



ADVANCE METALS LIMITED
ABN 83 127 131 604

CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2023

For personal use only

CONTENTS

CONTENTS2

CORPORATE INFORMATION3

DIRECTORS' REPORT4

DECLARATION OF INDEPENDENCE BY HALL CHADWICK TO THE DIRECTORS OF ADVANCE METALS LIMITED8

CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME9

CONSOLIDATED INTERIM BALANCE SHEET10

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY11

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS12

NOTES TO THE FINANCIAL STATEMENTS13

DIRECTORS' DECLARATION20

INDEPENDENT AUDITOR'S REVIEW REPORT21

CORPORATE INFORMATION

Registered Office

Suite 706, Level 7
89 York Street
Sydney, NSW, 2000

Directors

Geoff Hill (Chairman)
Keith Middleton (Non-Executive Director)
Melissa Sanderson (Non- Executive Director)

Company Secretary

Wayne Kernaghan

Principal Place of Business

Suite 706, Level 7
89 York Street
Sydney, NSW, 2000
Email: info@pamcoal.com
Telephone: +61 2 8964-4373
Website: www.advancemetals.com.au/

Share Registry

Boardroom Pty Limited
Level 8, 210 George Street
Sydney, NSW, 2000
Telephone: 1300 737 760 (in Australia)
+61 2 9290 9600 (International)
Website: www.boardroomlimited.com.au

Banker

National Australia Bank
Westpac Banking Corporation
Bank of Queensland

Auditor

Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

Investor enquiries

Suite 706, Level 7
89 York Street
Sydney, NSW, 2000
Telephone: +61 2 8964-4373
Email: info@advancemetals.com.au
Website: www.advancemetals.com.au/

DIRECTORS' REPORT

The Directors of Advance Metals Limited ASX code: AVM (the Company) present their report for the half-year ended 30 June 2023. The Directors report as follows:

1. Directors

The names of the Directors of the Company during the half-year and up to the date of this report are:

Geoff Hill (Chairman) Appointed 15 May 2009

Keith Middleton (Non-Executive Director) Appointed 1 February 2022

Melissa Sanderson (Non-Executive Director) Appointed 14 April 2022

2. Review of operations

The consolidated loss after income tax for the half-year ended 30 June 2023 was \$585,739 (2022: \$712,935).

During the first half of the year the Company expanded its US footprint by adding the Augustus Polymetallic Project in Arizona. The company announced (ASX: AVM 20 April 2023) it had staked the highly prospective Augustus project staked in a historic mining district in Arizona. 85 Federal Lode Claims registered over favourable geology. Historic geochemical samples identify the presence of copper (Cu), silver (Ag), gold (Au). Existing road and highway networks in place leading into the project area. The area was drilled previously by ASARCO, Teck (Cominco), Freeports and other junior mining companies.

The Augustus project is high grade polymetallic project in West Central Arizona, approximately 43 km Northwest of Phoenix. The Company staked an area covering approximately 704 Hectares (1,741 acres) with favourable mineralisation and geology. The staking program was delivered on time and on budget.

The project has vast amounts of historical exploration data available from work completed by major mining companies such as Teck, Asarco and Freeports. A historical assay from a rock chip sample shows copper grades of +2% copper, +24 g/t gold and 7.8 g/t silver.

Between 1933 and 1956 the Bullard Mining District produced approximately 614,000 pounds of copper, 3,600 ounces of gold, and 15,000 ounces of silver from 17,000 tons of ore (Keith and others, 1983). (ASX: AVM 20 April 2023)

The company prepared an extensive exploration plan activity for Augustus and continued working with USFS on its drilling permits for Garnet Creek. To support these activities the Company brought on new skills at the Management level with the hiring of US based executive Frank Bennet to lead the company moving forward. The company announced (ASX: AVM 7 June 2023) the appointment of US based Frank Bennett as CEO. Frank is a seasoned mining executive with expertise in building businesses in North America for both domestic and international organisations. During the period, the Company appointed Mr Frank Bennett as Chief Executive Officer based in the USA.

Frank is an experienced senior executive who has worked for and consulted with multiple mining firms in the metals, coal, rare earths, and aggregate industries, including Newmont and MP Materials, as well as mining suppliers in the explosives, capital equipment, chemical, automation and ground support segments, including Austin Powder Company, Normet and Yokogawa.

Most recently Frank has been advising major mining companies (with annual spend greater than \$1B) on how to improve and reorganise their international and domestic supply chains. Frank has been extensively involved in international capital markets, with firms at various stages from startups to mineral producers. Highlights include negotiating a \$100M debt facility through a JP Morgan consortium, leading investor road shows with UBS and JP Morgan as book-runners and preparing pre-IPO firms for public listing.

The Company held its annual general meeting during the period and all resolutions passed and the company released its 2022 Annual Report to shareholders.

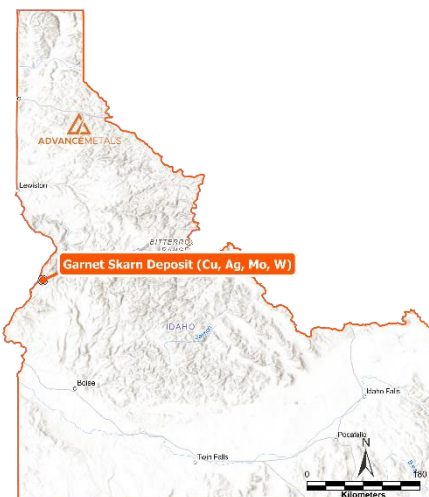


Also during the period the company engaged with recognised geological consultants with expertise in conducting exploration in Idaho and Arizona. The outcome of these activities resulted in the commencement of exploration activity occurring prior to the end of the half year at the Company's Augustus Polymetallic Project. The objective of the exploration activity is to work towards identifying a JORC compliant Exploration Target by:

- Collecting rock chip samples,
- Developing geological model, and
- Defining drill targets for the next round of exploration activity.

During the first half of the year, the Company commenced exploration activities at the Augustus Polymetallic Project. Activity was aimed at gaining a greater understanding of both the mineralisation potential over the project area and regionally if there were opportunities to expand the footprint of the Augustus Polymetallic Project even further. The exploration activity that commenced, included:

- A large scale mapping and sampling program
- Rock Chip Sampling and Analysis
- Structural Mapping and identification of alteration zones
- Mapping of mineralised areas
- Planning for drilling program
- Road mapping and drill pad locations
- Mapping historical data on the project



The Company continues to advance its Garnet Creek project as it awaits the approval of its drilling permits and has been in constant contact with the permitting regulator. Geochemical surveys including rock chip and soil sampling, geological mapping, and ground surveys have been completed and announced to market. The Company has taken an extensive review of all the project data over the last half and will update exploration targets that will be announced to the market once finalised.

The company has engaged copper and metals experts to review the current exploration as well historic data with the goal to complete a 3D model. The 3D model is currently being finalised and the company plans to upgrade its current JORC exploration targets using the model as well as new historic data. The company will update the market on these activities once they are complete.

AVM continues to work the US Forest Service on the permits it has submitted for drilling at the Garnet Skarn deposit. The agency has made a number of requests for the information and the company has

continued to supply this information. AVM hopes to have the permits approved and will update the market once complete.

The Company also has 100% ownership over the Anderson Creek Gold Project located in eastern Idaho. The Anderson Creek Gold Project was allocated exploration spending that aligned with the timing of Garnet Creek. Additional work on Anderson Creek included desktop analysis of historical aeromagnetic surveys that could assist to better understand the potential strike distance of the project. Concepts arising from this initial work is scheduled to be tested as part of the exploration program

Over the course of the period, the Company expanded its US footprint by creating Bandera Mining LLC a special purpose vehicle with world renowned geological team from World Industrial Minerals. Bandera Mining is focused on identifying and developing critical minerals deposits in the Western USA. The company has undertaken due diligence on a number of projects and is working towards leasing these projects in the coming quarters. The company announced (ASX: AVM 12 April 2023) that it had signed an MOU with World Industrial Minerals. Since that announcement, the company has signed a formal JV agreement and formed the company in Florida.

The Company continues to support our renewable energy strategy through GP Hydro Pte Ltd (GP Hydro). The Company continues to work with its Joint Venture on progressing the company and has been looking at a number of different strategies for the vehicle. This has resulted in the deferral of revenue and hence the Company has been in discussions with our partners to implement cost saving measures.

No activity occurred at the Elko Project during the period and the project remains a valuable asset for the Company. The Company has noted higher short-term increases in coking prices and continues to seek willing parties to assist in advancing the project through further exploration.

During the half year ended 30 June 2023, AVM's net cash used in operating activities totalled \$559,355 (2022: \$533,228).

3. Outlook

The Company and its controlled entities (**the Consolidated Entity**) continue to assess the value of its assets and seek out new investment opportunities. Focus areas of the Company are in:

- a) Extensive exploration program plan for the Augustus Polymetallic Project in Arizona.
- b) Drilling program being developed for Garnet Creek.
- c) Exploring and developing its 100% owned gold and base metal projects in Idaho.
- d) The Elko Coking Coal Project – Elko remains an asset of significant value to the Company, with the Company maintaining its commitment to ongoing investment in Elko Project. This ongoing investment will position Elko to benefit from a uplift in the coking coal market or interest from potential investors seeking direct ownership in a coking coal asset with 303Mt JORC 2012 compliant resource. The Company will continue to keep the Elko Project in good standing.

The Consolidated Entity has plans in place to undertake capital raising activities in the second half of the year to support the strategic objectives and direction of the Company.

4. Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Auditor's Independence Declaration pursuant to Section 307C of the Corporations Act 2001 (Cth) is set out on page 8.

5. Rounding of Amounts to the Nearest Dollar

The Company is not of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and, as such, amounts in the Half Year Financial Report and Directors' Report have been reported to the nearest dollar, unless otherwise stated.

6. Competent Person's Statement

Previously Released Information

This Interim Financial Report refers to information extracted from reports available for viewing on AVM's website www.advancemetals.com.au and announced on:

- 16.01.2019 "Elko Coking Coal Project JORC Resource Increased to 303Mt"

AVM confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of exploration targets, that all material assumptions and technical parameters underpinning the exploration targets in the relevant market announcements continue to apply and have not materially changed. AVM confirms that the form and context in which the Competent Person's findings presented have not been materially modified from the original market announcements.

Forward Looking Statements

Statements contained in this Interim Financial Report, particularly those regarding possible or assumed future performance, revenue, costs, dividends, production levels or rates, prices or potential growth of the Company, are, or may be, forward looking statements. Such statements relate to future events and expectations and, as such, involve known and unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied by these forward-looking.

The interpretations and conclusions reached in this announcement are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for absolute certainty. Any economic decisions which might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.

Signed in accordance with a resolution of the Board of Directors.



Keith Middleton
Director
Sydney
12 September 2023

**ADVANCE METALS LIMITED
ABN 83 127 131 604
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF ADVANCE METALS LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Advance Metals Limited. As the lead partner for the review of the financial report of Advance Metals Limited for the half year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

S. Kumar

SANDEEP KUMAR

Partner

Dated: 12 September 2023

CONSOLIDATED INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

For the Half-Year Ended 30 June 2023

| | Note | Consolidated Entity June 2023 | June 2022 |
|--|------|----------------------------------|------------------|
| | | \$ | \$ |
| Other revenue | | | |
| Interest income | | 13,202 | 898 |
| Other income | | - | 13 |
| Expenses | | | |
| Employee expenses | | (280,063) | (258,157) |
| Administration costs | | (315,118) | (267,360) |
| Share based payments | | - | (86,020) |
| Impairment of exploration and evaluation costs | 4 | - | - |
| Impairment of receivable from associate | 3 | (3,711) | (102,036) |
| Foreign currency exchange losses | | (49) | (273) |
| Loss before income tax | | (585,739) | (712,935) |
| Income tax expense | | - | - |
| Loss after income tax | | (585,739) | (712,935) |
| Other comprehensive income | | | |
| Items that may be reclassified to profit or loss | | | |
| Foreign currency translation differences | | 148,241 | 250,681 |
| Total other comprehensive income | | 148,241 | 250,681 |
| Total comprehensive income | | (465,684) | (462,254) |
| | | | Cents per share |
| (Loss) per share: | | | |
| Basic | 7 | (0.10) | (0.15) |
| Diluted | 7 | (0.10) | (0.15) |

The Consolidated Interim Statement of Profit and Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED INTERIM BALANCE SHEET

As at 30 June 2023

| | Note | Consolidated Entity June 2023 \$ | December 2022 \$ |
|---|------|--|---------------------|
| Current Assets | | | |
| Cash and cash equivalents | | 610,431 | 1,263,645 |
| Trade and other receivables | 3 | 20,901 | 20,901 |
| Other assets | | 7,950 | 22,665 |
| Total Current Assets | | <u>639,282</u> | <u>1,307,211</u> |
| Non-Current Assets | | | - |
| Security deposits | | 180,997 | 177,123 |
| Deferred exploration and evaluation costs | 4 | 4,637,759 | 4,359,777 |
| Total Non-Current Assets | | <u>4,818,756</u> | <u>4,536,900</u> |
| Total Assets | | <u>5,458,038</u> | <u>5,844,111</u> |
| Current Liabilities | | | |
| Trade and other payables | | 199,830 | 190,402 |
| Total Current Liabilities | | <u>199,830</u> | <u>190,402</u> |
| Total Liabilities | | <u>199,830</u> | <u>190,402</u> |
| Net Assets | | <u>5,258,208</u> | <u>5,653,709</u> |
| Equity | | | |
| Contributed equity | 5 | 18,819,614 | 18,749,431 |
| Share option reserve | 6 | 115,530 | 115,530 |
| Foreign currency exchange reserve | | 488,929 | 368,874 |
| Accumulated losses | | <u>(14,165,865)</u> | <u>(13,580,126)</u> |
| Total Equity | | <u>5,258,208</u> | <u>5,653,709</u> |

The Consolidated Interim Balance Sheet is to be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 30 June 2023

| | Note | Contributed Equity \$ | Share Option Reserve \$ | Foreign Currency Translation Reserve \$ | Accumulated Losses \$ | Total Equity \$ |
|--|------|-----------------------------|----------------------------------|---|-----------------------------|-----------------------|
| Balance at 1 January 2022 | | 17,782,931 | 63,450 | 38,826 | (12,202,366) | 5,682,841 |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of share capital | | - | - | - | - | - |
| Options issued | | - | 86,020 | - | - | 86,020 |
| Share issue costs | | - | - | - | - | - |
| | | - | 86,020 | - | - | 86,020 |
| Comprehensive income | | | | | | |
| Loss after tax | | - | - | - | (712,935) | (712,935) |
| Foreign currency translation differences | | - | - | 250,681 | - | 250,681 |
| Total comprehensive income for the half-year | | - | - | 250,681 | (712,935) | (462,254) |
| Balance at 30 June 2022 | | 17,782,931 | 149,470 | 289,507 | (12,915,301) | 5,306,607 |
| Balance at 1 January 2023 | | 18,749,431 | 115,530 | 368,874 | (13,580,126) | 5,653,709 |
| Transactions with owners in their capacity as owners | | | | | | |
| Issue of share capital | | 70,183 | - | - | - | 70,183 |
| Options issued | | - | - | - | - | - |
| Share issue costs | | - | - | - | - | - |
| | | 70,183 | - | - | - | 70,183 |
| Comprehensive income | | | | | | |
| Loss after tax | | - | - | - | (585,739) | (585,739) |
| Foreign currency translation differences | | - | - | 120,055 | - | 120,055 |
| Total comprehensive income for the half-year | | - | - | 120,055 | (585,739) | (465,684) |
| Balance at 30 June 2023 | | 18,819,614 | 115,530 | 488,929 | (14,165,865) | 5,258,208 |

The Consolidated Interim Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

For the Half-Year Ended 30 June 2023

| | Consolidated Entity June 2023 \$ | June 2022 \$ |
|--|--|-----------------|
| Cash Flows (Used In) / From Operating Activities | | |
| Interest received | 13,202 | 898 |
| Other income | - | 13 |
| Cash payments in the course of operations | (572,557) | (534,139) |
| Net Cash used in Operating Activities | (559,355) | (533,228) |
| Cash Flows (Used In) / From Investing Activities | | |
| Payment for exploration and evaluation costs | (164,042) | (271,184) |
| Net Cash used in Investing Activities | (164,042) | (271,184) |
| Cash Flows (Used In) / from Financing Activities | | |
| Proceeds from the issue of securities | 70,183 | - |
| Costs associated with the issue of securities | - | - |
| Net Cash from Financing Activities | 70,183 | - |
| Net (decrease)/increase in cash and cash equivalents | (653,214) | (804,412) |
| Net foreign exchange differences | - | (273) |
| Cash and cash equivalents at beginning of financial period | 1,263,645 | 2,256,631 |
| Cash and cash equivalents at end of financial period | 610,431 | 1,451,946 |

The Consolidated Interim Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Significant Accounting Policies

Reporting Entity

Advance Metals Limited (Formerly Pacific American Holdings Limited) (**the Company**) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the half year ended 30 June 2023 comprises the Company and its controlled entities (together referred to as **the Consolidated Entity**). The comparative period is the six months ended 30 June 2022.

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* (Cth).

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial reports of the Consolidated Entity as at and for the year ended 31 December 2022.

This consolidated interim financial report was approved on 12 September 2023 by the Board of Directors.

Going Concern

The Consolidated Entity had a net loss of \$585,739 and a net operating cash outflow of \$559,355 for the 6 months ended 30 June 2023. As at 30 June 2023, the Consolidated Entity had cash and cash equivalents of \$610,431, net current assets of \$439,452 and net assets of \$5,258,208.

Management continues to preserve operating cash and at the same time, process has started to raise additional capital to fund ongoing administration and budgeted exploration. The ability of the Consolidated Entity to continue as a going concern is principally dependent upon one or more of the following:

- the ability of the Consolidated Entity to raise additional capital in the form of equity;
- the continued support of current shareholders; and
- the ability to successfully develop and extract value from its projects that are under development.

These conditions give rise to a material uncertainty over the Consolidated Entity's ability to continue as a going concern.

Directors believe that the going concern basis of preparation is appropriate due to the following reasons:

- To date the Consolidated Entity has funded its activities through issuance of equity securities and it is expected that the Consolidated Entity will be able to fund its future activities through further issuances of equity securities; and
- Directors believe there is sufficient cash available for the Consolidated Entity to continue operating until it can raise sufficient further capital to fund its ongoing activities within the forecast period.

Should the Consolidated Entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the Consolidated Entity be unable to continue as a going concern.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Accounting Policies

The accounting policies and methods of computation applied by the Consolidated Entity in the consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 31 December 2022.

Associates

Associates are all entities over which the Consolidated Entity has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost.

The Consolidated Entity's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Any dividends receivable from associates are recognised as reduction in the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equal or exceed its interest in the associate, including any other unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Any unrealised gains on transactions between the Consolidated Entity and its associates are eliminated to the extent of the Consolidated Entity's interest in the associates. Any unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Consolidated Entity.

Deferred Exploration and Evaluation Costs

Exploration and evaluation costs related to an area of interest are written off as incurred except they are carried forward as an asset in the balance sheet where the rights of tenure of an area are current and it is considered probable that the costs will be recouped through successful development and exploitation of the area of interest, or alternatively be its sale.

Capital costs include costs directly related to exploration and evaluation activities in the relevant area of interest.

General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the relevant area of interest.

Capitalised exploration and evaluation expenditure are written off where the above conditions are no longer satisfied.

Identifiable exploration assets acquired are recognised as assets at their fair value.

Exploration and evaluation expenditure incurred subsequent to the acquisition of an exploration asset in a business combination is accounted for in accordance with the policy outlined above.

All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

Foreign Currency

Transactions in foreign currencies are translated to the respective functional currencies of the Consolidated Entity at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the transaction date.

Notes to the Financial Statements (continued)

1. Statement of Significant Accounting Policies (continued)

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interests.

New and Revised Standards

New and revised standards have been issued by the AASB and are effective for the half-year, however there are no material changes to the policies that affect the recognition and measurement of the results or financial position of the Consolidated Entity.

Fair Values

The fair values of Consolidated Entity's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

2. Dividends

During the half year, no dividends were paid or provided for (2022: \$ Nil).

3. Trade and other receivables

| | 30 June 2023 | 31 December 2022 |
|----------------------------|---------------|------------------|
| | \$ | \$ |
| Other receivables | 20,901 | 20,901 |
| Receivable from associates | 3,711 | 211,061 |
| | <u>24,612</u> | <u>231,962</u> |
| Impairment of receivables | (3,711) | (211,061) |
| | <u>20,901</u> | <u>20,901</u> |

4. Deferred exploration and evaluation costs

Movements during the period

| | | |
|---|------------------|------------------|
| Balance at beginning of period | 4,359,777 | 3,369,994 |
| Additions | 164,042 | 690,179 |
| Foreign currency difference to Exchange Reserve | 113,940 | 299,604 |
| Balance at end of period | <u>4,637,759</u> | <u>4,359,777</u> |

Notes to the Financial Statements (continued)

5. Contributed Equity

| | 30 June 2023 | 31 December 2022 |
|---|---------------------|---------------------|
| Issued Capital – Number of ordinary fully paid shares | <u>588,558,725</u> | <u>580,004,068</u> |
| Value of Issued Capital | <u>\$18,819,614</u> | <u>\$18,749,431</u> |

| | 30 June 2023 | | 31 December 2022 | |
|---|--------------------|-------------------|--------------------|-------------------|
| Share Capital Movements during the period: | Number | \$ | Number | \$ |
| Fully paid ordinary shares at beginning of period | 580,044,068 | 18,749,431 | 477,877,402 | 17,782,931 |
| Shares issued under placement offer | 2,000,000 | 20,000 | 98,000,000 | 980,000 |
| Share issued in lieu of cash payment of invoice | 6,514,657 | 50,183 | 4,166,666 | 50,000 |
| Share issue costs | - | - | - | (63,500) |
| Total fully paid ordinary shares at end of period | <u>588,558,725</u> | <u>18,819,614</u> | <u>580,044,068</u> | <u>18,749,431</u> |

6. Share Option Reserve

| | 30 June 2023 | 31 December 2022 |
|---|-------------------|-------------------|
| Unquoted options issued – Number of options | <u>54,466,664</u> | <u>17,800,000</u> |
| Value of options issued | <u>\$115,530</u> | <u>\$115,530</u> |

| | 30 June 2023 | | 31 December 2022 | |
|---|-------------------|----------------|-------------------|----------------|
| Unlisted Option Movements during the period: | Number | \$ | Number | \$ |
| Unquoted options at beginning of period | 17,800,000 | 115,530 | 13,500,000 | 63,450 |
| Unquoted options free attaching options issued under a placement expiring 10 March 2025 exercisable at \$0.021. | 36,666,664 | - | - | - |
| Unquoted options issued to directors expiring 31 May 2027 exercisable at \$0.02 | - | - | 5,500,000 | 63,030 |
| Unquoted options issued to employee option scheme expiring 31 March 2025 exercisable at \$0.018 | - | - | 3,800,000 | 22,990 |
| Unquoted options issued to directors expiring 4 June 2024 exercisable at 6.3 cents - expired | - | - | (500,000) | (3,550) |
| Unquoted options issued to directors expiring 29 June 2026 exercisable at 3.0 cents - expired | - | - | (3,000,000) | (13,200) |
| Unquoted options issued to directors expiring 31 May 2027 exercisable at 2.0 cents - expired | - | - | (1,500,000) | (17,190) |
| Total unlisted options at end of period | <u>54,466,664</u> | <u>115,500</u> | <u>17,800,000</u> | <u>115,530</u> |

Notes to the Financial Statements (continued)

7. Earnings per share

| | June 2023 \$ | June 2022 \$ |
|---|------------------|------------------|
| Losses used to calculate basic and diluted earnings per share | <u>(585,739)</u> | <u>(712,935)</u> |

Weighted average number of shares and options

| | Number of shares | Number of shares |
|---|------------------|------------------|
| Weighted average number of ordinary fully paid shares outstanding during the period, used in calculating basic and diluted earnings per share | 582,613,363 | 477,877,402 |

The effects from the potential ordinary shares of the Company arising from the exercise of share options for the financial period ended 30 June 2023 is deemed anti-dilutive. Accordingly, the basic and diluted earnings per share for the current financial period are the same.

8. Contingent Liabilities and Assets

The Consolidated Entity has no financial guarantees as at 30 June 2023 and 31 December 2022.

9. Subsequent Event

There has not arisen in the interval between the end of the interim period and the date of this review report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity.

Notes to the Financial Statements (continued)

10. Segment Reporting

Reportable Segments

The Consolidated Entity has identified its operating segments based on internal reports that are reviewed and used by the executive team in assessing performance and determining the allocation of resources. The Consolidated Entity does not yet have any products or services from which it derives an income.

During the half year to 30 June 2023, management identified the Consolidated Entity as having two reportable segments, being the geographic location of assets in the North America and Australia.

Below is an analysis of the Consolidated Entity's revenue and operating results from reportable segments:

| <i>Consolidated 6 months to 30 June 2023</i> | North America | Australia | Total |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Other revenue | | | |
| Interest income | - | 13,202 | 13,202 |
| Expenses | | | |
| Employee expenses | (204,390) | (75,673) | (280,063) |
| Administration costs | (114,539) | (200,579) | (315,118) |
| Impairment of receivable from associate | - | (3,711) | (3,711) |
| Foreign currency exchange loss | (86) | 37 | (49) |
| Loss before income tax | (319,015) | (266,724) | (585,739) |

Consolidated 6 months to 30 June 2022

| | | | |
|--|------------------|------------------|------------------|
| Other revenue | | | |
| Interest income | - | 898 | 898 |
| Other income | - | 13 | 13 |
| Recovery of impaired loss of receivable | - | - | - |
| Foreign currency exchange gain | - | - | - |
| Expenses | | | |
| Employee expenses | (192,009) | (66,148) | (258,157) |
| Administration costs | (62,022) | (205,338) | (267,360) |
| Share Based payments | - | (86,020) | (86,020) |
| Impairment of exploration and evaluation costs | - | (102,036) | (102,036) |
| Foreign currency exchange loss | (68) | (205) | (273) |
| Loss before income tax | (254,099) | (458,836) | (712,935) |

Notes to the Financial Statements (continued)

Below is an analysis of the Consolidated Entity's assets and liabilities from reportable segments:

| <i>Consolidated as at 30 June 2023</i> | North America | Australia | Total |
|--|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Current assets | 43,379 | 595,903 | 639,282 |
| Non-current assets | 4,818,756 | - | 4,818,756 |
| Total assets | 4,862,135 | 595,903 | 5,458,038 |
| Current liabilities | 163,299 | 36,531 | 199,830 |
| Non-current liabilities | - | - | - |
| Total liabilities | 163,299 | 36,531 | 199,830 |
| Net segment assets | 4,698,836 | 559,372 | 5,258,208 |
| <i>Consolidated as at 31 December 2022</i> | | | |
| Current assets | 44,140 | 1,263,071 | 1,307,211 |
| Non-current assets | 4,536,900 | - | 4,536,900 |
| Total assets | 4,581,040 | 1,263,071 | 5,844,111 |
| Current liabilities | 70,188 | 120,214 | 190,402 |
| Non-current liabilities | - | - | - |
| Total liabilities | 70,188 | 120,214 | 190,402 |
| Net segment assets | 4,510,852 | 1,142,857 | 5,653,709 |

DIRECTORS' DECLARATION²

For the half year ended 30 June 2023

In the Directors' opinion:

- the attached financial statements and notes thereto comply with the *Corporations Act 2001* (Cth), *Australian Accounting Standard AASB 134 'Interim Financial Reporting'*, *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the financial half-year ended on that date; and
- 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 Directors made pursuant to section 303(5) of the *Corporations Act 2001* (Cth).



Keith Middleton
Director
Sydney
12 September 2023

ADVANCE METALS LIMITED
ABN 83 127 131 604
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ADVANCE METALS LIMITED

Report on the Half Year Financial Report

We have reviewed the financial report of Advance Metals Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the 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 Group's financial position as at 30 June 2023 and of its financial performance for the half year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report which indicates that the Group incurred a loss of \$585,739 and had operating cash outflows of \$559,355 during the half year ended 30 June 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1 indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors for the Half Year Financial Report

The directors of the Group are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

For personal use only

ADVANCE METALS LIMITED
ABN 83 127 131 604
AND CONTROLLED ENTITIES

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
ADVANCE METALS LIMITED

Auditor's Responsibilities for the Review of the Half Year Financial Report

Our responsibility is to express a conclusion on the half year financial report based on our review. ASRE 410 requires us to conclude whether we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2023 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and 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.

Hall Chadwick (NSW)

HALL CHADWICK (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



SANDEEP KUMAR

Partner

Dated: 12 September 2023