ABx Group

Half-Yearly Financial Report

For the half year ended 30 June 2023

ASX:ABX

Interim Financial Report
for the half-year ended 30 June 2023

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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 31 December 2022 and any public announcements made by ABx Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

CORPORATE DIRECTORY

ABx Group Limited

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Directors

Paul Lennon (Non-Executive Chairman)
Dr Mark Cooksey (Executive Director and Chief Executive Officer)
Ian Levy (Non-Executive Director)
Ken Boundy (Non-Executive Director)

Company Secretary

Henry Kinstlinger

Auditor

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ASX Code – ABX

ABx Group Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting ABx Group Limited and its controlled entities.

ABx Group Limited is a company limited by shares, incorporated and domiciled in Australia.

REVIEW OF OPERATIONS

Highlights

Rare earths (ionic adsorption clay resource in Tasmania)

Resource increased five-fold to 21 million tonnes averaging 770 ppm TREO and 585 ppm TREO-CeO2 at a cut-off grade of 250 ppm TREO-CeO2. Post 30 June 2023, resource further increased to 27 million tonnes

Recent results indicate that the rare earth mineralisation could extend 16 km from the Deep Leads / Rubble Mound resource to the Wind Break discovery

Production of hydrogen fluoride and aluminium fluoride from aluminium smelter waste (Alcore)

Received two instalments ($3.0 million and $2.7) million of the previously announced $7.5 million in grant funding under the Federal Government's Modern Manufacturing Initiative (MMI)

Completed basic engineering design and preliminary engineering design for pilot plant. Orders for major equipment planned to be placed by September

Lab bath reactor MkII order and planned to be delivered in August, which will expedite process development

Bauxite Operations (Queensland and Tasmania)

For the Binjour Project in Queensland, design of the mine and Bundaberg port was progressed.

1,000 tonnes of bauxite were excavated from a trial pit at the DL130 Project in Tasmania and provided to two customers

A multi-year supply agreement for cement-grade bauxite is being negotiated with a customer

Corporate

Group available cash at 30 June 2023 was $5.89 million

ABx securities total 223,590,814 ordinary shares

ABx Group (ASX: ABX) is a uniquely positioned, high-tech Australian company delivering materials for a cleaner future.

Rare Earths: Ionic adsorption clay resource increased by more than 50%

The mineral resource estimate for the Deep Leads / Rubble Mound project was increased to 21 million tonnes[1] averaging 770 ppm TREO and 585 ppm TREO-CeO2 at a cut-off grade of 250 ppm TREO-CeO2.[2] This was a five-fold increase over the resource estimate as at the end of 2022. Post 30 June, the resource estimate was further increased to 27 million tonnes[3] averaging 803 ppm TREO and 603 ppm TREO-CeO2.[4] This resource estimate includes all assay results from samples obtained from the drilling program completed during January-April 2023.

The estimated area within the drilling boundary is 28 km^2, of which assay results show that 15 km^2 is mineralised above cut-off grade. The area covered by the 27 Mt resource estimate is 3.3 km^2, which is 22% of the estimated mineralised area.

A grant for drilling at the Wind Break discovery was received from Mineral Resources Tasmania for Round 8 of the Exploration Drilling Grant Initiative (EDGI). The funding is for up to a maximum of $70,000 on a dollar-for-dollar basis. An exploration licence application covering the 16 km extension from Deep Leads / Rubble Mound to the Wind Break REE discovery area is in progress, which will expand the rare earths target area from 35 km^2 to more than 100 km^2. ABx has also made two large exploration licence applications covering other key areas in northern Tasmania south of the Portrush REE discovery area (Figure 1).

71 desorption tests on rare earth element samples from the Deep Leads / Rubble Mound resource were conducted by ANSTO. Tests were conducted at 'standard' desorption conditions of 0.5 M ammonium sulfate at pH 4, which are low-acid, low-cost processing conditions for ionic adsorption clay (IAC) rare earth deposits. The extractions of contained rare earths ranged from 24% to 83% for the resource area, and 73% of the samples from the more closely drilled Deep Leads project area averaged 50% extraction. These are the highest extractions under these conditions reported for any clay-hosted resource in Australia. Low-cost processing is crucial for IAC rare earth deposits, and industry processing experts indicate that low-cost processing can only be achieved using desorption with low acid consumption.

Market discussions with several potential customers endorsed the ABx strategy of producing a mixed rare earth carbonate for sale to existing processing plants.

[1] 17 Mt inferred and 4 Mt indicated

[2] ASX announcement 8 May 2023

[3] 24 Mt inferred and 4 Mt indicated

[4] ASX announcement 18 July 2023

ABx Rare Earths Strategy

Rare earths have many applications in a wide variety of industries. Permanent magnets are the most valuable application, representing over 90% of the total value of rare earths consumption. Permanent magnets are used in electric vehicles, wind turbines, smartphones and military applications. The four most important rare earths for permanent magnets are neodymium, praseodymium, dysprosium and terbium. Furthermore, the demand for these four 'supermagnet' rare earths is predicted to grow faster than for other rare earths.

Globally, most rare earths are sourced from hard-rock mines. These typically require large, costly processing plants and a significant lead time to reach production.

A less common source of rare earths is ionic adsorption clay (IAC) deposits, which have historically been mined only in southern China. A major advantage of IAC deposits is that the rare earths can be extracted from the clay via a low-cost desorption process. Secondly, they often exist at shallow depth. These advantages enable a project to be developed rapidly and at lower cost. Furthermore, IAC deposits typically contain a higher proportion of heavy rare earths compared to hard rock deposits, and low concentrations of radioactive elements such as uranium and thorium. Globally, almost all dysprosium and terbium is sourced from IAC deposits.

ABx is the first company to discover rare earths in Tasmania (Figure 1) and has reported a JORC-compliant mineral resource of 27 million tonnes at its Deep Leads / Rubble Mound project.

ABx engaged Australian Nuclear Science and Technology Organisation (ANSTO) to conduct desorption tests, which found the highest extractions under relatively neutral conditions reported from any clay-hosted project in Australia[5,6]. This proves the mineralisation to be of the IAC variety. Low-cost processing is crucial for clay-hosted rare earth deposits, and industry processing experts indicate that low-cost processing can only be achieved using desorption with low acid consumption. Additionally, the rare earths in the Deep Leads / Rubble Mound resource have the highest proportion of DyTb (4.3% of TREO) of any clay-hosted rare earths resource in Australia. These factors put ABx at the forefront for customers and countries seeking to diversify rare earths supply.

Following these excellent discovery and processing results, ABx has built significant momentum and will continue to conduct further exploration, which will include targeting new areas within its tenements that have geological features considered prospective for additional rare earths.

The ABx strategy is to produce a mixed rare earth carbonate that can be sold to existing refineries to increase their production. The ABx carbonate will be high in heavy rare earths and low in radioactive elements, which is expected to be attractive to many prospective customers. Market discussions with several potential customers endorse this strategy.

[5] ASX announcement 31 May 2022

[6] ASX announcement 2 February 2023

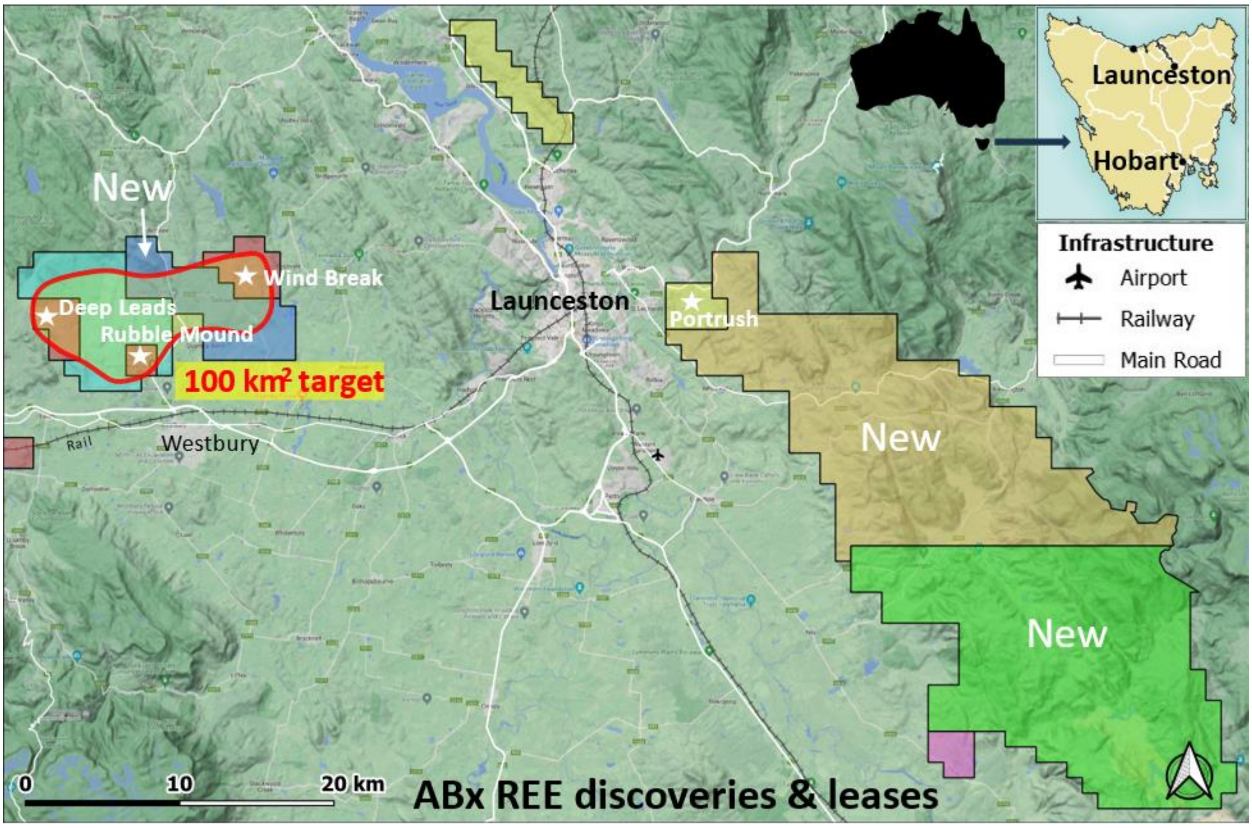

Figure 1: ABx leases in the 52 km wide REE province, including the new exploration licence application covering the area between Deep Leads and the Wind Break rare earths discovery located 16km ENE of Deep Leads.

Alcore: completed preliminary engineering design of a pilot plant

Alcore received two instalments ($3.0 million and $2.7 million[7]) of the previously announced $7.5 million[8] in grant funding under the Federal Government's Modern Manufacturing Initiative (MMI)[9]. This means that 75% of the grant funding has been received. Alcore will match the grant funding dollar-for-dollar for the project. The pilot plant is being designed to recover fluorine from 'excess bath', an aluminium smelter waste product, to produce hydrogen fluoride.

For the pilot plant, a hazard and operability (HAZOP) study was conducted, and the basic engineering design and preliminary engineering design were completed.[10] The detailed engineering designs of all major equipment are very close to being finalised, with suppliers identified and orders planned to be placed by September 2023. Alcore staff are working on the site preparation, including with contractors for civil and electric infrastructure work, and with local authorities for all necessary permits and approvals. The facility will occupy the entire the back section of the Alcore Technology Centre in Berkeley Vale, NSW. It is planned that pilot plant commissioning will commence by March 2024.

Development work in 2022 and early 2023 strongly indicated that the existing laboratory equipment provided insufficient process mixing to achieve a very high yield of fluorine from the aluminium smelter waste. Yield is important, to maximise the amount of hydrogen fluoride and aluminium fluoride produced and minimise the amount of fluorine that reports to the metal sulfate co-products. In late March, a laboratory bath reactor MkII employing state-of-the-art technology to enhance process mixing was ordered from a specialised international supplier. Manufacture and factory testing is complete and delivery is expected in August.

Further experiments were conducted using the existing laboratory equipment. The results support the conclusion that process mixing is a limiting factor, giving further confidence that the laboratory bath reactor MkII will achieve higher fluorine yield. This will be very significant because it will:

- Give further confidence that the pilot plant will perform as designed
- Enable further development work to be conducted on processing of the metal sulfate co-products

[7] ASX announcement 28 June 2023

[8] ASX announcement 29 April 2022. Note: Actual grant is $7,582,966

[9] The grant provides for up to 50% of eligible project expenditure. See https://business.gov.au/grants-and-programs/mmi-manufacturing-translation-stream-recycling-and-clean-energy-round-2

[10] ASX announcement 21 June 2023

Alcore Strategy

Hydrogen fluoride is an essential chemical for the production of fluorocarbons and aluminium fluoride. Aluminium fluoride is an essential chemical for aluminium metal production.

Hydrogen fluoride is mainly produced from fluorspar, which is obtained from the mineral fluorite. Fluorspar is relatively high cost and has been identified as a critical material by the USA, Europe, Japan and Canada.

Australia does not mine any fluorite, or produce any fluorspar, hydrogen fluoride or aluminium fluoride, and so must import all its requirements. The Australian demand for hydrogen fluoride is small, and it is imported at high cost. Conversely, Australia is a significant producer of aluminium and so its demand for aluminium fluoride is high.

Australia is the largest producer of primary aluminium metal without its own domestic aluminium fluoride production, so Australian aluminium smelters rely entirely on imported aluminium fluoride. This is typically more than 80% from China, but this proportion was only 40% in 2021 when China production was lower, illustrating the supply risks (Figure 2). Aluminium fluoride prices have been above US$1,300/t for the last 20 months (Figure 3).

Most modern aluminium smelters produce excess bath, for which the only meaningful market is new smelters, which require bath to commence operations. Aluminium industry forecasts suggest that the global bath market will increasingly be in surplus, because far fewer new smelters are being constructed. All the major global aluminium producers are eager for alternative applications for excess bath, to avoid the unpalatable options of on-site storage or landfill.

Alcore has developed a world-first process to recover hydrogen fluoride from aluminium smelter bath. This is combined with aluminium hydroxide to produce aluminium fluoride. Alcore is also investigating the use of dross (another aluminium smelter waste) and bauxite as alternatives to aluminium hydroxide as the source of aluminium. The use of dross or bauxite would further lower the production cost.

Alcore intends to construct commercial hydrogen fluoride and aluminium fluoride plants in Bell Bay, Tasmania. The aluminium source for the initial aluminium fluoride production is likely to be aluminium hydroxide, as this is lower risk and allows a faster path to production. Subsequent production may use aluminium from dross or bauxite to further improve the financial and environmental outcomes.

The initial plant is proposed to transform 1,600 tonnes per year of aluminium smelter bath into hydrogen fluoride and other industrial chemicals. A proportion of the hydrogen fluoride will be further processed to aluminium fluoride. The relative amounts of hydrogen fluoride and aluminium fluoride produced can be optimised to suit market demand. Alcore's longer term plan is to expand the plant by 15 times, which will process all of Australia's aluminium smelter bath and supply more than 80% of Australia's aluminium fluoride requirements.

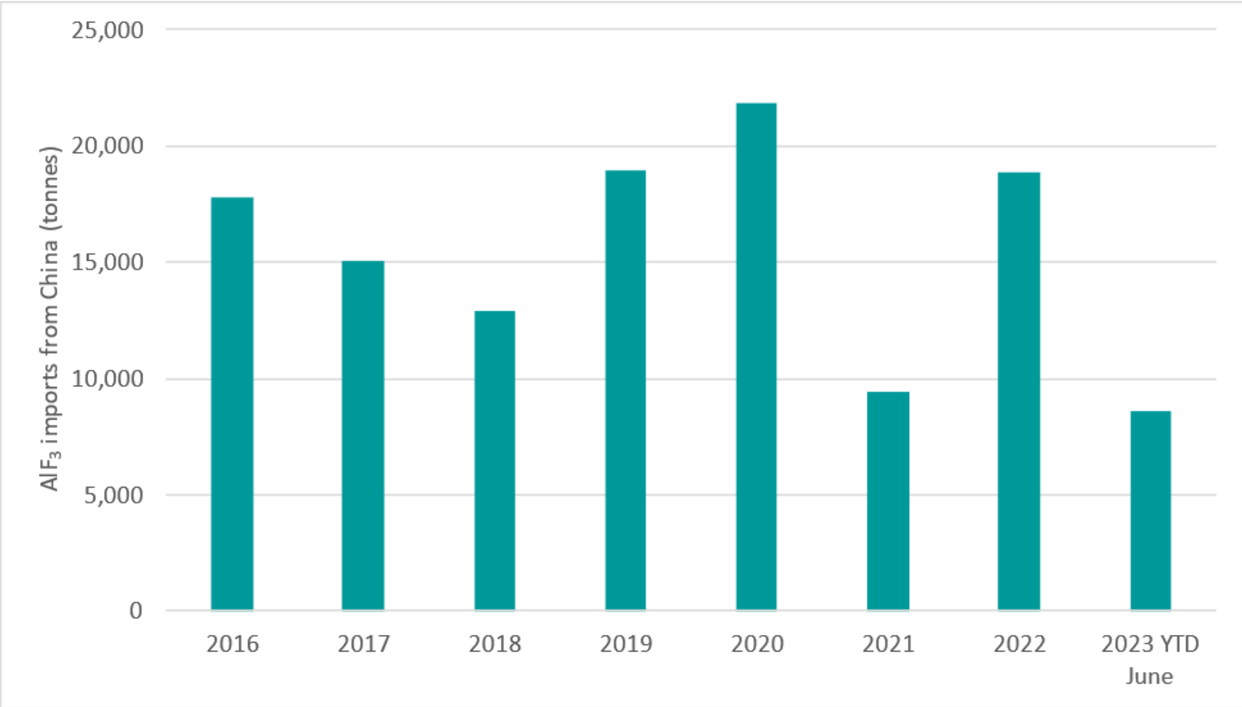

Figure 2: Imports of aluminium fluoride from China into Australia (source: China Customs Statistics)

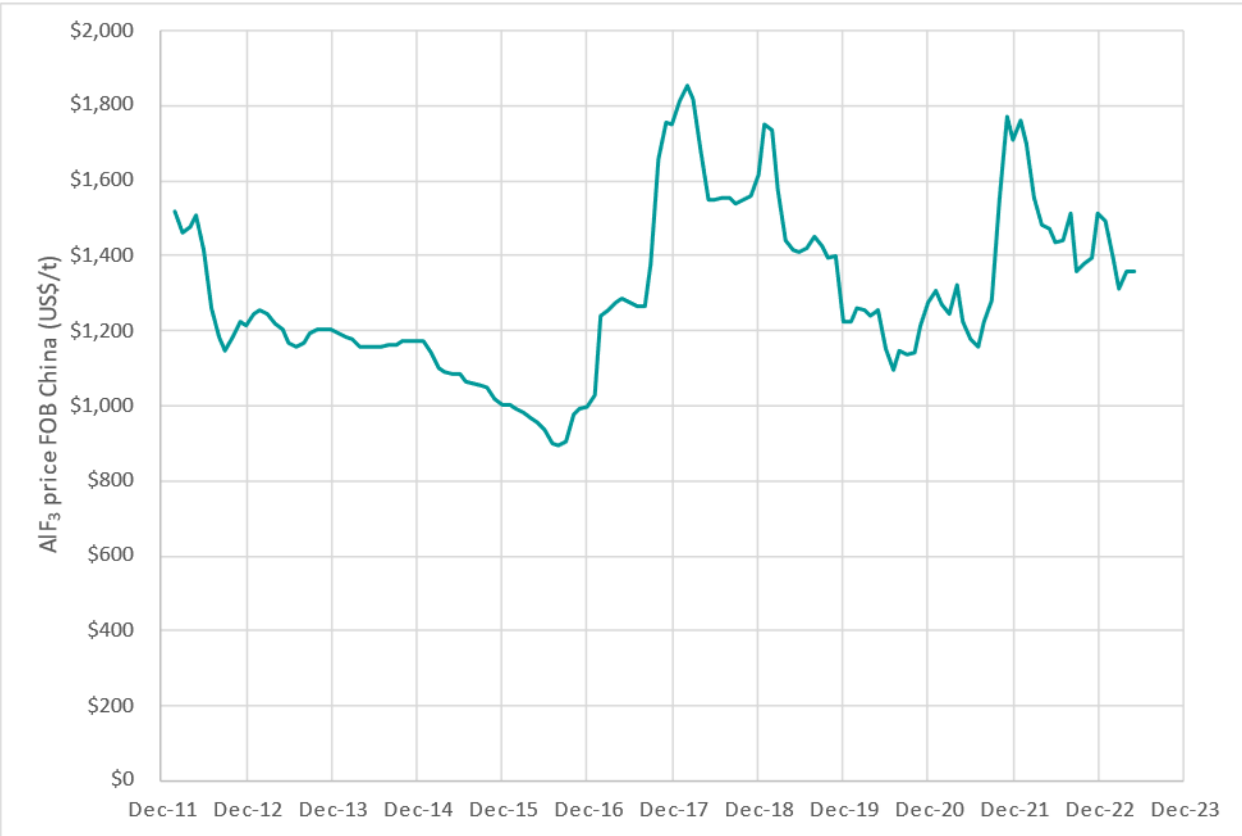

Figure 3: Aluminium fluoride monthly prices FOB China (source: China Customs Statistics)

Bauxite Operations

Sunrise Bauxite Project: Binjour, Queensland

An internal review of the Binjour mine plan has progressed, with selection of the preferred mining schedule and infrastructure layout.

The infrastructure designs for the operational site at the Bundaberg port were modified. The application to modify the Bundaberg port site boundary is being assessed by the Department of Resources.

The next stage of environmental studies at both the mine and port locations are scheduled for Q4, 2023.

DL130 Bauxite Project: Tasmania

1,000 tonnes of bauxite were excavated from a trial pit and provided to two customers. The customer trial for fertiliser production was successful and future orders are anticipated. The material for trial for cement production is enroute to the customer. In parallel, a multi-year supply agreement for cement-grade bauxite is being negotiated with this customer.

The Environmental Effects Report (EER) was submitted to the EPA. After review by the EPA, minor amendments were made to the EER and it was resubmitted for evaluation. The EER forms a significant part of the mine lease application

Discussions were held with all landowners affected by the mine lease application. No major issues were identified, but finalisation of landowner agreements is taking longer than anticipated. Commencement of mining is now expected in Q4 2023 / Q1 2024.

Bauxite Strategy

The ABx strategy is to selectively produce metallurgical grade, cement grade and fertiliser grade bauxite, with a focus on profitability.

The largest project is Binjour, with a JORC compliant resource of 37 million tonnes, supporting 20-25 years production. In February 2022, ABx entered a JV with Alumin for the development of the Sunrise Bauxite Project, comprising a bauxite mine at Binjour plateau and port operations at Bundaberg in Queensland[11]. Alumin is an Australian special purpose vehicle company associated with our strategic marketing partner, Rawmin India, having extensive experience in funding long term sustainable investments in projects involving mining and bulk-shipping of metallurgical grade bauxite to end users around the world.

It is anticipated that the mine at Binjour will export 500,000 tonnes per year of metallurgical grade bauxite in its first year of production, then scale up to full operational capacity of 1.5 million tonnes per year. ABx plans to begin exporting product in H1 2025.

[11] ASX Announcement 28 February 2022

In Tasmania, ABx has a JORC compliant resource of 13.7 million tonnes across three deposits. ABx plans to recommence bauxite mining in Tasmania by Q1 2024, at the DL130 Bauxite Project. The primary products are likely to be cement grade and fertiliser grade bauxite.

DIRECTORS' REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the Group) consisting of ABx Group Limited (the Company) and the entities it controlled at the end of or during the period ended 30 June 2023 and the Auditor's Review Report thereon.

Principal activities	The principal continuing activities of the Group during the reporting period were selling bauxite mineral, conducting the bauxite processing research, development and exploration programs.
Financial performance	The net consolidated loss of the Group for the six months ended 30 June 2023 was $1.22 million (2022: Loss $0.95 million). Cash holding of the Group at 30 June 2023 was $5.91 million. The Group will have sufficient cash reserves to fund its current exploration, processing and development programs.
Review of operations	Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on pages 4 to 12 of this report.
Dividends	The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

Directors

The following persons were directors of ABx Group Limited during the whole of the period and up to the date of this report, unless otherwise stated:

- Paul Lennon — Non-Executive Chairman
- Dr Mark Cooksey — Executive Director and Chief Executive Officer
- Ian Levy — Non-Executive Director
- Ken Boundy — Non-Executive Director

Subsequent Events

At the date of this report there are no matters or circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2023, of the Group;
- the results of those operations; or
- the state of affairs, in financial half-year subsequent to 30 June 2023, of the Group.

Rounding

The amounts contained in the half year financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

Directors’ Report (continued)

Environmental Regulations

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company’s operations in the State of Queensland involve drilling operations. These operations are governed by the *Environmental Protection Act (1994).*
- The Company’s operations in the State of NSW involve exploration activities. These operations are governed by *the Environment Planning and Assessment Act 1979.*
- The Company’s operations in the State of Tasmania involve drilling operations. These operations are governed by the *Environmental Management and Pollution Control Act 1994.*
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company’s activities on the environment.
- To the best of the directors’ knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors’ Report.

Environmental Code of Practice for Bauxite Mineral Exploration, adopted 1 March 2010

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes.

The following policy is specific to bauxite exploration on the Company’s east Australian bauxite province.

Access to Land

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted. Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments. The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

Type of Land

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species.
Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

Mineral Exploration Programs Access

The Company utilises existing tracks for access where possible. Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain. Surface disturbances are kept to a minimum.

Directors' Report (continued)

Drilling

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

Rehabilitation

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

Qualifying Statements

General: The information in this report that relate to Exploration Information and Mineral Resources are based on information compiled by Jacob Rebek and Ian Levy who are members of The Australasian Institute of Mining and Metallurgy and the Australian Institute of Geoscientists. Mr Rebek and Mr Levy are qualified geologists and Mr Levy is a director of Australian Bauxite Limited.

Mainland: The information relating to Mineral Resources on the Mainland was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported. Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

Tasmania: The information relating to Exploration Information and Mineral Resources in Tasmania has been prepared or updated under the JORC Code 2012. Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking 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 Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

Previous ASX announcements can be found at https://www.abxgroup.com.au/site/investor-information/asx-announcements.

Auditor's Independence Declaration

A copy of the independence declaration by the auditor K.S. Black and Co. under section 307C is included on page 16 of this half year financial report.

Signed in accordance with a resolution of the Directors:

Mark Cooksey

P Lennon

Dr Mark Cooksey
Executive Director
29 August 2023

Paul Lennon
Chairman

AUDITOR'S INDEPENDENCE DECLARATION

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Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001

To the Director's of ABX Group Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2023 there has been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

The entities are in respect of ABX Group Limited and the entities it controlled during the period.

KS Black & Co
Chartered Accountants

Phillip Jones
Partner

Dated in Sydney on this 29th day of August 2023

Phone 02 9839 3000
Fax 02 9839 3055

INDEPENDENT AUDITOR'S REVIEW REPORT

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Directors of ABX Group Limited

Report on the Consolidated Interim Financial Report

We have reviewed the accompanying half-year Consolidated Interim Financial Report of ABX Group Limited, which comprises the statement of financial position as at 30 June 2023, and the statement of profit or loss and other comprehensive income, statement in changes in equity and the statement of cash flows; for the half-year then ended, a summary of significant accounting policies, other selected explanatory notes and the declaration by those charged with governance.

The Director's Responsibility for 30 June 2023 Consolidated Interim Financial Report

The Directors of the Consolidated Group are responsible for the preparation and fair presentation of the half-year Consolidated Interim Financial Report in accordance with *Accounting Standard AASB 101* 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 for the Consolidated Interim Financial Report

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 Standards 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 financial report is not presented fairly, in all material respects, with the Corporations Law 2001. As the auditor of Australian Bauxite Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of the person responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope that 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 Australian professional accounting bodies.

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Conclusion

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 ABX Group Limited does not present fairly, in all material respects including:

i. Giving a true and fair view of the entity's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and

ii. Complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

KS Black & Co
Chartered Accountants

Phillip Jones
Partner
Dated: 29/8/2023

Phone 02 8839 3000
Fax 02 8839 3055

DECLARATION BY DIRECTORS

The Directors of the Company declare that:

1. The financial statements and notes, set out on pages 20 to 33, are in accordance with the *Corporations Act 2001*, and:

   - give a true and fair view of the financial position of the consolidated entity as at 30 June 2023 and of its performance for the half-year ended on that date; and
   - comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001.*

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.

Signed in accordance with a resolution of the Directors:

Dr Mark Cooksey	**Paul Lennon**
Executive Director	Chairman
29 August 2023	

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the Half-Year Ended 30 June 2023

	Notes	Consolidated Group	
		Half- year ended 30 Jun 2023 $'000	Half- year ended 30 Jun 2022 $'000
Revenue	3	**188**	61
Other Income and Expenses	3	**218**	504
Development, exploration and administrative expenses	3	**(1,486)**	(1,517)
Finance expenses	3	**(244)**	(72)
PROFIT/(LOSS) FROM OPERATIONS BEFORE INCOME TAX		**(1,324)**	(1,024)
Income tax		**-**	-
NET PROFIT/(LOSS) FOR THE PERIOD		**(1,324)**	(1,024)
OTHER COMPREHENSIVE INCOME			
Other comprehensive income before income tax		**-**	-
Income tax		**-**	-
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(1,324)**	(1,024)
Profit attributable to non-controlling interests		**101**	74
TOTAL COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		**(1,223)**	(950)

EARNINGS PER SHARE	**Cents**	Cents
Basic earnings/(losses) per share (cents per share)	**(0.55)**	(0.42)
Diluted earnings/(losses) per share (cents per share)	**(0.54)**	(0.42)

This Statement of Profit or Loss and other Comprehensive Income is to be read in conjunction with the notes to the interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2023

		Consolidated Group	
	Notes	**30 Jun 2023**	31 Dec 2022
ASSETS		**$'000**	$'000
Current assets			
Cash and cash equivalents	4	**5,919**	2,057
Trade and other receivables		**(139)**	905
Other current assets		**196**	250
Total current assets		**5,976**	3,212
Non-current assets			
Plant and equipment - net		**221**	161
Mining tenements	5	**14,114**	12,834
Total non-current assets		**14,335**	12,995
Total Assets		**20,311**	16,207
LIABILITIES			
Current liabilities			
Trade and other payables		**1,176**	1,231
Employee benefits provision		**256**	215
Other Liabilities		**1,526**	1,477
Total current liabilities		**2,958**	2,923
Non-current liabilities			
Employee benefits provision		**210**	189
Other Liabilities		**5,525**	-
Total non-current liabilities		**5,735**	189
Total Liabilities		**8,693**	3,112
Net Assets		**11,618**	13,095
EQUITY			
Issued capital	6	**32,736**	32,736
Reserves		**2,977**	3,097
Accumulated losses		**(24,073)**	(22,850)
Total equity attribute to equity holder of parent entity		**11,640**	12,983
Non-controlling interest		**(22)**	112
Total Equity		**11,618**	13,095

This Statement of Financial Position is to be read in conjunction with the notes to the interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the Half-Year Ended 30 June 2023

Consolidated	Note	Issued Capital $'000	Reserve $'000	Non Controlling Interest $'000	Accumulated Losses $'000	Total Equity $'000
At 31 Dec 2022	6	**32,736**	**3,097**	**112**	**(22,850)**	**13,095**
Share issued		**-**	**-**	**-**	**-**	**-**
Share issuing cost		**-**	**-**	**-**	**-**	**-**
Business combination		**-**	**(120)**	**(134)**	**-**	**(254)**
Loss for the period		**-**	**-**	**-**	**(1,223)**	**(1,223)**
At 30 Jun 2023	6	**32,736**	**2,977**	**(22)**	**(24,073)**	**11,618**
At 30 Jun 2022		32,736	3,268	46	(20,318)	15,732
Share placement		-	-	-	-	-
Share issuing cost		-	-	-	-	-
Business combination		-	(171)	66	-	(105)
Loss for the period		-	-	-	(2,532)	(2,532)
As at 31 Dec 2022	6	32,736	3,097	112	(22,850)	13,095
As at 31 Dec 2021		32,736	3,268	121	(19,368)	16,757
Business combination		-	-	(75)	-	(75)
Share issued in lieu of services		-	-	-	-	-
Loss for the period		-	-	-	(950)	(950)
As at 30 Jun 2022		32,736	3,268	46	(20,318)	15,732

This Statement of Changes in Equity is to be read in conjunction with the notes to the interim financial report.

CONSOLIDATED STATEMENT OF CASH FLOW

for the Half-Year Ended 30 June 2023

	Notes	**Consolidated** Half-year ended 30 Jun 2023 $'000	Half-year ended 30 Jun 2022 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipt from customer and government		**6,436**	542
Interest received		**53**	5
Payment for exploration and development expenditures		**(1,974)**	(1,729)
Payments for administration expenses		**(539)**	(698)
NET CASH FLOWS PROVIDED BY/ (USED IN) FROM OPERATING		**3,976**	(1,880)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for plant and equipment		**(114)**	(72)
NET CASH FLOWS (USED IN)/PROVIDED BY FROM INVESTING ACTIVITIES		**(114)**	(72)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from shares issued		**-**	-
Share issuing cost		**-**	-
Proceeds from share issues/placements – controlled entity		**-**	-
NET CASH FLOWS PROVIDED BY/ (USED IN)FROM FINANCING		**-**	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**3,862**	(1,952)
Cash and cash equivalents at the beginning of the reporting period		**2,057**	6,095
CASH AND CASH EQUIVALENTS AT THE END OF THE REPORTING PERIOD	4	**5,919**	4,143

This Statement of Cash Flow is to be read in conjunction with the notes to the interim financial report.

NOTES TO THE FINANCIAL STATEMENTS

for the Half-Year Ended 30 June 2023

1. BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT Reporting Entity

ABx Group Limited (the "**Company**") is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 30 June 2023 comprises the Company and its controlled entities (together referred to as the "**consolidated entity**").

Statement of Compliance
The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001.*

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the interim financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

Statement of Compliance

Compliance with Australian Accounting Standards ensures that the financial report of ABx Group Limited complies with International Financial Reporting Standards (‘IFRS”).

Critical judgements

Management have made the following judgements when applying the Group's accounting policies:

(i) Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.
- During the period, there were commodity price drops. No impairment losses were recognised as no significant production has occurred resulting in sales at prices requiring write-down of capitalised expenditures.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Historical cost convention

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

Material accounting policies

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ABx Group Limited ("parent entity") as at reporting date and the results of all subsidiaries for the period then ended.

Subsidiaries are all those entities over which the parent entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the parent entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the parent entity. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or business under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included, subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest Revenue

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

Other Income

Income from other sources is recognised when proceeds or the fee in respect of other products or service provided is receivable.

(e) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

(g) Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

(h) Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

(i) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition.

(j) Tenement exploration, evaluation and development costs

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.

Expenses failing to meet at least one of the aforementioned conditions are written off as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are be amortized from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit.

Costs associated with the development of resources are expensed as incurred if their recoverability is unlikely or unable to be determined.

(k) Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Restoration and rehabilitation provisions

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

(n) Employee Benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS continued

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

(o) Share based payments

Ownership-based remuneration is provided to employees via an employee share option plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

(p) Earnings per share (EPS)

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

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non- discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

NOTES TO THE FINANCIAL STATEMENTS continued

3. REVENUE AND EXPENSES

Specific Items

Profit/(loss) before income tax expense/(benefit) includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the consolidated entity:

	Consolidated	
	Half- year ended 30 Jun 2023 $'000	Half-year ended 30 Jun 2022 $'000
Revenue		
Sale of mineral	**67**	56
Facilities lease Income	**68**	-
Interest income	**53**	5
	188	61
Other Income and Expenses		
Government package	**135**	504
Others	**83**	-
	218	504
Development, exploration and administration expenses		
Development costs and exploration costs not capitalized	**(703)**	(770)
Consultancy and professional fees	**(121)**	(121)
Director and employee expenses	**(347)**	(361)
Other administrative expenses	**(315)**	(265)
	(1,486)	(1,517)
Finance expenses		
Depreciation	**(55)**	(31)
Provision for doubtful debt	**(141)**	(39)
Option cost	**(47)**	-
Others	**(1)**	(2)
	(244)	(72)

4. CASH AND CASH EQUIVALENTS

	Consolidated	
	30 Jun 2023	31 Dec 2022
	$'000	$'000
Cash at bank and deposit	**364**	2,027
Cash held in trust – tenement guarantees and deposits	**5,555**	30
	5,919	2,057

NOTES TO THE FINANCIAL STATEMENTS continued

5. MINING TENEMENT

	Consolidated	
	30 Jun 2023	31 Dec 2022
	$'000	$'000
Tenement interest, development costs and capitalized exploration expenditures	**14,114**	12,834
	14,114	12,834

The ultimate recoupment of costs carried forward for exploration and evaluation assets is dependent on the successful development and commercial exploration or sale of the respective areas.

The carrying values of the exploration tenements are valued using the Exploration Expenditure Method and are limited to exploration expenditure incurred by the Company and its subsidiaries. Historical expenditure by other entities has not been included.

The Company regularly considers the commercial viability of its exploration tenements and reduces the area or relinquishes the exploration tenement where the commercial prospects are diminished.

Tenement List

Licence No	Project	Tenement cost and capitalisation $
ABx1 Pty Ltd		
EL 6997	Inverell	-
Sub-total		**-**
ABx2 Pty Ltd		
EL 7357	Taralga replacement	1,611,484
EL 8600	Penrose Quarry	273,586
Sub-total		**1,885,070**
ABx3 Pty Ltd		
EPM 27787	Binjour	3,294,978
ML 80126	Toondoon ML	-
ML 100277	Sunrise Bauxite Project ML	1,229,498
Sub-total		**4,524,476**
ABx4 Pty Ltd		
		-
EL 7/2010	Conara	4,142,948
EL 9/2010	Deloraine	2,770,099
EL 18/2014	Prossers Road	399,834
EL10/2021	Rubble Mound	391,712
Sub-total		**7,704,593**
Total		**14,114,139**

NOTES TO THE FINANCIAL STATEMENTS continued

6. ISSUED CAPITAL

	Consolidated Entity and Parent Entity		Consolidated Entity and Parent Entity	
	30 Jun 2023 Number of Shares	31 Dec 2022 Number of Shares	**30 Jun 2023 $'000**	31 Dec 2022 $'000
Ordinary shares issued	**223,590,814**	223,590,814	**32,736**	32,736

(a) Movements during the year:

Opening balance	**223,590,814**	223,590,814	**32,736**	32,736
Share placement	**-**	-	**-**	-
Share issuing costs	**-**	-	**-**	-
Closing balance	**223,590,814**	223,590,814	**32,736**	32,736

(b) Options

1,650,000 Employee Share Option Plan (ESOP) options were granted in 2022. 412,500 ESOP Options were vested in May 2023.

There have been no options issued or granted over unissued shares during the reporting period.

(c) Terms and Conditions

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

7. COMMITMENTS AND CONTINGENT LIABILITIES

The minimum exploration expenditure commitments and lease payments on the Company's exploration tenements totalling approximately $1.45 million (2022:$0.74million) over remaining term of tenements.

Executive services agreement

The Company has agreed with Dr Mark Cooksey as Executive Director in providing the services to the Services to Company at an agreed rate $280,000 plus superannuation per annum

In addition the Company has agreed with Mr Ian Levy as Non-Executive Director and providing consulting geologist services to the Company.

Corporate service agreement

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its office management, registered office, administrative, accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

NOTES TO THE FINANCIAL STATEMENTS continued

8. SEGMENT REPORTING

The consolidated entity operates one business being the mining and exploration of bauxite, minerals and related development projects in Australia.

9. EVENTS SUBSEQUENT TO BALANCE DATE

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 30 June 2023 that have significantly affected or may significantly affect:

- the operations, in financial half-year subsequent to 30 June 2023, of the Group;
- the results of those operations; or
- the state of affairs, in the financial half-year subsequent to 30 June 2023, of the Group