and service condition.

A summary of the movements of performance rights on issue is as follows:

	31 Dec 2022 No.	31 Dec 2021 No.
Opening balance at 1 January	8,293,136	-
Performance rights granted		
Series 1	-	2,767,834
Series 2	-	2,767,834
Series 3	-	2,757,468
Vested and exercised	-	-
Forfeited	-	-
Expired	-	-
Closing balance at 31 December	**8,293,136**	**8,293,136**

During the year, no performance rights were granted, exercised or lapsed and there has been no alteration of the terms and conditions of performance rights since their grant date. The terms and conditions of performance rights (**PR**) granted are as follows:

PR series	Grant date	Number granted	Value on grant date ($)	Vesting date and conditions
Series 1	22/12/2021	2,767,834	196,517	Vest 100% on or before 22 December 2025 upon the 20-day VWAP equalling or exceeding $0.375 as long as the participant is still employed by the Company.
Series 2	22/12/2021	2,767,834	179,909	Vest 100% on or before 22 December 2026 upon the 20-day VWAP equalling or exceeding $0.50 as long as the participant is still employed by the Company.
Series 3	22/12/2021	2,757,468	165,449	Vest 100% on or before 22 December 2026 upon the 20-day VWAP equalling or exceeding $0.625 as long as the participant is still employed by the Company.

VWAP – volume weighted average share price

The fair value of the performance rights issued during the year ended 31 December 2021 was determined as follows:

Share Price per share	$0.135
Share Price Volatility	57.2061%
Interest Rate for Performance Rights Expiring in 2025	1.742%
Interest Rate for Performance Rights expiring in 2026	1.856%
Dividend Yield	N/A
Model Used	Adapted Black, Scholes, Merton

The Share Price reflects Fair Value as per assessment by an independent and external valuer who determined the amount in accordance with Appendix A of AASB 2. The valuation methodology applied is the binomial model, which has been tailored specifically for use in valuing employee rights and is an amended Black, Scholes, Merton methodology with a 500,000 iteration Monte Carlo extrapolation.

The share price volatility is calculated with reference to the annualised standard deviation of daily share price returns on the underlying security over a specified period. As Orexplore Technologies Limited had no history of share trading at the time of grant, the volatility is based on a comparable group of companies.

No dividend yield has been factored into the valuation of the Performance Rights in line with the Group's strategy during its initial growth phase.

A tailored binomial model has been utilised to value the rights based on the assumption that the rights may be exercised. This assumption is supported by empirical evidence showing such rights are often exercised well before their expiry date.

22. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the Group's ability to commercialise its product offering and expand activities to maximise the ultimate return to shareholders.

This is consistent with the prior year strategy, in particular the Group's demerger from Swick and the Company's listing on the ASX during January 2022. The Group does not currently have any interest bearing loans or other borrowings.

None of the Group's entities are subject to externally imposed capital requirements.

Financial assets and liabilities

The Group's financial instruments consist mainly of cash and cash equivalents, trade and other receivables, prepayments, trade and other payables and lease liabilities.

The totals for each category of financial assets are as follows:

	31 Dec 2022 $000	31 Dec 2021 $000
Cash and cash equivalents	7,039	12,644
Trade and other receivables	642	809
Prepayments	192	118
	7,873	**13,571**

The totals for each category of financial liabilities are as follows:

	31 Dec 2022 $000	31 Dec 2021 $000
Trade and other payables	1,034	1,565
Lease liabilities	965	564
	1,999	**2,129**

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TECHNOLOGIES

Financial risk management objectives
The Group is exposed to a number of financial risks from its use of financial instruments – such risks include exposure to market risk, credit risk, liquidity risk and foreign exchange risk.

The Group's overall risk management strategy seeks to assist it in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management is reviewed by the Board of Directors on a regular basis, including monitoring credit risk and future cash flow requirements.

This note provides further information on the Group's exposure to each of these financial risks.

Market risk
Market risk is the risk of financial loss to the Group through changes in market prices including changes in interest rates and changes in foreign exchange rates. The objective of market risk management is to manage such risks within acceptable parameters whilst optimising return.

Interest rate risk
The financial instruments that expose the Group to interest rate risk are limited to cash and cash equivalents. This exposure relates to the risk associated with floating interest rates on cash and cash equivalents.

The Group invests excess cash held in short term deposits to maximise returns and ensure the Group has sufficient available cash to fund ongoing operations.

Foreign exchange risk
Foreign exchanges risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investment in foreign operations. The Group seeks to minimise its exposure to foreign exchange risks primarily through ensuring that all financial assets and liabilities denominated in a currency other than Australian dollars are of a short term nature and through the close management of operating cash requirements of Group entities.

Credit risk
Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that customers and counterparties to transactions are of sound credit worthiness, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 30 to 60 days from the date of invoice. Further information about the concentration of credit risk and the aging of outstanding trade receivables is contained in note 11.

Risk is also minimised through investing surplus funds into financial institutions that maintain high credit ratings assigned by international credit rating agencies.

Liquidity risk
Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Group manages this risk through preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities, maintaining a reputable credit profile, managing credit risk related to financial assets, only investing surplus cash with major financial institutions, and comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects the undiscounted contractual maturity analysis for non-derivative financial liabilities.

	31 Dec 2022		31 Dec 2021	
	Within 1 year $000	1 – 5 years $000	Within 1 year $000	1 – 5 years $000
Trade and other payables	1,034	-	1,565	-
Lease liabilities	403	585	413	156
	1,437	**585**	**1,978**	**156**

Fair value measurement
At the current and previous balance date, all financial assets and liabilities are measured at amortised costs and their carrying value is equivalent to their fair value.

23. CONSOLIDATED ENTITIES

Details of the Group entities are as follows:

Name	Country of Incorporation	Date of Incorporation	Functional currency	Financial year end
Orexplore Technologies Limited	Australia	29 Oct. 2020	Australian Dollar	31 December
Orexplore AB	Sweden	26 July 2010	Swedish Krona	31 December
Orexplore Australia Pty Ltd	Australia	24 Oct. 2017	Australian Dollar	31 December
Orexplore Canada Inc	Canada	23 Oct. 2018	Canadian Dollar	31 December
Orexplore USA Inc	USA	23 Oct. 2018	US Dollar	31 December

The principal place of business is the same as the “country of incorporation” for each entity.

24. PARENT ENTITY DISCLOSURES

As at, and throughout, the year ended 31 December 2022, the legal parent entity of the Group was Orexplore Technologies Limited.

	31 Dec 2022 $‘000	31 Dec 2021 $‘000
Results of parent entity:		
Loss for the year	402	-
Other comprehensive income	-	-
Total comprehensive expense for the year	**402**	**-**
Financial position of parent entity:		
Current assets	-	-
Total assets	50,193	48,037
Current liabilities	-	-
Total liabilities	-	-
Total equity of parent entity comprising of:		
Share capital	50,474	48,037
Reserves	121	-
Accumulated losses	(402)	-
Total equity	**50,193**	**48,037**

OREXPLORE
TECHNOLOGIES

Parent entity contingent liabilities
There were no contingent liabilities of the parent entity as at 31 December 2022 and as at 31 December 2021.

Parent entity capital commitments for acquisition of property, plant and equipment
There were no capital commitments of the parent entity as at 31 December 2022 and as at 31 December 2021.

25. RELATED PARTY TRANSACTIONS

Ultimate parent
The ultimate parent entity that exercises control over the Group is Orexplore Technologies Limited. In the prior financial year and up until 7 January 2022 when it made an in-specie distribution of the shares it held in Orexplore Technologies Limited to its own shareholders, Swick Mining Services Limited, a company incorporated in Australia, was the ultimate parent company.

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided of received for any related party receivables or payables.

Key management personnel compensation
Any person having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of a Group entity is considered key management personnel ("**KMP**").

The total remuneration paid to KMP of the Group during the year is as follows:

	31 Dec 2022 $000	31 Dec 2021 $000
Short-term employee benefits	1,090	287
Post-employment benefits	88	42
Other long-term benefits	1	-
Termination benefits	-	-
Share-based payments	118	-
Total KMP compensation	**1,297**	**329**

In respect of the year ended 31 December 2021, the above reflects the remuneration for KMP based in Sweden, paid through the Orexplore AB Parent entity. An additional $79,000 of share-based payments were paid in 2021 from Orexplore Australia Pty Ltd to KMP based in Sweden.

Transactions with Swick
No material related party transactions were entered into during the year ended 31 December 2022. The Company did however incur and pay expenses under a services agreement with its former parent entity during the year. The total costs incurred during the year ended 31 December 2022 for such services was $79,000.

Related party transactions of a material amount that occurred during the previous financial year and are represented in the financial statements were as follows:

- Orexplore AB received funding of $3,141,000 from Swick in the form of capital contributions. Swick waived its rights to receive repayment of these capital contributions.

- Orexplore AB sold machine parts and equipment to Orexplore Australia Pty Ltd at cost plus 10% markup. Payment between entities is made 30 – 60 days. The total of such transactions was $155,000 and at the 31 December 2021 related party trade receivables were $68,000.

Material Transactions in the previous financial year that are not reflected in the financial statements due to the Parent Entity reflecting only Orexplore AB include KMP charges allocated to Orexplore Australia Pty Ltd from Swick of $256,000. Swick waived it's right to be reimbursed for these expenses.

26. CONTINGENT LIABILITIES AND COMMITMENTS

	31 Dec 2022 $000	31 Dec 2021 $000
Bank guarantee	39	39

A bank Guarantee facility is in place for an amount of $39,490 in order to secure the property leased by Orexplore Australia Pty Ltd is secured by a term deposit of the same amount.

As at the 31 December 2021 the bank guarantee facility and corresponding contingent liability was legally held by Swick Group.

27. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has been no matter or circumstance that has arisen after the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIRECTORS DECLARATION

In the opinion of the Directors of Orexplore Technologies Limited:

(a) the financial statements and notes of the Company and its subsidiaries (collectively "**the Group**") are in accordance with the *Corporations Act 2001* (Cth), including:

i. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001* (Cth);

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and

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

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 31 December 2022.

Signed in accordance with a resolution of the Directors:

Alan Bye
Chairman
28 February 2023

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Independent Auditor's Report

To the Members of Orexplore Technologies Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Orexplore Technologies Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material uncertainty related to going concern

We draw attention to Note 1.3 in the financial statements, which indicates that the Group incurred a net loss of $10,476,000 during the year ended 31 December 2022, and as of that date, the Group's operating cash outflows totalled $5,978,000. As stated in Note 1.3, these events or conditions, along with other matters as set forth in Note 1.3, indicate that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

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

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

Key audit matter	How our audit addressed the key audit matter
Recognition of development cost asset – Note 15	
The Group has capitalised development costs in relation to the GeoCore X10 project. There is a risk that capitalised costs may not comply with the recognition requirements relevant to AASB 138 *Intangible Assets*. Management judgement is required to assess the commercial and technical feasibility of the GeoCore X10 project, including the intangible assets future economic benefits. This area is a key audit matter due to the subjectivity involved in assessing the recognition criteria for capitalised development costs.	Our procedures included, amongst others: • assessing the appropriateness of management's policy for capitalising development costs pursuant to AASB 138 Intangible Assets • assessing management's paper on the current stage of development of the asset, including whether or not the asset is available for use; • examining existing patents held by the Group that support project activities; • testing the mathematical accuracy of management's development costs model; • testing a sample of capitalised costs by agreeing to third-party support to identify whether they have been appropriately capitalised in accordance with accounting policies and AASB 138; and • assessing the appropriateness of financial statement disclosures.
Impairment of development cost asset – Note 15	
AASB 136 *Impairment of Assets* requires intangible assets available for use to be tested for impairment when indicators of impairment exist. The Group reports intangible assets of $2,826,000 on the statement of financial position as at 31 December 2022. The Group recognised indicators of impairment relating to net assets being in excess of its market capitalisation as at reporting date. This area is a key audit matter due to management judgement involved in assessing the assumptions and inputs required to prepare a fair value less costs of disposal model and to satisfy the impairment testing requirements of AASB 136.	Our procedures included, amongst others: • understanding management's policies and procedures regarding impairment testing; • obtaining evidence to support the key assumptions used by management in the fair value less costs of disposal model and challenging those assumptions; • evaluating the model against the requirements of AASB 136; • performing sensitivity analysis to stress test the key assumptions used in the fair value less costs of disposal model; and • assessing the appropriateness of financial statement disclosures.

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

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 20 to 28 of the Directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Orexplore Technologies Limited, for the year ended 31 December 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.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

L A Stella
Partner – Audit & Assurance

Perth, 28 February 2023

The Company has established a strong governance framework and continues to be committed to a high level of integrity and ethical standards in all its business practices.

Effective and transparent corporate governance is of critical importance to the Company and its Board of Directors. The Board fully supports the intent of the Australian Securities Exchange (ASX) Corporate Governance Council's 4th edition of Corporate Governance Principles and Recommendations.

The Corporate Governance Framework continues to evolve as it seeks continual improvement in the way it conducts its business. Further details on Orexplore's governance principles can be found in the Company's Corporate Governance Statement available at https://www.orexplore.com/corporate-governance/

The following information was reflected in the records of the Company as at 24 February 2023.

Distribution of Equity Security Holders

	Number of holders	
	Fully paid shares	Performance rights
1 - 1,000	443	-
1,001 - 5,000	330	-
5,001 - 10,000	171	-
10,001 - 100,000	347	-
100,001 and over	126	2
	1,417	2

There are 810 shareholders holding less than a marketable parcel of ordinary shares (based on a market price of $0.08 per share).

Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Company.

Shareholder	Number of shares	%
Circle 5 Management Pty Ltd	19,696,198	19.0
Kent Jason Swick and Tanya Michelle Swick	15,548,873	16.0
Castle Point Funds Management Ltd	8,872,463	8.56

Twenty largest holders of fully paid shares

	Shareholder	Shares	%
1.	Circle 5 Management Pty Ltd	19,696,198	19.00
2.	National Nominees Limited	8,299,895	8.01
3.	Kent Jason Swick	4,394,137	4.24
4.	Tanya Michelle Swick	4,394,137	4.24
5.	K & T Swick Pty Ltd	3,198,000	3.08
6.	Kent Jason Swick & Tanya Michelle Swick	3,159,711	3.05
7.	Justin O'Neil Malouf	2,800,000	2.70
8.	Kenneth Joseph Hall	2,649,598	2.56
9.	Altor Capital Management Pty Ltd	2,462,867	2.38
10.	Rosanne Thelma Swick	2,324,842	2.24
11.	HSBC Custody Nominees (Australia) Limited	1,477,610	1.43
12.	Donald James Miller	1,300,000	1.25
13.	GE Equity Investments Pty Ltd	1,050,000	1.01
14.	Mark Jones & Margaret Tai	850,000	0.82
15.	Bond Street Custodians Limited	764,667	0.74
16.	Bond Street Custodians Limited	700,000	0.68
17.	Mounts Bay Investments Pty Ltd	657,688	0.63
18.	Robert Boorman & Laura Boorman	600,000	0.58
19.	Katherine Elizabeth Moseby	600,000	0.58
20.	BNP Paribas Noms (NZ) Limited	592,571	0.57
		61,971,921	59.79

Unquoted securities

The following classes of unquoted securities are on issue:

Security	Number on issue	Holders of greater than 20% of each class of security Name of holder	Number	%
Performance rights	8,293,136	Steelpoint Pty Ltd	5,183,210	62.50
		Megan Bye	3,109,926	37.50

Restricted securities

	Number
Performance rights subject to escrow until 21 January 2024	8,293,136

Classes of shares and voting rights

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney or representative. On a show of hands every holder of ordinary shares present in person or by proxy is entitled to one vote, and on a poll, every person present in person or by proxy has one vote for each ordinary share held.

Register of securities

The register of securities is kept at the office of the Company's share registry, Automic Pty Ltd at Level 5, 191 St Georges Terrace, Perth, Western Australia.

Stock Exchange listing

The Company's securities are quoted on the Australian Securities Exchange (Trading code: OXT).

On-market buy-back

No on-market share buy-back is currently being undertaken by the Company.

Use of funds

The Company has used and is continuing to use its cash resources at the time of admission to the official list of the Australian Securities Exchange in a manner which is consistent with the Company's business objectives as outlined in the prospectus dated 22 November 2021.

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