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American West Metals Limited



ABN 76 645 960 550

HALF YEARLY REPORT FOR THE
HALF YEAR ENDED 31 DECEMBER 2021

This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2021 and any public announcements made by American West Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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DIRECTORS' REPORT

The Directors are pleased to submit their report on American West Metals Limited for the half-year ended 31 December 2021. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year are:

Director	Date of Appointment	Date of Retirement
John Prineas	17 November 2020	Not Applicable
Dave O'Neill	17 November 2020	Not Applicable
Michael Anderson	28 May 2021	Not Applicable
Tom Peregoodoff	1 March 2022	Not Applicable

REVIEW AND RESULTS OF OPERATIONS

A summary of revenues and results for the half-year is set out below:

	31 December 2021	
	Revenues	Results
	\$	\$
Revenues and (Loss)	-	(8,529,470)

During the six months period the exploration and evaluation expenditure was \$1,936,331 (31 December 2020: \$70,634). In accordance with the Group's accounting policy these costs were expensed. Administration costs were \$701,897 (31 December 2020: \$316), acquisition expenses were \$5,803,722 (31 December 2020: \$0) and other comprehensive loss of \$87,520 (31 December 2020: \$0), resulting in a total loss for the six months of \$8,529,470 (31 December 2020: \$70,950).

REVIEW OF OPERATIONS

The Board is pleased to present the Review of Operations for the half-year ended 31 December 2021.

Corporate

- American West Metals Ltd officially commenced trading on the Australian Securities Exchange under AW1 on 13 December 2021 following a successful Initial Public Offer (IPO) that raised \$12 million
- AW1 is focused on the discovery and development of four high-grade copper and zinc projects in Tier 1 jurisdictions in North America
- Experienced management team led by Dave O'Neill (Managing Director), John Prineas (Non-Executive Chairman) and Michael Anderson (Non-Executive Director), backed by an in-country team with significant exploration and development expertise
- Central to the AW1's strategy is conducting low footprint operations that are sustainable and support the clean energy transition

West Desert Project, Utah

- Financial completion for the 100% acquisition of the West Desert Project, which hosts more than 59Mt of Indicated and Inferred Resources with a higher-grade core of 16.5Mt @ 6.3% Zn, 0.3% Cu, 33g/t In for 1.03Mt Zn, 45Kt Cu and 545t Indium (Ni43-101, historical and foreign)
- Strategic land acquisition completed with a further 148 claims staked, significantly expanding the West Desert Project footprint
- Ground gravity survey completed over deposit and brownfield areas
- Scoping level activities commenced on mining scenarios for West Desert
- Diamond drilling program now underway

Storm and Seal Projects

- Ground Electromagnetic (EM) surveys were completed at the Storm and Seal Projects
- Outstanding growth potential confirmed at Storm Copper Project
- Seven new and untested high-priority shallow EM conductors identified
- In addition, seven large, new and untested deeper EM conductors also identified
- First ever ground EM survey completed over the high-grade Seal zinc-silver Deposit

American West Metals Limited (ASX: AW1) (“**American West**” or “**The Company**”) is pleased to report on its Half Yearly activities for the period ending 31 December 2021. During the reporting period, the Company's focus was completing a successful IPO and ramping up exploration activities at the West Desert and Storm/Seal Projects.

Dave O’Neill, Managing Director of American West Metals commented:

“We are extremely proud of what American West achieved during 2021. In addition to listing on the ASX with a strongly supported IPO, a significant amount of effort has been applied to exploration activities at both our flagship West Desert and also the Storm/Seal Projects. We look forward to sharing further results with our shareholders and what’s next for American West.”

West Desert Project, Utah

100% ACQUISITION OF WEST DESERT

Financial completion for the acquisition of the West Desert Project occurred contemporaneously with the IPO.

Final consideration paid by American West on IPO consisted of: **(a)** CAD1,000,000 in cash; **(b)** USD1,225,000 in cash; and **(c)** 13,385,000 in shares of American West.

American West is now the 100% owner of the West Desert Project. At acquisition, the Project comprised 330 acres of private land, 188 unpatented lode claims and 1 State Metalliferous Mineral Lease covering approximately 20km². Significantly, the existing ore deposit is mostly situated on private land which allows for expedited exploration and development approvals.

The Project hosts more than 59Mt of Indicated and Inferred Resources with a higher-grade core of 16.5Mt @ 6.3% Zn, 0.3% Cu, 33g/t In for 1.03Mt Zn, 45Kt Cu and 545t Indium (Ni43-101, historical and foreign). A number of exploration targets have also been identified within the project area, supporting the potential for a significant increase in the project resources.

STRATEGIC LAND POSITION EXPANSION

The new land package has been staked over unexplored ground to the north and east of the historical project claims and covers areas of additional prospective stratigraphy and intrusive rocks. The 148 new Bureau of Land Management (**BLM**) claims are contiguous to the to the existing 100% owned land holding, adding approximately 12km² to the Project area.

The new ground lies directly along strike of the West Desert deposit, as well as an area outside the resource envelope where high-grade zinc and copper mineralisation has been intersected by exploration drilling. It is also along strike from the historical Utah, Galena and Emma zinc-lead-silver mines (20,303 tonnes mined from 1890 to 1953).

The additional ground has been staked to cover the eastern extent of the Juab Fault, and the northern end of the Fish Springs Range. The Juab Fault is one of the major controls on the emplacement and geometry of the quartz-monzonite porphyry, and associated skarn and carbonate replacement (**CRD**) styles of mineralisation in the area.

The northern end of the Fish Spring Range is interpreted to contain the northern contact of the porphyry intrusive, and therefore is also considered as highly prospective. Sparse historical drilling has intersected zinc skarns along this boundary, and the area is largely unexplored.

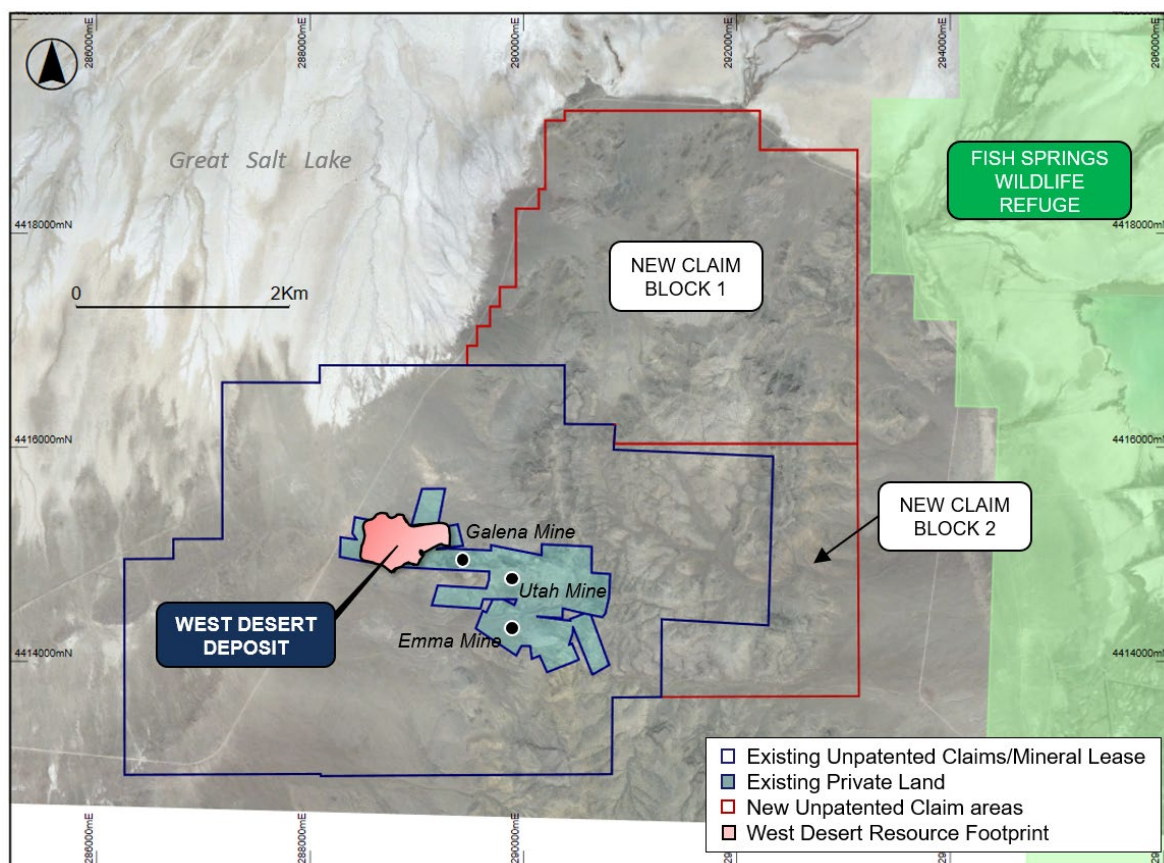


Figure 1: West Desert Project - Land classification plan and surrounds, overlaying aerial photography

EXPLORATION ACCELERATING

On-ground exploration work and infrastructure upgrades continued to gather pace at West Desert in preparation for the expansion of activities during 2022.

Initial work consisted of a high-resolution ground gravity survey, and the reprocessing and interpretation of historical geophysical data sets. The gravity survey was the first of its type at the Project and was completed over the existing claims and other areas of interest, including the newly staked land (Figure 2).

The historical geophysical work has included magnetics, Induced Polarization (**IP**) and Controlled-source Audio-frequency Magnetotellurics (**CSAMT**). This data is being reprocessed where possible to maximise the advances in processing capability since the completion of the surveys.

The Company has also commenced key project de-risking and scoping level activities including environmental and hydrological studies. Detailed mine design work also began focused on a range of development scenarios, that would involve both open-pit and underground mining of the high-grade mineralisation.

American West's inaugural drill program at West Desert is now underway. More than 7,500m of diamond drilling is planned in the first phase of the 2022 drilling program. The drilling will focus on extending a number of key high-grade zinc and copper zones within the current West Desert resource, and acquiring material for metallurgical test work in the oxide and transitional zones.

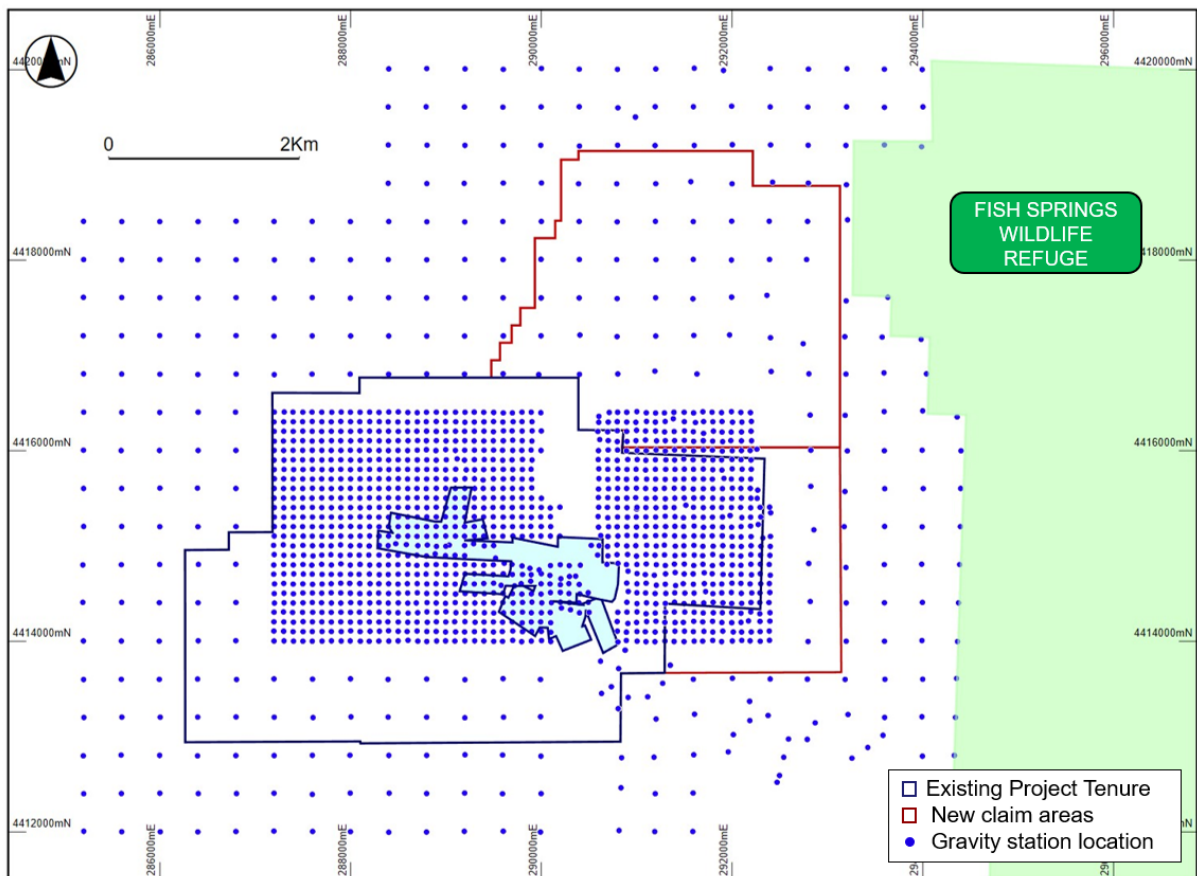


Figure 2: West Desert Project – Ground gravity station locations overlaying project tenure

Storm and Seal Projects, Nunavut

American West Metals completed ground electromagnetic (EM) surveys at the high-grade Storm Copper and Seal Zinc-Silver Projects (**Storm, Seal or the Projects**) on Somerset Island, Nunavut. These geophysical surveys were the first to be completed since American West Metals became project operator under the option agreement with Aston Bay Holdings (TSX-V: BAY).

STORM FIXED LOOP ELECTROMAGNETIC SURVEY

American West Metals completed fixed loop EM (FLEM) surveys that targeted extensions along strike and below known mineralisation, and over previously defined geophysical anomalies. The surveys were designed to provide greater definition of the existing targets, and to identify new targets ahead of the proposed 2022 drilling campaign.

Previous EM surveys have successfully identified several strong conductive anomalies that are associated with known copper mineralisation in the Storm Project area.

One of these is a large (>750m in strike) conductive anomaly associated with the 4100N Zone where previous high-grade intersections include 15m @ 3.88% Cu from 72.4m in hole ST99-47. A strong conductive anomaly was also recognised at the 2750N Zone where previous high-grade intersections include 110m @ 2.45% Cu from surface in hole ST97-08, and 56.3m @ 3.07% Cu from 12.2m in hole ST99-19.

The 2021 EM surveys have confirmed the correlation between the previous anomalies and high-grade copper mineralisation at the main Storm Copper showings. Numerous shallow conductors have been modelled that are coincident with mineralisation confirmed by drilling.

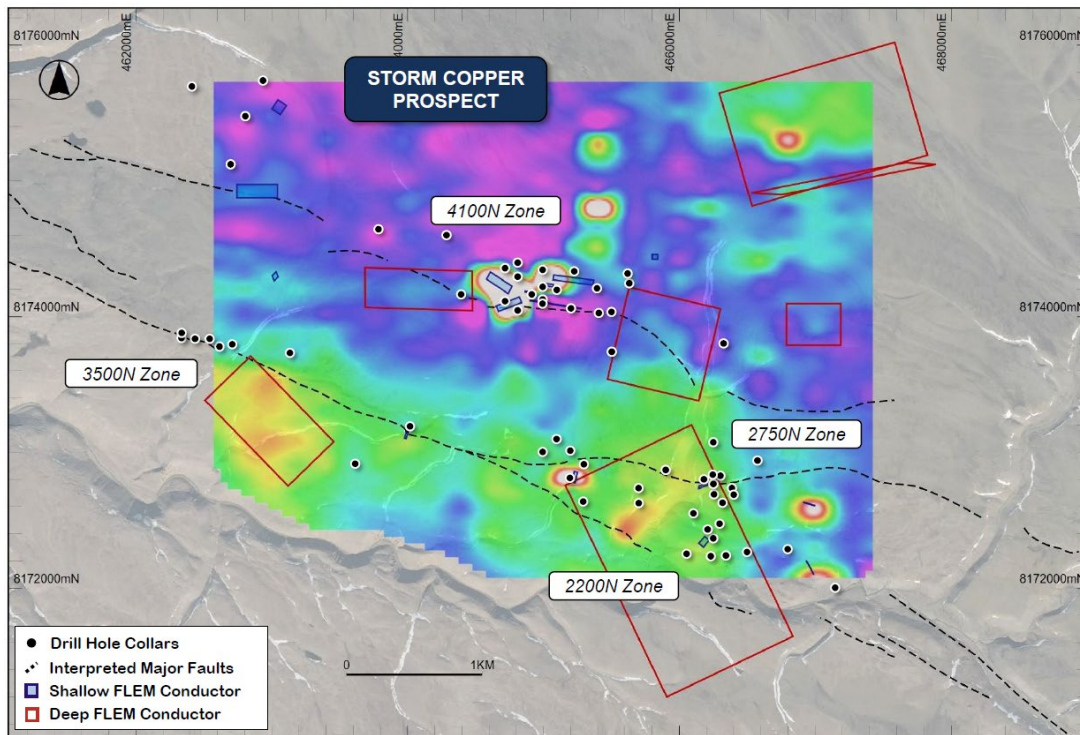


Figure 3: Storm Copper Project – Recent FLEM conductors, drilling and major faults overlaying recent FLEM image (Ch16 – hotter colours indicate higher conductivity) and aerial photography.

The known high-grade copper mineralisation at Storm lies along and adjacent to the margins of a ~1 km wide, fault-bounded valley or graben. Significantly, inversion and plate modelling of the new EM data has also defined multiple high-priority conductors associated with the Storm graben within areas previously untested by drilling.

Seven untested shallow conductors were identified (Figure 1, dark blue rectangles). All seven shallow conductors are located along, or in close proximity to the bounding faults of the Storm graben, and in areas of elevated density, identified by a 2017 airborne gravity gradiometry (AGG) survey (Figure 4). The conductors east of the 2200N and 2750N zones are also associated with significant copper in soil geochemical anomalies and mapped surface gossans, making them compelling targets for the discovery of further copper sulphides.

Seven untested deeper conductors of interest were also identified in the Storm Copper area by the 2021 surveys (Figures 3, dark red rectangles). Six of the seven anomalies are located along or adjacent to the bounding faults of the Storm graben.

The geometry and mostly gentle dips of the modelled deep conductors suggest that they may be related to stratiform type targets, and may be indicative of traditional sedimentary type copper mineralisation at depth. Given the highly resistive nature of the host geology (dolomites), even subtle conductors are considered to be prospective when combined with coincident geochemical or airborne gravity anomalies.

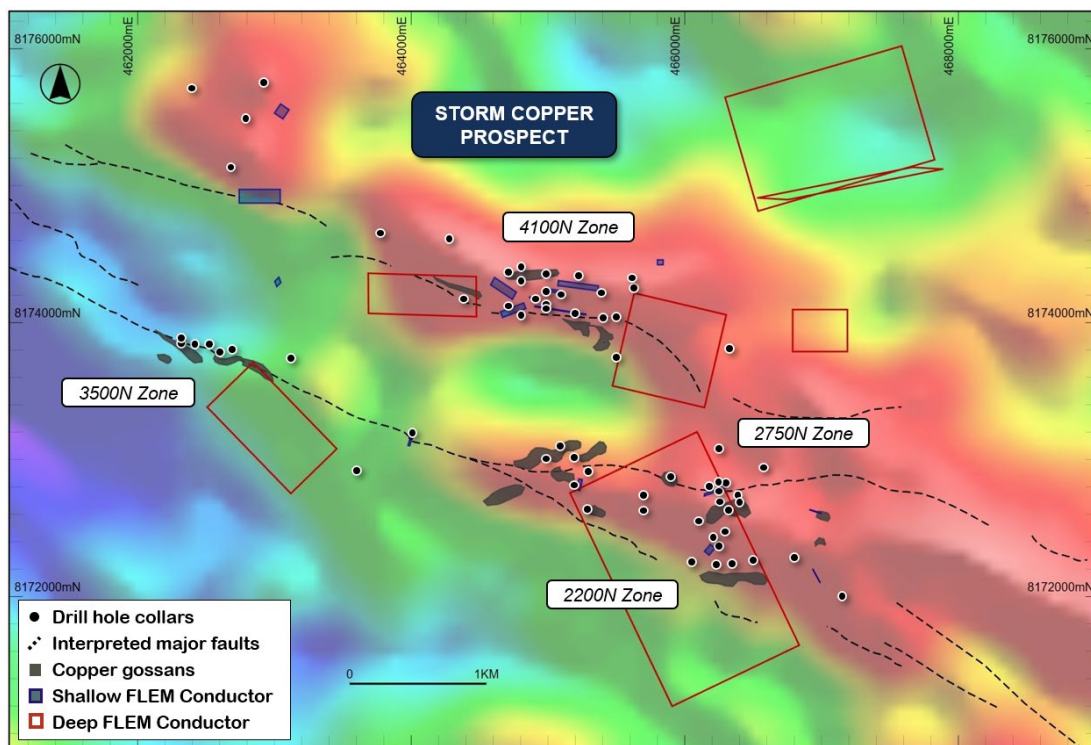


Figure 4: Storm Copper Project – Recent FLEM conductors, drilling, mapped copper gossans, major faults overlaying GDD Fourier image (vertical gravity gradient - hotter colours indicate higher densities).

SEAL TEST EM SURVEY

The opportunity was also taken this season to complete the first ever ground EM survey over the high-grade zinc-silver Seal Deposit. Three survey lines were completed as a test to determine the response of the massive sulphide mineralisation.

The results indicated that the known mineralisation at Seal is not visible to this particular EM system, and therefore no anomalies could be identified in the vicinity of the deposit. Whilst this work does not preclude other EM systems effectively being used to explore around Seal, the nearby Tier 1 Polaris Zinc-Lead deposit was discovered using gravity surveys, and this will continue to be the preferred geophysical tool for testing the extensive Seal stratigraphic horizon.

BACKGROUND ON GEOPHYSICS AT STORM

Electromagnetics were proven to be an effective exploration tool when the Storm area was first surveyed with airborne EM in 1997. This survey determined a clear relationship between known, outcropping copper mineralisation with newly identified EM anomalies. Subsequent higher resolution airborne and surface EM surveys, backed up by drilling, further confirmed this association.

The 2021 FLEM surveys utilised a time domain electromagnetic (TDEM) system, featuring low noise / high power, and were completed using a fixed conventional loop configuration. A total area of approximately 18km² was completed for 945 stations, with a nominal station spacing of 100m at the Storm Copper prospect and 50m at the Seal Zinc deposit. Infills on a number of prospects at Storm were completed at 50m spacings.

Further ground EM surveys will be planned for the 2022 season to screen the Tornado and Blizzard areas. These areas lie east along strike from Storm and have existing copper in soil and gravity (AGG) anomalies.

CORPORATE

INITIAL PUBLIC OFFERING

American West was admitted to the Official List of the Australian Securities Exchange on 13 December 2021 following a successful IPO that raised \$12 million (before costs).

The following new ordinary shares were issued in connection with the IPO:

1. A total of 60,000,000 shares were issued at \$0.20 per share to investors that applied for shares in the IPO;
2. 13,385,000 shares were issued to InZinc Ltd as part of the final consideration paid for the 100% acquisition of the West Desert Project; and
3. 1,300,000 shares were issued to Robert Schafer for advisory services in connection with the acquisition of the West Desert Project.

The broker to the IPO, Canaccord Genuity, was issued with 4,790,550 unlisted options to acquire ordinary shares in the Company. The options have an exercise price of \$0.30 each and expire on 13 December 2024.

CAPITAL STRUCTURE

Following issue of the abovementioned securities, the Company has the following securities on issue:

AW1 Security	Amount Issued
Fully paid ordinary shares listed on ASX *	159,685,000
Unlisted options – exercise at \$0.30, expiry 13 Dec 2024	4,790,550
Performance Rights **	5

* 84,409,999 ordinary shares are escrowed

** Performance Rights each convert to 100,000 ordinary shares on certain milestones being achieved

APPOINTMENT OF STRATEGIC ADVISER

On 27 January 2022, the company entered into an engagement with Bacchus Capital Advisers for the provision of strategic advisory services to the company. Consideration for the services includes:

1. 1,500,000 new ordinary shares in the company; and
2. 1,000,000 options to acquire ordinary shares in the company; the options have an exercise price of \$0.30 each and expire on the third anniversary of their issue.

These securities may be issued any time prior to 14 March 2022.

TENEMENT INFORMATION

Details of the Company's tenement holdings are listed below.

WEST DESERT PROJECT, UTAH

American West Metals has ownership of 330.275 acres of private land which includes interests of 100% of 15 patented claims, 87.5% ownership of the Last Chance No.2 patented claim, 83.3% of the Mayflower patented claim, 66.6% of Emma and Read Iron patented claims, and 41.6% of the Ogden patented claim.

American West Metals has 100% ownership of 336 unpatented lode claims (Crypto-Zn 150-151, 154-160, 164-178, 186-201: Crypto 1-211: Pony 9-16, 21-64, 100-127, 200-214).

American West Metals is 100% owner of the leasehold interest of State of Utah Metalliferous Minerals Lease ML48312.

STORM/SEAL PROJECT, NUNAVUT

American West Metals has an option agreement with Aston Bay Holdings over 117 Mineral Claims (AB 44-47, 49-50, 56-60, 63-66, 68, 70-72, 74-79, 84-96, 98-111, 113-124: Ashton 2, 3, 5, 7-10: Aston 1, 4, 6), and 6 Prospecting Permits (P29-31).

American West Metals has 100% interest in 32 claims held under a staking agreement with APEX Geoscience Ltd (S 1-32).

COPPER WARRIOR PROJECT, UTAH

American West Metals has an Exploration and Option Agreement with Bronco Creek Exploration Inc. over 61 unpatented lode claims (Big Indian 2-25: Copper Warrior 1-37).

For enquiries:

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ASX Listing Rule 5.12

The Company has previously addressed the requirements of Listing Rule 5.12 in its Initial Public Offer prospectus dated 29 October 2021 (released to ASX on 9 December 2021) (Prospectus) in relation to the West Desert Project. The Company is not in possession of any new information or data relating to the West Desert Project that materially impacts on the reliability of the estimates or the Company's ability to verify the estimates as mineral resources or ore reserves in accordance with the JORC Code. The Company confirms that the supporting information provided in the Prospectus continues to apply and has not materially changed.

This ASX announcement contains information extracted from the following reports which are available on the

Company's website at <https://www.americanwestmetals.com/site/content/>:

- 29 October 2021 Prospectus

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in the Prospectus. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Prospectus.

Competent Person Statement

The information in this report that relates to Exploration Targets and Exploration Results for the West Desert Project is based on information compiled by Mr Dave O'Neill, a Competent Person who is a

Member of The Australasian Institute of Mining and Metallurgy. Mr O'Neill is employed by American West Metals Limited as Managing Director, and is a substantial shareholder in the Company.

Mr O'Neill has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr O'Neill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

This ASX announcement contains information extracted from the following reports which are available on the Company's website at <https://www.americanwestmetals.com/site/content/>:

- 13 December 2021 *American West Metals begins trading on ASX*
- 14 December 2021 *Outstanding growth potential confirmed at Storm Copper Project*
- 16 December 2021 *West Desert land position increased as exploration escalates*

SUBSEQUENT EVENTS

The Company announced on 28 January 2022 that it had entered into an engagement with Bacchus Capital Advisers for the provision of strategic advisory services to the Company. Consideration for the services includes:

1. 1,500,000 new ordinary shares in the Company; and
2. 1,000,000 options to acquire ordinary shares in the Company; the options have an exercise price of \$0.30 each and expire on the third anniversary of their issue.

These securities may be issued any time after 14 March 2022.

The Company announced on 3 March 2022 the appointment of Tom Peregoodoff as Non-Executive Director of the Company.

Other than the above there is no matter or circumstance that has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

This report is made in accordance with a resolution of Directors.



John Prineas
Non-Executive Chairman
American West Metals Limited
16 March 2022

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF AMERICAN WEST METALS LIMITED

As lead auditor for the review of American West Metals Limited for the half-year ended 31 December 2021, I declare that, to the best of my knowledge and belief, there have been:

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

This declaration is in respect of American West Metals Limited and the entities it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd
Perth, 16 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

AUSTRALIAN DOLLAR (\$)	NOTE	31 DECEMBER 2021	31 DECEMBER 2020
REVENUE		-	-
		-	-
EXPENDITURE			
Administration expenses		(701,897)	(316)
Exploration expenditure		(1,936,331)	(70,634)
Acquisition expenses		(5,803,722)	-
LOSS BEFORE INCOME TAX		(8,441,950)	(70,950)
Income tax benefit		-	-
LOSS AFTER INCOME TAX		(8,441,950)	(70,950)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to Profit or Loss		-	-
Items that may be reclassified subsequently to Profit or Loss		(87,520)	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(8,529,470)	(70,950)
LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		(8,529,470)	(70,950)
COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY		(8,529,470)	(70,950)
EARNINGS PER SHARE			
Basic and diluted loss per share (cents)	6	(8.70)	(0.32)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

AUSTRALIAN DOLLAR (\$)	NOTE	31 DECEMBER 2021	30 JUNE 2021
CURRENT ASSETS			
Cash and cash equivalents		6,607,026	1,094,265
Trade and other receivables		148,652	201,970
Other assets	3	481,207	24,529
TOTAL CURRENT ASSETS		7,236,885	1,320,764
TOTAL ASSETS		7,236,885	1,320,764
CURRENT LIABILITIES			
Trade and other payables		297,382	87,913
TOTAL CURRENT LIABILITIES		297,382	87,913
TOTAL LIABILITIES		297,382	87,913
NET ASSETS		6,939,503	1,232,851
EQUITY			
Issued capital	4	16,717,255	3,055,001
Reserves		482,636	(3,712)
Accumulated losses		(10,260,388)	(1,818,438)
TOTAL EQUITY		6,939,503	1,232,851

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

Australian (\$)	NOTE	SHARE CAPITAL	ACCUMULATED LOSSES	FOREIGN EXCHANGE RESERVE	SHARE OPTIONS/ PERFORMANCE RIGHTS RESERVE	TOTAL EQUITY
		\$	\$	\$	\$	\$
Balance at 1 July 2021		3,055,001	(1,818,438)	(3,712)	-	1,232,851
Profit (loss) for the period		-	(8,441,950)	(87,520)	-	(8,529,470)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		-	(8,441,950)	(87,520)	-	(8,529,470)
Shares issued during the period		12,000,000	-	-	-	12,000,000
Share based payments	5	2,937,000	-	-	573,868	3,510,868
Share issue expenses		(1,274,746)	-	-	-	(1,274,746)
Balance at 31 December 2021		16,717,255	(10,260,388)	(91,232)	573,868	6,939,503
Balance at 17 November 2020		-	-	-	-	-
Profit (loss) for the period		-	(70,634)	-	-	(70,634)
Other comprehensive income		-	-	-	-	-
Total comprehensive loss for the period		-	(70,634)	-	-	(70,634)
Shares issued during the period		55,001	-	-	-	55,001
Balance at 31 December 2020		55,001	(70,634)	-	-	(15,633)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2021

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2021	31 DECEMBER 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(5,231,038)	(61,712)
Payments to suppliers and employees	(394,479)	(2,900)
Other – GST	(136,683)	(289)
Net cash outflow used in operating activities	(5,762,200)	(64,901)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for term deposit	(20,000)	-
Net cash outflow used in investing activities	(20,000)	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares net of costs	11,294,961	55,001
Loan facility received	450,000	24,999
Interest on loan and facilities	-	-
Repayment of loan facility	(450,000)	-
Net cash inflow from financing activities	11,294,961	80,000
Net inflow/(outflow) in cash and cash equivalents	5,512,761	15,099
Cash and cash equivalents at the beginning of the period	1,094,265	-
Effect of changes in exchange rates on cash	-	-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6,607,026	15,099

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

CONDENSED NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2021 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. This financial report was authorised for issue in accordance with a resolution of the Board of Directors on 15 March 2022. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of American West Metals Limited and its controlled entities (referred to as the "consolidated group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2021, together with any public announcements made during the half-year.

Accounting Policies

There have been no material changes in the critical accounting policies compared to those disclosures in the Group's consolidated financial statements as at, and for the year ended 30 June 2021.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. American West Metals Limited has adopted all new and revised Standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year.

New or Amended Accounting Standards and Interpretations Adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. There has been no significant impact on the disclosures or the amounts recognised in the Group's consolidated financial statements as a result of the new and revised accounting standards.

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

Share based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted where the fair value of the services provided cannot be reliably measured.

Performance Rights

The fair value of performance rights issued with non-market based conditions is determined based on the quoted security price on the grant date. The number of performance rights expected to vest is determined based on the probability of achieving performance milestones.

The fair value of performance rights issued with market based conditions are valued based on using the up-and-in trinomial barrier model.

Options

The fair value of options issued are valued based on the Black-Scholes option pricing model, taking into effect terms and conditions relevant at the time of granting the instruments. The number of options expected to vest is determined based on the probability of achieving performance milestones.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs. Cost is based on the fair values of the consideration given in exchange for assets.

All amounts are presented in Australian dollars, unless otherwise noted.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Going Concern Basis

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

NOTE 2: SEGMENT INFORMATION

The Group operates in predominantly one business and geographical segment, being mineral exploration in Canada and the United States.

The information shown in the Consolidated Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income is the same as the business segment.

NOTE 3: OTHER ASSETS

	31 DECEMBER	30 JUNE
	2021	2021
	\$	\$
Prepayments	461,207	24,529
Term deposit	20,000	-
	<u>481,207</u>	<u>24,529</u>

NOTE 4: ISSUED CAPITAL

AUSTRALIAN DOLLAR (\$)	31 DECEMBER	30 JUNE
	2021 \$	2021 \$
Issued and paid up capital		
At the beginning of the reporting period	3,055,001	-
November 2020: 1 share issued at \$1.0	-	1
December 2020: 54,999,999 shares issued at \$0.001	-	55,000
June 2021: 29,850,000 shares issued at \$0.10	-	2,985,000
December 2021: 60,000,000 shares issued at \$0.20	12,000,000	-
Issue of shares to extinguish liability	-	15,000
Share based payment (i),(ii)	2,937,000	-
Transactions costs arising from issue of shares	(1,274,746)	-
At reporting date 159,685,000 (30 June 2021: 85,000,000) fully paid ordinary shares	16,717,255	3,055,001

- (i) 13,385,000 shares were issued at \$0.20 per share to the West Desert Project vendors under the West Desert Option Agreement.
- (ii) 1,300,000 shares were issued at \$0.20 per share to Robert Schafer (an advisor to the Company in relation to the acquisition of the West Desert Project) as a success fee in relation to the West Desert Project acquisition.

Movements in Ordinary Shares	31 DECEMBER	30 JUNE
	2021 Number	2021 Number
At the beginning of reporting period	85,000,000	-
November 2020: 1 share issued at \$1.0	-	1
December 2020: 54,999,999 shares issued at \$0.001	-	54,999,999
June 2021: 29,850,000 shares issued at \$0.10	-	29,850,000
December 2021: 60,000,000 shares issued at \$0.20	60,000,000	-
Issue of shares to extinguish liability	-	150,000
Share based payment	14,685,000	-
Balance at reporting date	159,685,000	85,000,000

NOTE 5: SHARE BASED PAYMENTS

(i) Movement in performance rights

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2021 \$	30 JUNE 2021 \$
Issued Options/Performance Rights		
At the beginning of the reporting period	-	-
Performance rights	8,759	-
Options based payments	565,109	-
At reporting date	573,868	-

Performance Rights

	31 DECEMBER 2021 Number	30 JUNE 2021 Number
Movements in Performance Rights		
At the beginning of reporting period	-	-
Issued during the period	5	-
Expired during the period	-	-
Balance at reporting date	5	-

The Performance Rights issued have the following milestones attached to them:

- (i) **Class A Performance Rights:** the Undiluted Market Capitalisation of American West is equal to or higher than AUD100,000,000 for a minimum of 20 consecutive trading days subject to the milestone being achieved by 31 December 2022.
- (ii) **Class B Performance Rights:** the Undiluted Market Capitalisation of American West is equal to or higher than AUD150,000,000 for a minimum of 20 consecutive trading days subject to the milestone being achieved by 31 December 2023.
- (iii) **Class C Performance Rights:** the Company announces an inferred 2012 JORC compliant resource at any Project of not less than:
 - (a) in regard to a zinc resource, 500,000t contained in Zn with a 1.5% Zn cut-off grade; or
 - (b) in regard to a copper resource, 200,000t contained Cu with a 0.1% cut-off grade, by 31 July 2023
- (iv) **Class D Performance Rights:** an announcement by American West to the Australian Securities Exchange (ASX) of the results of a positive pre-feasibility study for the West Desert Project by 31 July 2023.
- (v) **Class E Performance Rights:** an announcement by American West to the ASX is made by 30 June 2024 stating that the Company has made a Decision to Mine at the West Desert Project.

Each performance right has a service condition attached. Management estimated that the rights will each vest on the latest available date. As such, expenses have been recognised over the relevant period.

NOTE 5: SHARE BASED PAYMENTS CONTINUED

The performance rights were ascribed the below value:

Class	Grant Date	Number of Performance Rights (i)	Expiry Date	Number of Ordinary Shares on Achievement	Volatility (%)	Fair Value per share issued (\$) (iii), (iv)	Total Value (\$) (ii)	Expense for the period (\$) (vi)
Class A	09.10.21	1	31.12.22	100,000	110%	0.08	8,000	1,482
Class B	09.10.21	1	31.12.23	100,000	110%	0.10	10,300	1,052
Class C	09.10.21	1	31.12.23	100,000	-	0.20	20,000	2,042
Class D	09.10.21	1	31.07.23	100,000	-	0.20	20,000	2,515
Class E	09.10.21	1	30.06.24	100,000	-	0.20	20,000	1,668
Total	-	5	-	500,000	-	-	78,300	8,759

- (i) Each Performance Right will convert into 100,000 shares.
- (ii) The value of the rights was determined as per the date the rights were granted.
- (iii) Class A and B performance rights were valued using the trinomial method.
- (iv) Class C, D and E performance rights were valued using the share price on the date of issue.
- (v) A probability of 100% has been applied to milestones C, D and E occurring for the performance rights on issue.
- (vi) Expense recognised in the current reporting period has been calculated based on the expected vesting period and considering the probability of milestones being met.

(ii) Movement in unlisted options

Options to take up ordinary shares in the capital of the Company are as follows:

Class	Grant Date	Number Unlisted Options	Expiry Date	Share price on grant \$	Total Value \$	Expense for the period \$
Unlisted Options	03.12.21	4,790,550	03.12.24	0.20	565,109	565,109
Total	-	4,790,550	-	-	565,109	565,109

Exercise Period (On or Before)	Exercise Price (\$)	Opening Balance 1 July 2021 Number	Options Issued Number	Options Exercised/Expired Number	Closing Balance 31 December 2021 Number
03.12.2024	\$0.30	-	4,790,550	-	4,790,550

The options issued on 3 December 2021 were ascribed the following value:

Number of Options Issued	Valuation Date	Market Price of Shares \$	Exercise Price \$	Expiry Date	Dividend Yield	Risk Free Rate %	Volatility %	Indicative Value per Option \$	Total Value \$
4,790,550	03.12.2021	0.20	0.30	03.12.2024	-	0.39%	110%	0.1180	565,109

NOTE 6: LOSS PER SHARE

	31 DECEMBER 2021 \$	31 DECEMBER 2020 \$
Basic loss per share after income tax attributable to members of the Company (cents per share)	(8.70)	(0.32)
Diluted loss per share (cents per share)	(8.70)	(0.32)

	31 DECEMBER 2021 NUMBER	31 DECEMBER 2020 NUMBER
Weighted average number of shares on issue during the period used in the calculation of basic earnings per share	97,032,583	22,500,001
Weighted average number of ordinary shares for diluted earnings per share	97,032,583	22,500,001

NOTE 7: KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors

John Prineas
Dave O'Neill
Michael Anderson

Executive

Dave O'Neill – Managing Director
Rocky Pray – VP Operations

(b) Compensation of key management personnel

	31 DECMEBER 2021 \$	30 JUNE 2021 \$
Salaries and fees	240,285	6,000
Post employment benefits – superannuation	8,842	570
	249,127	6,570

(c) Other transactions with key management personnel

The Company entered into an unsecured, interest-free loan agreement with Zeus Private Equity Pty Ltd, an entity controlled by John Prineas, for a loan amount of up to \$550,000.

During the period the Company drew down of \$450,000 of the loan.

The Company repaid the loan in full on 2 December 2021.

The Group entered into an employment agreement with Rocky Pay on 27 September 2021. Under the employment agreement the Company agreed to issue Mr Pray five (5) performance rights. Each performance rights converts into 100,000 fully paid ordinary shares upon satisfaction of the milestone attaching to that performance right. For details in relation to the performance rights please see Note 5.

NOTE 8: CONTINGENCIES

(a) Mineral exploration commitment

In order to maintain the tenements under the option agreements and to acquire tenements under the option agreement, the following expenditure is required:

	31 DECEMBER 2021	30 JUNE 2021
	\$	\$
Not later than one year	1,283,883	5,396,707
Later than one year but not later than two years	1,283,883	3,292,562
Later than two years but not later than	5,265,217	5,405,542
	<u>7,832,983</u>	<u>14,094,811</u>

(b) Contingent liabilities and commitments

The Group fully owns five subsidiaries, the main activities of which are exploration. The effect of these subsidiaries is to make the American West owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed.

American West and West Desert Metals, Inc. on 15 April 2021 entered into an option agreement with InZinc Mining Ltd and NPR (US), INC., ("InZinc Option") to acquire the West Desert Project.

During the period the terms in relation to the InZinc option agreement were amended.

Under the original InZinc Option agreement the second instalment of CA\$1,000,000 was due upon the earlier of 30 days from the IPO or 12 months from signing the InZinc Option. A final instalment of US\$1,500,000 cash was payable upon earlier of PFS or 24 months from signing the InZinc Option.

Under the revised InZinc Option agreement the Company paid US\$125,000 in cash to InZinc on execution of the amending agreement, this was paid on 24 September 2021. The second instalment of CA\$1,000,000 and US\$1,225,000 was due in cash immediately following the issue of shares to InZinc, the payments to InZinc were made during the period on 2 December 2021.

The Company was required to issue CA\$2,500,000 (AU\$2,667,000) fully paid ordinary shares in American West at the IPO price. 13,385,000 Shares were issued during the period to InZinc Mining on 2 December 2021.

West Desert Metals acquired 100% interest in West Desert on payment of the above and prior to listing on the ASX.

Further to a Strategic Advisory Service Agreement entered into on 15 November 2020 to pay a success fee on the acquisition of the West Desert Project. Under the agreement a US\$60,000 cash payment was due on completion of the IPO and 1,300,000 fully paid ordinary shares to be issued in the IPO, the cash payment and shares were paid and issued on 2 December 2021.

NOTE 9: SUBSEQUENT EVENTS

The Company announced on 28 January 2022 that it had entered into an engagement with Bacchus Capital Advisers for the provision of strategic advisory services to the Company. Consideration for the services includes:

1. 1,500,000 new ordinary shares in the Company; and
2. 1,000,000 options to acquire ordinary shares in the Company; the options have an exercise price of \$0.30 each and expire on the third anniversary of their issue.

These securities may be issued any time after 14 March 2022.

The Company announced on 3 March 2022 the appointment of Tom Peregoodoff as Non-Executive Director of the Company.

Other than the above there is no matter or circumstance that has arisen since 31 December 2021, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 10: ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Share based payments

The Group measures the cost of equity-settled transactions with employees and third parties by reference to the fair value of the equity instruments at the date at which they are granted.

The fair value of performance rights at the grant date is determined using the up-and-in trinomial barrier model taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in Note 5.

The fair value of options at the grant date is determined using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted and the assumptions detailed in Note 5.

Earnings Per Share

Basic earnings per share (EPS) is calculated by dividing the net loss attributable to members of the Company for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 14 to 25 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the 6 months ended on that date of the Group;
2. 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.

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



John Prineas
Non-Executive Chairman
American West Metals Limited
Perth, 16 March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of American West Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of American West Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review 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 the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

BDO Audit (WA) Pty Ltd

BDO



Jarrad Prue

Director

Perth, 16 March 2022