

HALF YEAR FINANCIAL REPORT

**FOR THE SIX MONTHS ENDED
31 DECEMBER 2022**

FINANCIAL REPORT

for the half year ended 31 December 2022

| | |
|--|----|
| LETTER TO SHAREHOLDERS | 3 |
| CORPORATE DIRECTORY | 5 |
| DIRECTORS' REPORT | 6 |
| AUDITOR'S INDEPENDENCE DECLARATION | 7 |
| DIRECTORS' DECLARATION | 8 |
| INDEPENDENT AUDITOR'S REPORT | 9 |
| CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME..... | 11 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 12 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 13 |
| CONSOLIDATED STATEMENT OF CASH FLOWS..... | 14 |
| NOTES TO THE FINANCIAL STATEMENTS | 15 |

Letter to Shareholders

To our existing shareholders, I would like to take a moment to extend my most sincere gratitude to every one of Summit Mineral's (ASX: SUM) supporters. We are backed by an enviable network of investors, including you, and other stakeholders, who are genuinely invested in our journey.

Over the last six months, the Summit team has executed our exploration and business development program purposefully and enthusiastically, bringing us closer to that maiden discovery. As your Managing Director, witnessing this energy in action has been highly encouraging, and I am confident that we are on track for a successful and transformative year ahead.

This letter highlights the potential catalysts that could reward your patience and investment. Before I discuss these catalysts, I would like to frame some of my highlights from the first six months.

The key achievements in 2022 include:

- Listing your company on August 5, 2022, with a turbulent arrival;
- Reviving the company's fortunes via a commitment to getting boots on the ground and doing the work;
- Recognising and drilling the REE potential at Stallion late in the year after late rains hampered access to the project;
- The early promise of the Windfall antimony project was recognised after gaining access to several properties and observing the outcropping stibnite (Sb_2S_3) mineralisation, the target ore for antimony;
- The surprising presence of the pyroxene mineral, Hedenbergite, and associated elevated copper, nickel and chromium numbers at the Morrissey Project in the Gascoyne;
- The consideration received by the Company with the sale of the Lydon Project will allow it to benefit from any future discovery made by Odessa Minerals across any of its projects;
- Recognising the geological complexity and expanded opportunities in rare earth, copper (gold) and lithium at Phillips River;
- Expanding our antimony presence on the east coast with the grant of the Magwood title; and,
- Lastly, developing an R&D project that, if successful, will fast-track 'bang for buck' exploration by the company and entitle benefits received by the company as part of the Australian Government's Research and Development Tax Incentive Refund scheme.

Catalysts - 2023

The preliminary work across our portfolio is complete, and several essential catalysts were generated. Each of the following triggers can drive company growth in 2023.

- The eagerly anticipated drilling results confirm the REE mineralisation at Stallion.
- Solid rock and soil results confirm the multi-commodity prospectivity of Phillips River, as revealed in the high-resolution aeromagnetic survey and the R&D program.
- The prospectivity for antimony mineralisation at Munga Creek is proven by rock chips and soils results, and
- Land access and exploration at the historical Magwood Mine reinvigorates the long-dormant antimony asset.

There are exciting developments underway at Summit. We look forward to updating you as the year progresses.

On behalf of the Board and Management at Summit Minerals Limited, I thank you for remaining with us.

Sincerely,



Jonathan King
Managing Director

CORPORATE DIRECTORY

Directors

| | |
|-----------------|------------------------|
| Peretz Schapiro | Non-Executive Chairman |
| Jonathan King | Managing Director |
| Stephen Ross | Non-executive Director |

Company Secretary

Jay Stephenson

Head Office and Registered Office

Level 1 389 Oxford Street
Mt Hawthorn WA 6016
Telephone +61 8 9426 0666

Share Registry

Automic Group
Level 2, 267 St Georges Terrace
PERTH WA 6000

Securities Exchange

Australian Securities Exchange ('ASX')

Level 40, Central Park, 152-158 St Georges Terrace
PERTH WA 6000

Telephone: 131 ASX (131 279) (within Australia)

Telephone: +61 2 9338 0000

Facsimile: +61 2 9227 0885

Website: www.asx.com.au

ASX Code: PIM

Auditor

Hall Chadwick Audit (WA) Pty Ltd
283 Rokeby Road
Subiaco WA 6008

DIRECTORS' REPORT

Your Directors present their report together with the financial statements of the Group, being the Company and its controlled entities, for the six months ended 31 December 2022.

The names, appointment periods and particulars of the Company directors who held office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

| Director | Position | Date Appointed | Date Resigned |
|--------------------|------------------------|----------------|---------------|
| Mr Peretz Schapiro | Non-Executive Chairman | 17 Feb 2022 | - |
| Mr Jonathan King | Managing Director | 17 Feb 2022 | - |
| Mr Stephen Ross | Non-Executive Director | 17 Feb 2022 | - |

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

| Company Secretary | Position | Date Appointed | Date Resigned |
|-------------------|-------------------|------------------|---------------|
| Mr Jay Stephenson | Company Secretary | 17 November 2021 | - |

Directors have been in office since 1 July 2022 up until the date of this report unless otherwise stated.

REVIEW OF OPERATIONS

During the half-year the Group made a loss for the period after providing for income tax that amounted to \$503,781 (2021: \$2,682).

Summit Minerals Limited is an Australian-focused ASX-listed (ASX:SUM) battery mineral exploration company with a portfolio of projects in demand-driven commodities. It is focused on systematically exploring and developing its projects to delineate multiple JORC-compliant resources. Summit's projects include the Windfall Antimony Project in the antimony-gold province of the southern New England Fold Belt region in NSW, the Stallion REE Project in Ponton River WA, the Phillips River Lithium Project in Ravensthorpe WA, the Bridgetown Lithium Project in Bridgetown WA, strategically located along strike of Talison's Greenbushes Mine and the Northern REE / Lithium Projects in Gascoyne and Pilbara WA. Through focus, diligence and execution, the board of Summit Minerals is determined to unlock previously unrealised value in our projects.

Summit Minerals and its controlled entities, Bow Island Resources Pty Ltd (ACN 657 330 320) and Target Metals Pty Ltd (ACN 643 885 581), commenced trading on the ASX on the 5th of August 2022 after completing an over-subscribed \$4.5m Initial Public Offering (IPO). The demand reflects growing investor awareness of the importance of critical minerals to Australia's future and exploration potential in Summit's West Australian and New South Wales assets. The Offer successfully raised \$4.6 million via the issue of 23.05 million shares at 20 cents per share.

In the September quarter, Summit applied for an exploration license, EL28/3241, which envelops the existing Stallion REE prospect (refer to ASX Announcement 09/09/2022). The new application captures the extent of the "hot" granites, interpreted as the source rocks for the observed rare-earth enrichment, and grows the project from 19.86km² to 162.19km², a change of 142.33km². As part of the application, the company also acquired a significant archive of historical exploration data, including drilling results, to assist with exploration once the title is granted.

Summit's new license application also captures the Stallion Uranium Mineral Resource previously held by MHC. It includes a JORC 2012 Inferred Mineral Resource of 3.3Mlbs U₃O₈ at 100ppm cut-off grade. Summit considers the 'hot' granite country rock within the application as the source for uranium and rare earth element enrichment. Summit continues to evaluate the substantial drilling database for further rare earth element mineralisation opportunities at Stallion.

Regarding the Gascoyne and Rare Earth Element Projects, Summit's technical team commenced fieldwork at key Li-REE projects, Lyndon and Morrissey in the Gascoyne region of WA (Refer to ASX Announcement 30/09/2022). The Morrissey project is adjacent to the Malinda Lithium Project where drilling by Segue Resources Limited intersected grades up to 2.01% Li, mostly averaging ~1.5% Li₂O over a range of 1 to 5 metres¹. Summit's technical team is assessing historical and satellite data to determine upcoming exploration programs.

In mid-August, Summit announced it received Land Access approval for the Phillips River Lithium Project (refer to ASX Announcement 18/08/2022). The approval allows for non-ground disturbing exploration activity. The main target was under-crop, restricting access. The Company should be able to commence field activities shortly after harvesting the year's crop.

In the December quarter, Summit announced that it had executed land access agreements with two parties in the southeast of the Windfall Antimony Project, near Kempsey NSW (refer to ASX Announcement 12/10/2022). The properties include workings from the Munga Creek camp, which was last operational in 1974, producing over 1100t of antimony concentrates. The Agreements provide certainty for Summit's exploration ambitions, aimed at discovering brownfields antimony resources within several historical antimony camps captured by the Project, including Pinnacles and Toorooka. The negotiated access will allow the Company to conduct low-impact preliminary work, such as geological and geophysical mapping and soil and rock geochemistry, before advancing discussions regarding drilling access.

Additionally, on 02/12/2022, Summit announced that it had commenced field activities and executed further Land Access Agreements in the southeast of the Windfall Antimony Project (refer to ASX Announcement dated 02/12/2022). Land access agreements were signed on additional properties that include other workings from the Munga Creek camp. Summit will undertake early-stage exploration activities, including surface mapping, soil and rock chip sampling, and assays across the historical workings to best define targets for an upcoming drilling campaign.

On 27/10/2022, Summit announced the imminent start of its maiden drilling campaign at the Stallion REE Project, east of Kalgoorlie (refer to ASX Announcement dated 27/10/2022 "Maiden drilling program to commence, Stallion REE Project" for further details). The Company received drilling approval for its high-priority Stallion Project from DMIRS and has completed the site preparatory work. The Stallion Project is prospective for rare earth mineralisation potentially related to 'hot' granitic rocks. The project covers parts of the Ponton Creek Palaeodrainage. The drilling program aims to:

- Validate historical REE drill intercepts in weathered granite beneath the palaeochannel.
- Confirm the interpreted "hot granites" located on the channel margins as a potential source for the REE enrichment.
- Allow the company to assay samples for the full suite of REEs. Previously samples were only assayed for 4 of 17 REEs, delivering grades of up to 2,666ppm pREO (Partial Rare Earth Oxides).
- Refine exploration strategies for use across the expanded project

On 01/12/2022, Summit announced that it had completed a reconnaissance field visit, including an initial program of rock chip sampling to confirm the prospectivity of the Morrissey Lithium and REE Project (granted license E09/2482) in the central Gascoyne (refer to ASX Announcement dated 01/12/2022 "Reconnaissance rock chip results received at Morrissey Lithium and REE Project").

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company.

PRINCIPAL ACTIVITIES

The Company continued exploration of its projects, targeting Lithium, REE and Antimony in its WA and NSW Projects.

EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

There were no other events subsequent to the end of the reporting period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration, as required under section 307C of the Corporations Act 2001 for the half-year ended 31 December 2022 has been received and can be found on page 7.

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

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



Peretz Schapiro

Chairman

Date. 14 March 2023

AUDITOR'S INDEPENDENCE DECLARATION SUMMIT MINERALS LTD

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Summit Minerals Ltd.

As lead audit partner for the review of the financial report of Summit Minerals Ltd for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 14 March 2023

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes are in accordance with the Corporations Act 2001:

- (a) Comply with Accounting Standards AASB 134: Interim Financial Reporting; and
- (b) Give a true and fair view of the financial position of the entity as at 31 December 2022 and of its performance for the six months ended on that date.

In the directors' opinion there are reasonable grounds to believe that Summit Minerals 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 directors.

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



Mr Peretz Schapiro
Chairman
Date. 14 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUMMIT MINERALS LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Summit Minerals Limited (the Company) and controlled entities (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, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Directors' responsibility for the Half-Year 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to 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 consolidated financial position as at 31 December 2022 and its consolidated 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. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the financial report.

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.

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.



Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682



Nikki Shen
Director

Dated 14 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 31 December 2022

| | Note | 31 December 2022 \$ | 17 November 2021 to 31 December 2021 \$ |
|---|------|------------------------|---|
| Revenue and other income | | 23,894 | - |
| Administration expense | | 259,855 | 2,682 |
| Director Fees | | 203,156 | - |
| Exploration and evaluation | | 64,663 | - |
| Loss before income tax | | 503,781 | 2,682 |
| Income tax expense/(benefit) | | - | - |
| Loss for the half year | | 503,781 | 2,682 |
| Other comprehensive income for the half year, net of tax | | - | - |
| Total comprehensive loss for the half year | | 503,781 | 2,682 |
| Loss per share attributable to the ordinary equity holders of the Company | | ¢ | ¢ |
| Basic (loss) per share | | (1.7) | (2682) |
| Diluted (loss) per share | | (1.1) | (2682) |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

| | Note | 31 December 2022 \$ | 30 June 2022 \$ |
|---|------|---------------------------|--------------------|
| Current assets | | | |
| Cash and cash equivalents | 3 | 3,406,149 | 800,753 |
| Trade and other receivables | 4 | 51,545 | 27,671 |
| Other current assets | 5 | 70,076 | - |
| Assets available for sale | 6 | 128,000 | |
| Total current assets | | 3,655,770 | 828,424 |
| Non-current assets | | | |
| Mineral exploration and evaluation assets | 7 | 2,615,015 | - |
| Total non-current assets | | 2,615,015 | - |
| Total assets | | 6,270,786 | 828,424 |
| Current liabilities | | | |
| Trade and other payables | 8 | 68,559 | 266,377 |
| Unissued Shares | | | 742,000 |
| Total current liabilities | | 68,559 | 1,008,377 |
| Total non-current liabilities | | - | - |
| Total liabilities | | 68,559 | 1,008,377 |
| Net assets | | 6,202,227 | (179,953) |
| Equity | | | |
| Contributed equity | 2 | 6,083,707 | 300,010 |
| Reserves | | 1,577,264 | 475,000 |
| Accumulated losses | | (1,458,744) | (954,963) |
| Total equity | | 6,202,227 | (179,953) |

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

| | Contributed equity \$ | Option reserve \$ | Accumulated Losses \$ | Total Equity \$ |
|--|-----------------------------|-------------------------|-----------------------------|-----------------------|
| Balance at 1 July 2022 | 300,010 | 475,000 | (954,963) | (179,953) |
| Total comprehensive loss for the half year | - | - | (503,781) | (503,781) |
| Issue of Options during the half year | - | 1,102,264 | - | 1,102,264 |
| Contributions of equity, net of transaction costs | 5,783,697 | - | - | 5,783,697 |
| Balance as at 31 December 2022 | 6,083,707 | 1,577,264 | (1,458,743) | 6,202,227 |
| Balance at incorporation (17 November 2021) | - | - | - | - |
| Total comprehensive loss for the half-year | 10 | - | (2,682) | (2,682) |
| Balance at 31 December 2021 | 10 | - | (2,682) | (2,672) |

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

| | Note | 31 December 2022 \$ | 17 November 2021 to 31 December 2021 \$ |
|---|----------|---------------------------|---|
| Cash flow from operating activities | | | |
| Interests received | | 18,387 | - |
| Payments to suppliers & employees | | (417,767) | - |
| Net cash (outflow) from operating activities | | (399,380) | - |
| Cash flow from investing activities: | | | |
| Payments for exploration expenditure assets | | (224,240) | - |
| Net cash (outflow) from investing activities | | (224,240) | - |
| Cash flow from financing activities: | | | |
| Proceeds from issue of shares (net of costs) | | 3,229,016 | - |
| Net cash inflow from financing activities | | 3,229,016 | - |
| Net increase / (decrease) in cash held | | 2,605,396 | - |
| Cash and cash equivalents at the beginning of the half-year | | 800,753 | - |
| Cash and cash equivalents at the end of period | 3 | 3,406,149 | - |

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

GENERAL INFORMATION

Summit Minerals Limited is a listed public company limited by shares, domiciled and incorporated in Australia. The Company's registered office is at Level 1 389 Oxford Street, Mt Hawthorn WA. These are the consolidated financial statements and notes of Summit Minerals Limited (the Company) and controlled entity (collectively the Group). The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. The Group is a for-profit entity and is primarily involved in the exploration, development and mining of minerals.

The separate financial statements of Summit Minerals Limited, as the parent entity, have not been presented with this financial report as permitted by the Corporations Act 2001 (Cth).

The nature of operations and principal activities of the Company are described in the Directors' Report.

1. BASIS OF PREPARATION

The financial statements were authorised for issue on 14 March 2023 by the directors of the Company.

1.1 STATEMENT OF COMPLIANCE

The half year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

1.2 ACCOUNTING STANDARDS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT REPORTING PERIOD

The Company has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 July 2022.

1.3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values 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 are recognised in the period in which the estimate is revised if it affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

1.4 GOING CONCERN

The 31 December 2022 financial report has been prepared on the going concern basis that contemplates the continuity of normal business activities and the realization of assets and extinguishment of liabilities in the ordinary course of business.

The Group incurred a loss for the half-year of \$503,781 (2021: \$2,682 loss) and a net cash inflow from operating, investing, and financing activities of \$2,605,396 (2021: \$Nil).

As at 31 December 2022, the Company had working capital of \$3,459,212 (2021: -\$2,682 working capital)

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

2. ISSUED CAPITAL

| | 31 Dec 2022 No. | 30 June 2022 No. |
|----------------------------|--------------------|---------------------|
| Fully paid ordinary shares | 34,927,600 | 1,875,100 |

| | 31 Dec 2022 No. | \$ | 30 June 2022 No. | \$ |
|--|--------------------|-----------|---------------------|---------|
| Balance at beginning of the period | 1,875,100 | 300,010 | 100 | 10 |
| • 16 March 2022 - Shares issued at \$0.16 | | | 1,875,000 | 300,000 |
| • 1 August 2022 – Shares issued to vendors at \$0.20 | 10,000,000 | 2,000,000 | | |
| • 2 August 2022 – Shares issued under IPO at \$0.20 | 23,052,500 | 4,610,500 | | |
| Share issue costs | | (826,803) | | |
| Balance at end of the period | 34,927,600 | 6,083,707 | 1,875,100 | 300,010 |

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

2.1 OPTIONS

| | 31 Dec 2022 No. | 30 June 2022 No. |
|--|--------------------|---------------------|
| Balance at beginning of the period | | |
| • Options to Directors and Company Secretary exercisable at 25c before 16 March 2025 | 4,750,000 | 4,750,000 |
| • Options to Lead Manager exercisable at 25c before 30 September 2025 | 4,149,450 | |
| • Options to vendors for acquisition of Target Metals Pty Ltd exercisable at 25c before 30 September 2025 | 2,500,000 | |
| • Options to vendors for acquisition of Bow Island Resources Pty Ltd exercisable at 25c before 30 September 2025 | 2,500,000 | |
| • Loyalty Options issued exercisable at 25c before 30 September 2025 | 17,463,764 | |
| • Options to Lead Manager of Loyalty Option Offer exercisable at 25c before 30 September 2025 | 1,250,000 | |
| Balance at end of the period | 32,613,214 | 4,750,000 |

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

2.2 RESERVES

| | 31 Dec 2022 No. | 30 June 2022 No. |
|--|--------------------|---------------------|
| Balance at beginning of the period | 475,000 | - |
| <ul style="list-style-type: none"> Options to Directors and Company Secretary exercisable at 25c before 16 March 2025 | | 475,000 |
| <ul style="list-style-type: none"> Options to Lead Manager exercisable at 25c before 30 September 2025 | 414,945 | |
| <ul style="list-style-type: none"> Options to vendors for acquisition of Target Metals Pty Ltd exercisable at 25c before 30 September 2025 | 250,000 | |
| <ul style="list-style-type: none"> Options to vendors for acquisition of Bow Island Resources Pty Ltd exercisable at 25c before 30 September 2025 | 250,000 | |
| <ul style="list-style-type: none"> Loyalty Options issued exercisable at 25c before 30 September 2025 | 87,319 | |
| <ul style="list-style-type: none"> Options to Lead Manager of Loyalty Option Offer exercisable at 25c before 30 September 2025 | 100,000 | |
| Balance at end of the period | 1,577,264 | 475,000 |

2.2.1 The option reserve records the fair value of options issued to the Directors and Company Secretary, the Lead Managers, the vendors and the total funds raised in the Loyalty Option issue.

2.2.2 The Options to the Lead Manager of the IPO and to the Vendors at the time of completion have been valued at \$0.10 per option using the Black Scholes Valuation Model using the following inputs.

| | |
|-------------------------|---------|
| Spot Price | \$0.20 |
| Strike Price | \$0.25 |
| Time to Expiry | 3 years |
| Volatility | 80.2% |
| Risk-Free Interest Rate | 3.0% |

2.2.3 The Options to the Lead Manager of the Loyalty Option Offer have been valued at \$0.08 per option using the Black Scholes Valuation Model using the following inputs.

| | |
|-------------------------|---------|
| Spot Price | \$0.18 |
| Strike Price | \$0.25 |
| Time to Expiry | 3 years |
| Volatility | 80.2% |
| Risk-Free Interest Rate | 3.08% |

3. CASH AND CASH EQUIVALENTS

| | 31 Dec 2022 \$ | 30 June 2022 \$ |
|---------------------------|-------------------|--------------------|
| Cash and cash equivalents | 3,406,149 | 800,753 |

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

4. TRADE AND OTHER RECEIVABLES

| | 31 Dec 2022 \$ | 30 June 2022 \$ |
|-------------------------------------|-------------------|--------------------|
| Other receivables - GST Recoverable | 33,904 | 19,000 |
| Other receivables | 17,640 | 8,671 |
| | <u>51,545</u> | <u>27,671</u> |

5. OTHER CURRENT ASSETS

| | 31 Dec 2022 \$ | 30 June 2022 \$ |
|-------------|-------------------|--------------------|
| Prepayments | 70,076 | - |
| | <u>70,076</u> | <u>-</u> |

6. ASSETS AVAILABLE FOR SALE

| | 31 Dec 2022 \$ | 30 June 2022 \$ |
|--|-------------------|--------------------|
| Assets available for sale ¹ | 128,000 | - |
| | <u>128,000</u> | <u>-</u> |

On 16 December 2022, the Group sold its Lyndon Project (E09/2435) to Odessa Minerals Limited (Odessa) for a consideration of 6,000,000 Shares in Odessa at a valuation of \$0.018 per Share plus 2,000,000 Options exercisable at \$0.04 per option before 13 September 2022. The sale was completed on 11 January 2023.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

7. EXPLORATION AND EVALUATION

| | 31 Dec 2022 \$ | 30 June 2022 \$ |
|---|-------------------|--------------------|
| Exploration at cost: | | |
| Balance at beginning of the period | - | - |
| Acquisition of Target Metals Pty Ltd | 1,250,000 | - |
| Acquisition of Bow Island Resources Pty Ltd | 1,250,000 | - |
| Exploration of tenements | 243,015 | - |
| Assets available for sale – Lyndon Project | (128,000) | - |
| Balance at the end of the Period | 2,615,015 | - |

On 2 August 2022, the Company completed the transaction to acquire 100% of the issued capital of Target Metals Pty Ltd and Bow Valley Resources Pty Ltd for a total consideration of \$2,500,000 (1,250,000 for each acquisition).

On 16 December 2022, the Group sold its Lyndon Project (E09/2435) to Odessa Minerals Limited (Odessa) as referred to in Note 5.

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration of the areas of interest.

8. TRADE AND OTHER PAYABLES

| | 31 Dec 2022 \$ | 30 June 2022 \$ |
|------------------|-------------------|--------------------|
| Trade creditors | 38,633 | 244,737 |
| Accrued expenses | 29,926 | 21,639 |
| | 68,559 | 266,376 |

9. INTEREST IN SUBSIDIARIES

Shares in controlled entities are unlisted and comprise:

| Entity | Tenements Held | Place of Incorporation | 31 December 2022 Holding % | 31 December 2022 Amount \$ |
|------------------------------|--|------------------------|----------------------------|----------------------------|
| Target Metals Pty Ltd | E74/689 E74/705 E45/6087 E70/5980 E70/5981 | WA | 100 | 1,250,000 |
| Bow Valley Resources Pty Ltd | E28/2999 E09/2435 EL9235 E09/2482 | WA | 100 | 1,250,000 |

Investments in subsidiaries are accounted for at cost.

NOTES TO THE FINANCIAL STATEMENTS

for the six months ended 31 December 2022

The Group has no equity accounted investments at 31 December 2022.

The Company entered into a Binding Heads of Agreement in March 2022 to acquire 100% of the issued capital from the Shareholders of Target Metals Pty Ltd for a consideration of 5,000,000 Shares in the Company at \$0.20 per Share and 2,500,000 Options valued at \$0.10 per Option. The acquisition completed on 1 August 2022.

The Company entered into a Binding Heads of Agreement in March 2022 to acquire 100% of the issued capital from the Shareholders of Bow Valley Resources Pty Ltd for a consideration of 5,000,000 Shares in the Company at \$0.20 per Share and 2,500,000 Options valued at \$0.10 per Option. The acquisition completed on 1 August 2022.

10 OPERATING SEGMENTS

The Group has identified its operating segments based on the internal reports that are provided to the Board of Directors on a regular basis and in determining the allocation of resources. Management continually assesses the Group's segments and has identified the operating segments based on the one principal location based on geographical areas and therefore different regulatory environments – Australia. The Group operates predominantly in the minerals exploration and evaluation industry.

The Group currently operates materially in one business segment and one geographical segment as described above. Accordingly, the financial information presented in the statement of comprehensive income and statement of financial position is the same as that presented to the chief operating decision maker.

11 COMMITMENTS AND CONTINGENT LIABILITIES

11.1 COMMITMENTS

Since 30 June 2022, the Directors are not aware of any other matter or circumstance that has significantly or may significantly affect the commitments and contingencies disclosed in the 30 June 2022 annual report.

11.2 CONTINGENT ASSETS AND LIABILITIES

11.2.1 CONTINGENT LIABILITIES

No contingent liabilities exist as at the date of this report.

11.2.2 CONTINGENT ASSETS

No contingent assets exist as at the date of this report.

12 SUBSEQUENT EVENTS

There were no other events subsequent to the end of the reporting period.