



SENTINEL EXPLORATION LTD

ACN 644 425 678

ANNUAL REPORT

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

Directors

Mark Stowell
Simon Adams
Glenn Zamudio

Company Secretary

Keith Bowker

Registered Office and Principal Place of Business

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PERTH WA 6831

Auditors

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Ground Floor, 50 Colin Street
WEST PERTH WA 6005

Share Registry

Automic Pty Ltd
Level 2, 267 St Georges Terrace
PERTH WA 6000

Annual report for the financial year ended 30 June 2023

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The directors of Sentinel Exploration Ltd ("Sentinel Exploration" or "the Company") submit herewith the annual report of the Company for the financial year ended 30 June 2023. To comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Information about the directors

The names and particulars of the directors of the Company during or since the end of the financial year are:

Mark Stowell

B.Bus, CA

Chairman

Appointed 17 September 2020

Mr Stowell has over 20 years of corporate finance and resource business management experience. He served as manager in the corporate division of Arthur Anderson and subsequently in the establishment and management of a number of successful ventures as principal, including resource companies operating in Australia and internationally.

Mr Stowell was a founder director of Anvil Mining Ltd (Democratic Republic of Congo), a copper explorer and developer, for seven years until 2000. He was a founder and Non-Executive Director of Incremental Petroleum Limited, an oil and gas producer with operations in Turkey and the USA, until its takeover by a USA operator. He was Chairman and founder of Mawson West Ltd, a copper producer and explorer which completed an IPO on the Toronto Stock Exchange in one of the largest base metal IPO's of 2011.

Simon Adams

B.Bus, ACIS

Director

Appointed 17 September 2020

Mr Adams has a wide range of experience in the area of corporate and financial management, corporate compliance and business development. Mr Adams has worked in a range of industries across the resource and industrial sectors including oil and gas production, pearl production and distribution, power generation systems, hard-rock exploration and production and finance.

Glenn Zamudio

FAusIMM, BSC (Chem Eng), MBA, CFA

Director

Appointed 28 June 2021

Mr Zamudio is an executive with a strong track record of developing and operating businesses in challenging jurisdictions. Accomplished across a wide range of sectors and disciplines with exceptional project development, operational, commercial and valuation skills. He has held senior positions in various mining companies as General Manager Operations, Group Executive Commercial and Strategy and General Manager Projects. Mr Zamudio currently works as a Senior Principal Consultant with Mining Plus on the Corporate Consulting team providing technical due diligence, asset appraisal, independent technical expert and financial review advice.

The above-named directors held office during the whole of the financial year and since the end of the financial year.

Company Secretary

Mr Keith Bowker holds a Bachelor of Commerce degree from Curtin University and has experience in company secretarial, corporate compliance and financial accounting matters. Mr Bowker was appointed and Mr Simon Adams resigned as Company Secretary on 5 July 2022.

Principal activities

The nature of operations and principal activities of the Company is the investment in mineral exploration, development and mining opportunities including the exploration and evaluation of projects primarily for lithium, gold and/or base metals.

There was no significant change in the nature of the Company's activity during the year.

Review of operations

The loss to owners of the Company for the financial year after providing for income tax amounted to \$94,064 (2022: \$337,260).

Sentinel Exploration now owns five projects in geographically diverse domains in Western Australia (Figure1). Substantial on ground exploration work has been successful in defining three discrete new prospects to high priority drill status out of the five projects. In addition, a JV on Iron Duke has resulted in the discovery of a potential large Rare Earths deposit from recent drilling by the operator Venture Minerals Limited (ASX: VMS). A JV with Kula Gold Limited (ASX: KGD) at Kirup on part of our holdings is well advancing to drilling for lithium in the next few months.



Figure1. Location map, Sentinel Projects

Kirup Project

The Kirup Project is a large leasehold within a recently proven metalliferous domain and is prospective for lithium bearing pegmatites, gold mineralisation and Ni-Cu-PGE mineralisation. The Kirup tenements (E70-5451 & E70-5452) are only 20km from the giant Greenbushes lithium and tantalum mine and are crosscut by a NW-SE trending mineralised Donnybrook Shear Zone (DBSZ), suggested as the mineralising conduit for the Greenbushes accumulation. The Kirup tenements also have nickel/copper/PGE potential with a magnetic signature analogous to the recently discovered large Julimar deposit north of Perth.

On 28 November 2022, the Company entered into a binding term sheet ('Agreement') with ASX listed Kula Gold Limited ("Kula Gold") (ASX:KGD) to dispose of a 70% interest in the lithium and related minerals in tenement E70/5452.

Mark Stowell is a current director of both Sentinel Exploration and Kula Gold and Simon Adams is a current director of Sentinel Exploration and a previous director of Kula Gold, resigning on 2 November 2022. As a result, this transaction was considered a related party transaction, and was approved by Kula Gold shareholders.

The Company received:

- \$200,000 for the reimbursement of exploration expenditure costs;
- 12,000,000 fully paid ordinary shares in Kula Gold at a deemed value of \$0.035 per share, subject to a 12-month escrow period from 4 April 2023; and
- A deferred consideration amount of \$2,000,000 payable in fully paid ordinary Kula Gold shares issued at the 10-day VWAP (commencing upon announcing the resource), with a minimum issue price of \$0.04 on completion of a JORC maiden inferred resource on the Kirup Project of a minimum of 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years of the lithium rights being acquired.

Cubbine Hills Project

Sentinel Exploration has completed substantial exploration work at the Cubbine Hills Project. Drilling in 2022 intersected massive sulphides in RC drilling designed to test a strong Induced Polarisation (IP) conductor. Subsequent six phases of Ultra Fine Fraction (UFF) soil sampling has produced two outstanding drill targets:

* a strong gold in soil anomaly over 300m, which is still extending; and

* a ~1km plus strike length copper-moly-silver in soil anomaly along a geological contact interpreted from the regional publicly available magnetics. The tenement is bisected by a mapped shear zone and on trend with a regionally mineralised greenstone. These targets are now at drill stage.

Marda East Project

The Marda East Project is near to the 340k ounce Mount Jackson gold mining complex, operated by Ramelius Resources Limited (ASX: RMS).

Two phases of detailed soil sampling has resulted in two significant gold anomalies with strikes of ~500m for one, and ~1km for the second.

There is more infill sampling taking place and ready for drilling.

Barlee Project

The Barlee Project comprises six tenements in application, two of which are in ballot with three for one and eight for the other. Although the area has been lightly explored, previous operators have identified substantial copper, nickel and gold anomalies in the area and mapped mineralised trends that potentially extend onto the Sentinel Exploration tenements.

Iron Duke Project

The Iron Duke Project is at an early stage of exploration and satellite imagery plus limited soil sampling and two RC drillholes suggest the possible presence of a carbonatite, with the potential to host Rare Earth Minerals (REE). The magnetic signature of Iron Duke bears a resemblance to the world class Mount Weld deposit.

On 28 April 2023 a joint venture agreement ("JV Agreement") was entered into with ASX listed Venture Minerals Limited ("Venture") (ASX: VMS).

Under the JV Agreement Venture can earn a 51% interest in the Iron Duke Project by spending \$250,000 within two years, including a minimum of \$75,000 in the first year.

Upon Venture earning 51%, the Company has the option to contribute 49% or dilute to 30% by Venture spending a further \$500,000 within the next 24 months to earn 70%.

Upon Venture earning 70%, the Company has the option to contribute 30% or dilute to a 10% free carried interest to the completion of an economically viable Bankable Feasibility Study or Definitive Feasibility Study (whichever comes first) on the Iron Duke Project.

Once Venture has earned a 90% interest, the Company must elect to either contribute or sell its interest to Venture based on an independent expert's valuation.

Venture may withdraw at anytime after meeting the minimum first year expenditure commitment.

Related party

Project tenements Iron Duke, Kirup, Cubbine Hills and Marda East have a 1% Net Smelter Royalty (NSR) on minerals produced. 50% of the NSR is held by a related party of director Mr Mark Stowell and 10% by a related party of director Mr Simon Adams. The projects were acquired at cost.

Changes in state of affairs

There was no significant change in the state of affairs of the Company during the financial year.

Subsequent events

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Environmental regulations

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

Dividends

No dividends have been paid by the Company during the financial years ended 30 June 2023 or 30 June 2022, nor have the directors recommended any dividend to be paid.

Options

Details of unissued shares or interests under option as at the date of this report are:

Issuing entity	Number of shares under option	Class of shares	Exercise price of option	Expiry date of options
Sentinel Exploration Ltd	4,625,000	Ordinary	\$0.20	1 July 2026

The holders of these options do not have the right, by virtue of the option, to participate in any share issue or interest issue of the Company or of any other body corporate or registered scheme.

No options were exercised during the 2023 or 2022 financial year or since the end of the reporting date of this report.

Directors interest in shares and options

Director	Number of shares	Number of options	Exercise price	Expiry date
Mark Stowell	6,625,000	2,125,000	\$0.20	1 July 2026
Simon Adams	800,000	400,000	\$0.20	1 July 2026
Glenn Zamudio	500,000	250,000	\$0.20	1 July 2026

Indemnification of officers and auditors

During or since the end of the financial year, the Company has not indemnified or made a relevant agreement to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor. In addition, the Company has not paid, or agreed to pay, a premium in respect of a contract insuring against a liability incurred by an officer or auditor.

Directors' meetings

The following table sets out the number of directors' meetings held during the financial year and the number of meetings attended by each director. The directors communicate regularly and pass most resolutions via circular resolution.

	Directors' Meetings		Audit Committee		Nomination Committee		Remuneration Committee		Finance and Operations Committee		
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended	
Mr Mark Stowell	2	2	<i>At the date of this report, the Remuneration, Audit, Nomination, and Finance and Operations Committees comprise the full Board of Directors. The Directors believe the Company is not currently of a size nor are its affairs of such complexity as to warrant the establishment of these separate committees. Accordingly, all matters capable of delegation to such committees are considered by the full Board of Directors.</i>								
Mr Simon Adams	2	2									
Mr Glenn Zamudio	2	2									

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 financial year.

Auditor's independence declaration

The auditor's independence declaration as required under s.307C of the *Corporations Act 2001* is included on page 7 of the annual report.

Rounding off of amounts

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

This directors' report is signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the Directors



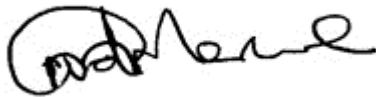
Mark Stowell
Non-Executive Chairman
Perth, 7 August 2023

AUDITOR'S INDEPENDENCE DECLARATION

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

- a) No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

DRY KIRKNESS (AUDIT) PTY LTD



MARIUS VAN DER MERWE CA
Director

Perth
Date: 07 August 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SENTINEL EXPLORATION LTD

Report on the Financial Report

Opinion

We have audited the financial report of Sentinel Exploration Ltd (the Company), which comprises the statement of financial position as at 30 June 2023, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the directors.

In our opinion, the accompanying financial report of Sentinel Exploration Ltd is prepared, in all material respects, in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001.

Basis for Opinion

We have conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical requirements in accordance with the Code.

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 30 June 2023 but does not include the financial report and the auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, 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 the 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company 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 the financial report.

As part of an audit in accordance with the Australia Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

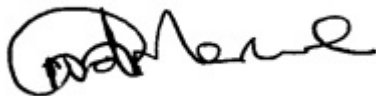
- Identify and assess risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

DRY KIRKNESS (AUDIT) PTY LTD



MARIUS VAN DER MERWE
Director

Perth

07 August 2023

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Company.

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

On behalf of the Directors



Mark Stowell
Non-Executive Chairman
Perth, 7 August 2023

Sentinel Exploration Ltd

Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023	Note	2023	2022
		\$	\$
Continuing operations			
Other gains and losses	6	216,000	-
Administration expenses		(31,254)	(39,750)
Employee benefits expenses	15	-	(16,891)
Exploration and evaluation expenditure		(278,810)	(280,619)
Loss before income tax		(94,064)	(337,260)
Income tax	7	-	-
Loss after income tax for the year		(94,064)	(337,260)
Other comprehensive expense for the year			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
Total other comprehensive loss for the year		-	-
Total comprehensive loss for the year		(94,064)	(337,260)
Loss for the year attributable to:			
Owners of Sentinel Exploration Ltd		(94,064)	(337,260)
Total comprehensive loss for the year attributable to:			
Owners of Sentinel Exploration Ltd		(94,064)	(337,260)

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

Sentinel Exploration Ltd
Consolidated statement of financial position

As at 30 June 2023	Note	2023	2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	279,951	482,015
Receivables and other assets	9	66,834	67,046
Total current assets		346,785	549,061
Non-current assets			
Other financial assets	10	216,000	-
Total non-current assets		216,000	-
Total assets		562,785	549,061
Liabilities			
Current liabilities			
Trade and other payables	11	153,564	45,026
Borrowings	12	-	750
Total current liabilities		153,564	45,776
Total liabilities		153,564	45,776
Net assets		409,221	503,285
Equity			
Share capital	13	840,545	840,545
Accumulated losses		(431,324)	(337,260)
Total equity		409,221	503,285

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

Sentinel Exploration Ltd
Consolidated statement of changes in equity

For the year ended 30 June 2023

	Note	Share capital \$	Accumulated losses \$	Total \$
Balance at 1 July 2021		9,250	-	9,250
Loss for the year		-	(337,260)	(337,260)
Total other comprehensive loss for the year		-	-	-
Total comprehensive loss for the year		-	(337,260)	(337,260)
Shares issued	13	840,400	-	840,400
Share issue costs	13	(9,105)	-	(9,105)
Balance as at 30 June 2022		840,545	(337,260)	503,285
Balance at 1 July 2022		840,545	(337,260)	503,285
Loss for the year		-	(94,064)	(94,064)
Total other comprehensive loss for the year		-	-	-
Total comprehensive loss for the year		-	(94,064)	(94,064)
Balance as at 30 June 2023		840,545	(431,324)	409,221

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

Sentinel Exploration Ltd
Consolidated statement of cash flows

For the year ended 30 June 2023	Note	2023	2022
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees		(46,844)	(66,753)
Payments for exploration and evaluation expenditure		(229,754)	(229,327)
Net cash used in operating activities	8(a)	(276,598)	(296,080)
Cash flows from investing activities			
Receipt from the sale of interest in Kirup tenement	17	200,000	-
Net cash provided investing activities		200,000	-
Cash flows from financing activities			
Proceeds from issue of shares		-	777,200
Payments for share issue costs		-	(9,105)
Repayment of borrowings	12	(125,466)	-
Net cash (used)/provided by financing activities		(125,466)	768,095
Net (decrease)/increase in cash and cash equivalents		(202,064)	472,015
Cash and cash equivalents at the beginning of the year		482,015	10,000
Cash and cash equivalents at the end of the year	8	279,951	482,015

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

For the year ended 30 June 2023

1. General information

Sentinel Exploration Ltd (“Sentinel Exploration” or “the Company”) is a special purpose acquisition company. The nature of operations and principal activities of the Company is the investment in mineral exploration, development and mining opportunities including the exploration and evaluation of projects primarily for gold base metals and lithium.

Sentinel Exploration is a company limited by shares incorporated and registered in Australia. The address of the registered office and principal place of business is Suite 2, 20 Howard Street, Perth, Western Australia 6000. The financial report of the Company for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 7 August 2023.

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 issued by the Australian Accounting Standards Board (AASB) and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of Sentinel Exploration Ltd (“the Company”) and the entities it controls (“the Group”). For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

The presentation currency used in these financial statements is Australian dollars (\$). Amounts in these financial statements are stated in Australian dollars unless otherwise noted.

3. Statement of compliance

The Company does not have ‘public accountability’ as defined in AASB 1053 *Application of Tiers of Australian Accounting Standards* and is therefore eligible to apply the ‘Tier 2’ reporting framework under Australian Accounting Standards.

The financial statements comply with the recognition and measurement requirements of Australian Accounting Standards, the presentation requirements in those Standards as modified by AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entities* (AASB 1060) and the disclosure requirements in AASB 1060. Accordingly, the financial statements comply with Australian Accounting Standards – Simplified Disclosures.

4. Judgements and key sources of estimation uncertainty

In the application of the Company’s accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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.

5. Application of new and revised Accounting Standards

i. New, revised or amending Accounting Standards and Interpretations

In the year ended 30 June 2023, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period. As a result of this review, the directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

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

The following amended reporting requirements that are not effective for financial years ended 30 June 2023:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current.
Effective Date 1 January 2024

AASB 2020-1 & AASB 2020-6

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. For example, the amendments clarify that a liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.

An entity shall classify a liability as current when:

- it expects to settle the liability in its normal operating cycle;
- it holds the liability primarily for the purpose of trading;
- the liability is due to be settled within twelve months after the reporting period; or
- it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.

An entity shall classify all other liabilities as non-current.

The Company does not believe that the amendments will have a significant impact on the classification of its liabilities

Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and discharge of liabilities in the normal course of business.

As disclosed in the financial statements for the year ended 30 June 2023, the Company incurred a loss of \$94,064 (2022: \$337,260), had net cash outflows from operating activities of \$276,598 (2022: \$296,080), cash inflows from investing activities of \$200,000, cash outflows from financing activities of \$125,466 (2022: cash inflows of \$768,095) and net current assets of \$409,221 (2022: \$503,285).

As such, the directors believe that there are reasonable grounds to believe that the Company will be able to continue as a going concern, after consideration of the following factors:

- The Company is seeking quotation on a stock exchange.
- Current cash reserves are sufficient to fund current working capital projections.
- The directors are confident the Company has the ability to raise further funds through capital raisings as and when required to satisfy its operational expenditure commitments.

Accordingly, the directors believe that the Company will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

6. Other gains and losses

	2023 \$	2022 \$
Net gain on other financial assets (refer note 10)	216,000	-
	216,000	-

7. Income taxes

Income tax comprises:

	2023 \$	2022 \$
Current tax	-	-
Deferred tax	-	-
Total income tax	-	-

Income tax for the year can be reconciled to the accounting loss as follows:

Loss before income tax	(94,064)	(337,260)
Tax at the rate of 25%	(23,516)	(84,315)
Expenses not deductible in determining taxable profit	1,468	1,375
Tax benefit of deductible equity raising costs	(455)	(455)
Tax effect of tax losses not recognised	22,503	83,395
Income tax	-	-

The standard rate of corporation tax applied to taxable profit is 25%.

Unrecognised deferred tax assets

	2023 \$	2022 \$
Tax losses – Revenue	106,158	83,395
Temporary differences	106,209	(11,309)
	212,367	72,086

8. Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2023	2022
	\$	\$
Cash and bank balances	279,951	482,015

(a) Reconciliation of loss for the year to net cash flows from operating activities

Loss after income tax for the year	(94,064)	(337,260)
Other gains and losses	(216,000)	-
Movement in receivables and other assets	(10,108)	(17,045)
Movement in trade and other payables	43,574	58,225
	(276,598)	(296,080)

9. Receivables and other assets

	2023	2022
	\$	\$
Prepayments	51,164	51,035
Goods and services tax recoverable	15,670	16,011
	66,834	67,046

10. Other financial assets

	2023	2022
	\$	\$
Financial assets measured at fair value through profit or loss		
Shares	216,000	-
	216,000	-

On 4 April 2023, the Company received 12,000,000 fully paid ordinary shares in Kula Gold Limited at a deemed value of \$0.035 per share as part consideration for the disposal of a 70% interest in the lithium and related minerals in the Kirup tenement E70/5452.

As at 30 June 2023, the shares were revalued at \$0.018 per share.

As a result of the related party nature of the transaction the shares are escrow for 12 months from the date of issue (refer note 17).

11. Trade and other payables

	2023	2022
	\$	\$
Trade creditors	147,564	39,526
Accrued expenses	6,000	5,500
	153,564	45,026

12. Borrowings

	2023 \$	2022 \$
Loans from related parties (i)	-	750
	-	750

(i) On 28 November 2022, the Company entered into a loan agreement for \$125,786 at an interest rate of 8% with Merchant Holdings Pty Ltd, a company associated with Mark Stowell. An amount of \$125,466 was paid as full and final settlement of the loan within 12 months and as a result all interest was waived.

13. Share capital

	2023 \$	2022 \$
19,755,000 (2022: 19,755,000) fully paid ordinary shares	840,545	840,545

The Company is incorporated under the *Corporations Act 2001* and accordingly, does not have a limited amount of authorised capital and issued shares do not have a par value.

	2023		2022	
	No.	\$	No.	\$
Fully paid ordinary shares				
Balance at beginning of financial year	19,755,000	840,545	9,250,000	9,250
Shares issued pursuant to prospectus at \$0.08	-	-	10,505,000	840,400
Share issue costs	-	-	-	(9,105)
Balance at end of financial year	19,755,000	840,545	19,755,000	840,545

Fully paid ordinary shares carry one vote per share and carry a right to dividends.

14. Options

Details of the share options outstanding during the year are as follows.

	2023		2022	
	Number of share options	Weighted average exercise price	Number of share options	Weighted average exercise price
Outstanding at the beginning of the year (i)	4,625,000	\$0.20	4,625,000	\$0.20
Exercisable at the end of the year	4,625,000	\$0.20	4,625,000	\$0.20

(i) the options were free-attaching options issued pursuant to the prospectus on a 1 for 2 basis.

15. Employee benefits

	2023 \$	2022 \$
Wages and salaries	-	15,356
Superannuation	-	1,535
	-	16,891

16. Business combination

On 11 April 2022, the Company entered into an Option Agreement to acquire 100% of the issued capital of Merchant Ventures Pty Ltd, a company associated with Mark Stowell.

An amount of \$10,000 was paid to Merchant Ventures Pty Ltd to exercise the option.

It was further agreed that the loan facility between Merchant Ventures Pty Ltd and Merchant Holdings Pty Ltd be repaid (refer note 12).

A 1% net smelter royalty on all tenements held by Merchant Ventures Pty Ltd.

17. Related party transactions

On 28 November 2022, the Company entered into a binding term sheet ('Agreement') with ASX listed Kula Gold Limited ("Kula Gold") (ASX: KDG) to dispose of a 70% interest in the lithium and related minerals in tenement E70/5452.

Mark Stowell is a current director of both Sentinel Exploration and Kula Gold and Simon Adams is a current director of Sentinel Exploration and a previous director of Kula Gold, resigning on 2 November 2022. As a result, this transaction was considered a related party transaction, and was approved by Kula Gold shareholders.

The Company received:

- \$200,000 for the reimbursement of exploration expenditure costs;
- 12,000,000 fully paid ordinary shares in Kula Gold at a deemed value of \$0.035 per share, subject to a 12-month escrow period from 4 April 2023; and
- A deferred consideration amount of \$2,000,000 payable in fully paid ordinary Kula Gold shares issued at the 10-day VWAP (commencing upon announcing the resource), with a minimum issue price of \$0.04 on completion of a JORC maiden inferred resource on the Kirup Project of a minimum of 10mt of ore at a grade of 1% lithium (or metal equivalent) or greater within 5 years of the lithium rights being acquired.

On 28 November 2022, the Company entered into a loan agreement for \$125,786 at an interest rate of 8% with Merchant Holdings Pty Ltd, a company associated with Mark Stowell. An amount of \$125,466 was paid as full and final settlement of the loan within 12 months and as a result all interest was waived.

On 11 April 2022, the Company entered into an Option Agreement to acquire 100% of the issued capital of Merchant Ventures Pty Ltd, a company associated with Mark Stowell. An amount of \$10,000 was paid to exercise the option. It was further agreed that the loan facility between Merchant Ventures Pty Ltd and Merchant Holdings Pty Ltd be repaid.

Project tenements Iron Duke, Kirup, Cubbine Hills and Marda East have a 1% Net Smelter Royalty (NSR) on minerals produced. 50% of the NSR is held by a related party of director Mr Mark Stowell and 10% by a related party of director Mr Simon Adams. The projects were acquired at cost.

Reimbursements for exploration related expenses totalling \$11,939 (2022: \$3,050) were paid to Merchant Holdings Pty Ltd.

Kula Gold Limited, a company that Mark Stowell is a current director of and Simon Adams being a previous director, was paid a total of \$30,734 (2022: \$11,179) for geological services rendered by employees and consultants of Kula Gold Limited and reimbursement of property plant and equipment. As at 30 June 2023, an amount of \$5,733 was outstanding and payable.

In the previous financial year, on 15 December 2021, Merchant Holdings Pty Ltd, a company associated with Mark Stowell was paid \$11,000 (incl GST) for the acquisition of tenement E70/5435 Cubbine Hills. The outstanding amount payable to Merchant Holdings Pty Ltd was settled via the issue of 125,000 fully paid ordinary shares at an issue price of \$0.08 and a cash payment of \$1,000 for the GST component.

18. Contingent liabilities and contingent assets

In the opinion of the directors, there are no contingent liabilities or contingent assets as at 30 June 2023 or 30 June 2022 and none were incurred in the interval between the year-end and the date of this financial report.

19. Remuneration of auditors

	2023	2022
	\$	\$
Audit of the financial statements	6,000	4,500

The auditor of Sentinel Exploration Ltd for the current and prior financial years is Dry Kirkness (Audit) Pty Ltd, formerly known as Butler Settineri (Audit) Pty Ltd. An amount of \$6,000 has been accrued for the audit of these financial statements for the year ended 30 June 2023. An amount of \$4,500 was paid for the audit of the financial statements for the year ended 30 June 2022.

20. Subsequent events

No matter or circumstance has arisen since 30 June 2023, which has significantly, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

21. Subsidiaries

Details of the subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation	Proportion of ownership interest held	
		2023	2022
Merchant Ventures Pty Ltd	Australia	100%	-