

Half Year Financial Statements

Eagle Mountain Mining Limited (ASX:EM2) (Eagle Mountain, or the Company) is pleased to attach the Consolidated Financial Statements for the half year ended 31 December 2023.

This ASX announcement was authorised for release by the Board of Eagle Mountain Mining Limited.

For further information please contact:

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ABOUT EAGLE MOUNTAIN MINING

Eagle Mountain is a copper-gold explorer focused on the strategic exploration and development of the Oracle Ridge Copper Mine and the highly prospective greenfields Silver Mountain Project, both located in Arizona, USA.

Arizona is at the heart of America's mining industry and home to some of the world's largest copper discoveries such as Bagdad, Miami and Resolution, one of the largest undeveloped copper deposits in the world.

Follow the Company's developments through our website and social media channels:



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EAGLE MOUNTAIN MINING

EAGLE MOUNTAIN MINING LIMITED

ABN 34 621 541 204

FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
31 DECEMBER 2023**



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CORPORATE DIRECTORY

DIRECTORS

Rick Crabb (Non-Executive Chairman)
Charles Bass (Managing Director)
Roger Port (Non-Executive Director)

ALTERNATE DIRECTOR

Brett Rowe
(Alternate Director for Charles Bass)

CHIEF EXECUTIVE OFFICER

Tim Mason

COMPANY SECRETARY

Mark Pitts

ASX CODE

EM2

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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AUDITORS

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South Perth WA 6151

SHARE REGISTRY

Computershare Investor Services Pty Ltd
Level 17, 221 St Georges Terrace
Perth WA 6000

COMPETENT PERSON STATEMENT

Where the Company references previous exploration results and the updated Mineral Resource Estimate, it confirms that it is not aware of any new information or data that materially affects the information included in those announcements, and all material assumptions and technical parameters underpinning the exploration results and the Mineral Resource Estimate continue to apply and have not materially changed. In addition, the form and context in which the Competent Persons findings are presented have not been materially modified from the original reports.



DIRECTORS' REPORT

The Directors present the consolidated financial statements of Eagle Mountain Mining Limited ("Eagle Mountain" or the "Company") and its controlled entities (the "Group") for the half year ended 31 December 2023.

DIRECTORS

The following persons were Directors of Eagle Mountain during the whole of the half year and up to the date of this report, unless stated otherwise:

Rick Crabb	<i>(Non-Executive Chairman)</i>
Charles Bass	<i>(Managing Director)</i>
Roger Port	<i>(Non-Executive Director)</i>
Brett Rowe	<i>(Alternate Director for Charles Bass)</i>

CHIEF EXECUTIVE OFFICER

Tim Mason

COMPANY SECRETARY

Mark Pitts

REVIEW OF OPERATIONS

The loss after income tax of the Group for the half year was \$3,146,231 (31 December 2022: \$7,533,132), which includes exploration and evaluation costs of \$1,563,404 (31 December 2022: \$5,814,019).

As at 31 December 2023, the Group had cash assets of \$525,534 (30 June 2023: \$2,236,536).

During the reporting period, various metallurgical and comminution test work programs (such as froth flotation, ore sorting and magnetic separation testwork) were progressed at the Oracle Ridge Copper Project. An assessment of sulphide leaching processes, which could reduce capital and operating costs, commenced in the period.

In November 2023, an updated Mineral Resource Estimate (MRE) was completed using a revised geological model incorporating new drilling and underground channel sampling results. The new MRE reflects an increase in measured and indicated copper and an increase in inferred tonnes and grade. Internal mining and metallurgical studies conducted justified lowering the Mineral Resource reporting cut-off grade to 0.8%Cu (refer Table 1).

Table 1 – New Oracle Ridge Mineral Resource Estimate at a 0.8% copper cut-off

Resource Category	Tonnes [Mt]	Cu [%]	Ag [g/t]	Au [g/t]	Contained Cu	Contained Ag	Contained Au
Measured	3.1	1.40	13.93	0.18	43,000 t or 94,800,000 lb	1.4 MOz	18 kOz
Indicated	12.2	1.36	11.96	0.18	166,000 t or 366,000,000 lb	4.7 MOz	71 kOz
Subtotal M+I	15.3	1.37	12.35	0.18	209,000 t or 460,800,000 lb	6.1 MOz	89 kOz
Inferred	13.0	1.32	9.53	0.13	171,000 t or 377,000,000 lb	4.0 MOz	53 kOz
Total M+I+I	28.2	1.35	11.06	0.16	380,000 t or 837,800,000 lb	10.0 MOz	142 kOz

Differences may occur in totals due to rounding



DIRECTORS' REPORT

During the reporting period, the Company commenced preparatory work for a capital raising. The Renounceable Entitlement Offer was announced on 29 January 2024 and the prospectus including the terms of the offer and a statement of risk factors was despatched to shareholders in February 2024.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than the matter above, there were no significant changes in the Group's state of affairs during the half year.

EVENTS SUBSEQUENT TO THE REPORTING DATE

Subsequent to the end of the reporting period, the Company:

- commenced work on a formal Scoping Study to define the economic and technical pathway to production for the Oracle Ridge Copper Project;
- announced the Renounceable Entitlement Offer to raise up to approximately \$4.57 million from the issue of approximately 76.2 million shares at an issue price \$0.06 per share. An attaching option, with a 3 year term and exercisable at \$0.20 each, will be issued for every New Share issued; and
- executed a right of first refusal to acquire 100% of the surface rights for 15 acres of the Cochise patented claim adjacent to existing patented claims owned by the Group. The Group is in the process of finalising various legal agreements for the acquisition of the property. Refer to note 15 for further detail.

Other than as stated above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, William Buck Audit (WA) Pty Ltd, to provide the Directors of the Group with an Independence Declaration. This Independence Declaration is set out on the following page and forms part of this Directors' Report for the half year ended 31 December 2023.

This report has been made in accordance with a resolution of the Board of Directors.

Rick Crabb
Chairman

Dated at Perth this 8th day of March 2024

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

To the directors of Eagle Mountain Mining Limited and its controlled entities

As lead auditor for the review of Eagle Mountain Mining Limited and its controlled entities for half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Eagle Mountain Mining Limited and the entities it controlled during the period.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director

Dated this 8th day of March 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Half Year Ended 31 December 2023

	Notes	31 December 2023 A\$	31 December 2022 A\$
Operations			
Interest revenue		3,244	8,679
Other income		35,172	-
Exploration and evaluation costs		(1,563,404)	(5,814,019)
Administration and other costs		(882,901)	(1,047,824)
Equity based payments	11	(14,918)	(209,160)
Finance costs		(338,814)	(189,579)
Depreciation expense		(448,367)	(310,962)
Net change in fair value of convertible loans	10	60,133	182
Gain on foreign currency exchange		3,714	29,551
Loss before income tax		(3,146,231)	(7,533,132)
Income tax expense		-	-
Loss after income tax from operations		(3,146,231)	(7,533,132)
Other comprehensive income/(loss)			
<i>Other comprehensive income that may be re-classified to profit or loss in subsequent periods</i>			
(Loss)/gain on foreign currency exchange		(128,815)	63,942
Total comprehensive loss for the period		(3,275,046)	(7,469,190)
Basic and diluted loss per share		Cents (1.0)	Cents (2.8)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 A\$	30 June 2023 A\$
Current Assets			
Cash and cash equivalents		525,534	2,236,536
Trade and other receivables		102,406	184,701
Total Current Assets		627,940	2,421,237
Non-Current Assets			
Exploration and evaluation expenditure	6	10,935,125	11,281,486
Property, plant and equipment	7	3,612,317	4,106,879
Right-of-use assets	8	215,783	346,516
Bonds and deposits		286,925	295,896
Total Non-Current Assets		15,050,150	16,030,777
TOTAL ASSETS		15,678,090	18,452,014
Current Liabilities			
Trade and other payables		231,528	514,800
Employee leave liabilities		99,902	115,831
Lease liabilities	9	154,521	250,321
Borrowings	10	5,337,157	-
Total Current Liabilities		5,823,108	880,952
Non-Current Liabilities			
Lease liabilities	9	95,557	141,060
Employee leave liabilities		25,597	22,974
Borrowings	10	8,449,912	12,862,984
Total Non-Current Liabilities		8,571,066	13,027,018
TOTAL LIABILITIES		14,394,174	13,907,970
NET ASSETS		1,283,916	4,544,044
Equity			
Issued capital	12	84,482,468	84,482,468
Reserves		4,372,260	5,523,799
Accumulated losses		(87,570,812)	(85,462,223)
TOTAL EQUITY		1,283,916	4,544,044

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



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half Year Ended 31 December 2023

	Issued capital A\$	Foreign currency translation reserve A\$	Share based payment reserve A\$	Common control reserve A\$	Accumulated losses A\$	Total A\$
Balance at 1 July 2022	78,501,878	302,768	9,446,196	(3,014,276)	(73,440,676)	11,795,890
Loss for the period	-	-	-	-	(7,533,132)	(7,533,132)
Other comprehensive income for the period net of income tax	-	63,942	-	-	-	63,942
Total comprehensive loss for the period	-	63,942	-	-	-	63,942
Issue of shares	3,742,300	-	-	-	-	3,742,300
Capital raising costs	(195,841)	-	-	-	-	(195,841)
Vesting of options/performance rights	-	-	209,160	-	-	209,160
Cancellation of options	-	-	(100,423)	-	100,423	-
Balance at 31 December 2022	82,048,337	366,710	9,554,933	(3,014,276)	(80,873,385)	8,082,319
Balance at 1 July 2023	84,482,468	479,764	8,058,311	(3,014,276)	(85,462,223)	4,544,044
Loss for the period	-	-	-	-	(3,146,231)	(3,146,231)
Other comprehensive income for the period net of income tax	-	(128,815)	-	-	-	(128,815)
Total comprehensive loss for the period	-	(128,815)	-	-	-	(128,815)
Issue of shares	-	-	-	-	-	-
Capital raising costs	-	-	-	-	-	-
Vesting of options/performance rights	-	-	14,918	-	-	14,918
Cancellation of options	-	-	(1,037,642)	-	1,037,642	-
Balance at 31 December 2023	84,482,468	350,949	7,035,587	(3,014,276)	(87,570,812)	1,283,916

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half Year Ended 31 December 2023

	31 December 2023	31 December 2022
	A\$	A\$
Cash Flows from Operating Activities		
Payments to suppliers and employees	(765,054)	(1,045,257)
Payments for exploration and evaluation	(1,741,162)	(5,989,180)
Payments for interest and other financing costs	(15,339)	(26,029)
Interest received	3,125	8,679
Net cash used in operating activities	(2,518,430)	(7,051,787)
Cash Flows from Investing Activities		
Payments for acquisition of exploration assets	-	(17,916)
Proceeds from the sale of fixed assets	90,993	-
Payments for purchase of fixed assets	(142,909)	(1,222,892)
Net cash used in investing activities	(51,916)	(1,240,808)
Cash Flows from Financing Activities		
Proceeds from the issue of shares and options	-	3,773,300
Costs of the issue of shares and options	-	(195,840)
Proceeds from borrowings	1,000,000	-
Repayment of borrowings	-	(5,694)
Repayment of lease liabilities	(140,788)	(122,172)
Net cash generated by financing activities	859,212	3,449,594
Net decrease in cash held	(1,711,134)	(4,843,001)
Cash and cash equivalents at the beginning of the period	2,236,536	11,073,913
Effect of foreign currency exchange on cash and cash equivalents	132	47,868
Cash and cash equivalents at the end of the period	525,534	6,278,780

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



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 1 BASIS OF PREPARATION OF HALF YEAR REPORT

Statement of compliance

The half year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* ("AASB 134"). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 30 June 2023 annual financial statements and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The Group is a for profit entity for financial reporting purposes under Australian Accounting Standards.

Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

These accounting policies are consistent with those previously disclosed in the 30 June 2023 annual financial statements unless otherwise stated.

Accounting Policy: Property, Plant and Equipment – Depreciation of Mine Properties

Depreciation of Mine Properties (consisting of the underground refurbishment) commenced during the reporting period. The asset is depreciated on the diminishing value basis at a rate of 12.5%.

The half year financial report was approved by the Board of Directors on 8th March 2024.

Going Concern

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

The Group has incurred a loss after income tax of \$3,146,231 and a net operating cash outflow of \$2,518,430 during the half year ended 31 December 2023. Cash assets at 31 December 2023 were \$525,534 and current liabilities at that date were \$5,823,108. Current liabilities include approximately \$5.3 million relating to loan repayments. These factors indicate that there is a material uncertainty that may cast significant doubt on whether the Group will be able to continue as a going concern and therefore whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The \$5.3 million current loan repayments comprise \$3.1 million relating to a convertible loan with Metech Super Pty Ltd as trustee for the Metech No2 Super Fund (an entity associated with Director, Mr Charles Bass) and \$2.2 million owing to Vincere Resource Holdings LLC (refer note 10). The Metech loan is convertible at the option of the Lender and should the Lender not exercise this option, the Company may elect to repay the loan by the issue of shares under the terms of the loan agreement.

In addition to the current liabilities highlighted above, the Company makes reference to its contractual commitments as outlined in note 15 and in particular the reversionary interest over certain of the patented claims covering the Oracle Ridge Mine held by Marble Mountain Ventures LLC (MMV).

The Directors will continue to manage the Group's activities with due regard to current and future funding requirements. Subsequent to the reporting period, the Group announced a Renounceable Entitlement Offer to raise up to \$4.57 million. The Offer is partially underwritten up to \$1.25 million and is currently scheduled to close on 15 March 2024. Cash forecasts have been prepared to 31 March 2025 and project a positive cash balance at this date. The forecasts demonstrate that there is a need for additional funding over and above the funds available at 31 December 2023. Without additional funds, the Group would be required to significantly scale back exploration activities and corporate overheads.

The Directors reasonably expect that the Company will be able to raise sufficient capital to fund the Group's exploration and working capital requirements and renegotiate the terms of and/or sufficiently fund the repayment of borrowings and commitments due within 12 months of the date of this report, such that the Group will be able to settle debts as and when they become due and payable. The Group also has the ability to reduce expenditure should there be a shortfall in future capital raisings. On this basis, the Directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

Adoption of new and revised Accounting Standards

There has been no impact to the financial statements arising from new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted by the Group for the reporting period ended 31 December 2023.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Principles of consolidation

The financial statements of subsidiary companies are included in the consolidated financial statements from the date control commences until the date control ceases. The financial statements of subsidiary companies are prepared for the same reporting period as the parent company using consistent accounting policies.

Inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation. Investments in subsidiary companies are accounted for at cost in the individual financial statements of the Company.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. The estimates, judgements and assumptions disclosed as at 30 June 2023 are still valid for this half year reporting period. In addition, the following key judgements, estimates and assumptions apply to this reporting period:

Valuation of derivative liability

The Group has entered into loan agreements which contain a conversion feature whereby the value of the loan, or a portion thereof, can be converted into shares in the Company upon the occurrence of various conversion trigger events or upon the election of the lender (or borrower). To derive the fair value of the embedded derivative liability component of the loans, a number of assumptions have been made. These assumptions, as well as key terms of the loan agreements, are outlined in note 10.

NOTE 3 SEGMENT INFORMATION

AASB 8 *Operating Segments* requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Group operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Group.

The Group has exploration claims and the Oracle Ridge Copper Project in Arizona, United States of America and operates in both Australia and USA.

Information regarding the non-current assets by geographical location is reported below. No geographical location segment information is provided in relation to revenue and profit or loss for the half year ended 31 December 2023 or the year ended 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 3 SEGMENT INFORMATION (continued)

Reconciliation of Non-Current Assets by Geographical Location

	31 December 2023 A\$	30 June 2023 A\$
Australia	227,123	278,014
United States of America	14,823,027	15,752,763
	15,050,150	16,030,777

NOTE 4 DIVIDENDS

No dividends were paid or proposed during the period.

The Company has no franking credits available as at 31 December 2023.

NOTE 5 LOSS FROM ORDINARY ACTIVITIES

	31 December 2023 A\$	31 December 2022 A\$
Included in the loss before income tax are the following specific items of income/(expenses):		
Fair value gain/(loss) on derivative liability (note 10)	60,133	182
Interest and finance costs paid/payable on borrowings	(326,626)	(167,356)
Interest paid/payable on leases	(12,188)	(22,223)
Share based payments expense – employees	(14,918)	(209,160)

NOTE 6 EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2023 A\$	30 June 2023 A\$
Movement during the period		
Carrying value – beginning of the period	11,281,486	10,774,803
Capitalisation of tailings storage facility costs ¹	-	85,766
Effect of movement in foreign currency exchange rates	(346,361)	420,917
Carrying value – end of the period	10,935,125	11,281,486

¹ The Group acquired an existing tailings storage facility (“TSF”) with the purchase of the Oracle Ridge Copper Project. The TSF is covered by a permit issued by the Arizona Department of Environmental Quality which includes a condition that the TSF be upgraded to meet current engineering standards. This cost of the upgrade been provided for in the financial statements as an adjustment to the cost of acquisition of the Oracle Ridge Copper Project.

Carried forward exploration and evaluation expenditure represents the exploration asset acquisition costs recognised on the acquisition of Silver Mountain Mining Pty Ltd and the Oracle Ridge Copper Mine.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

	31 December 2023 A\$					30 June 2023 A\$
<hr/>						
Net book value of plant and equipment				3,612,317		4,106,879
<hr/>						
	Leasehold improve- ments A\$	Office equipment furniture A\$	Field equipment & vehicles A\$	Mine plant & equipment A\$	Mine Properties ¹ \$A	Total A\$
Opening net book value	48,496	94,084	276,458	678,902	3,008,939	4,106,879
Cost of additions/(disposals)	-	-	(37,943)	(16,989)	(13,731)	(68,663)
Depreciation charge	(8,210)	(12,481)	(35,575)	(71,606)	(190,153)	(318,025)
Foreign exchange movement	(1,113)	(381)	(5,690)	(17,036)	(83,654)	(107,874)
Closing net book value	39,173	81,222	197,250	573,271	2,721,401	3,612,317

¹ Refurbishment of the underground infrastructure.

NOTE 8 RIGHT-OF-USE ASSETS

	31 December 2023 A\$	30 June 2023 A\$
Opening balance	346,516	592,606
Depreciation expense	(130,342)	(255,283)
Foreign exchange movement	(391)	9,193
	215,783	346,516

The Group leases land and buildings for its offices in Perth, Australia and Arizona, USA under agreements with original terms of up to five years and which may contain options to extend the lease term.

NOTE 9 LEASE LIABILITIES

	31 December 2023 A\$	30 June 2023 A\$
Current liability	154,521	250,321
Non-current liability	95,557	141,060
	250,078	391,381
Movement in lease liabilities		
Opening balance	391,381	632,052
Repayments net of interest	(140,788)	(250,746)
Foreign exchange movement	(515)	10,075
Balance at the end of the period	250,078	391,381

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 10 BORROWINGS

	31 December 2023 A\$	30 June 2023 A\$
Current		
Loan – debt liability ¹	2,192,982	-
Loan from related party – derivative liability ²	38,371	-
Loan from related party – debt liability ²	3,105,804	-
Subtotal loan	5,337,157	-
Non-current		
Loan – derivative liability ¹	303,584	348,606
Loan – debt liability ¹	8,146,328	10,496,189
Subtotal loan	8,449,912	10,844,795
<i>Loan from related party</i>		
Loan – derivative liability ²	-	48,702
Loan – debt liability ²	-	1,969,487
Subtotal loan	-	2,018,189
Total borrowings	13,787,069	12,862,984

¹ Vincere Loan

Under the terms of the purchase agreement of the Oracle Ridge Copper Project in Arizona, USA, Wedgetail Operations LLC, a subsidiary in which the Company now holds a 100% interest, entered into a US\$6,423,000 secured loan with Vincere Resource Holdings LLC. The loan commenced in November 2019, is secured over all of the assets of Wedgetail Operations LLC, has a ten-year term and accrues interest at 3.15% per annum for the first five years with no interest accruing thereafter. Commencing with the fifth anniversary, five annual loan repayments of US\$1,500,000 each are payable up to a total value of US\$7,500,000.

Under the terms of the agreement, the lender has the right to convert up to US\$1,000,000 of the secured loan into ordinary shares of the Company upon each of the following three conversion trigger events:

- The completion of a preliminary feasibility study;
- A commitment is made to proceed with a bankable feasibility study; and
- A commitment is made to commission the financing of the project as evidenced by a feasibility study sufficient to obtain third party financing.

The terms of the agreement prevent the issue of ordinary shares to the lender where the cumulative number of shares held as a result of exercising the conversion rights would exceed 10% of the Company's ordinary shares on issue.

The conversion price of each conversion right held by the lender is an amount equal to a 20% discount to the 30 day volume weighted average price of the Company's shares for the 30 days immediately after the date of public announcement of the applicable conversion trigger event.

The face value of US\$6,423,000 at inception was deemed to comprise the value of the derivative liability (or conversion right), with the residual being the debt liability component. The debt liability component of the secured loan is amortised at each reporting period using the effective interest method. The derivative liability component is revalued at each reporting date over the life of the secured loan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 10 BORROWINGS (continued)

Fair Value Measurement

The derivative liability component of the loan is measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore the category in which the asset or liability is placed can be subjective.

The derivative liability has been categorised as Level 3 in the fair value hierarchy and the fair value at the end of the reporting period was \$303,584.

There were no transfers between levels during the reporting period.

Valuation Model Assumptions

The updated valuation of the conversion right has been undertaken at 31 December 2023 with the following assumptions:

Assumptions	Conversion Event 1	Conversion Event 2	Conversion Event 3
Valuation date	31 December 2023	31 December 2023	31 December 2023
Spot price (A\$) ¹	\$0.075	\$0.075	\$0.075
Exercise price ²	\$0.063	\$0.065	\$0.067
Risk free rate	3.69%	3.69%	3.61%
Expected future volatility	85%	85%	85%
Expiry date ³	30 June 2025	30 June 2026	30 June 2027
Probability ⁴	90%	70%	70%

¹ The last traded price of the Company's shares on the ASX on 30 December 2023.

² Exercise price is equal to a 20% discount to the estimated volume weighted average price of the Company's shares for the 30 days immediately after the public announcement of the applicable conversion trigger event.

³ The expiry date is the estimated date on which the conversion right will be exercised for each tranche of conversion rights. The expiry date is reviewed at each reporting date.

⁴ Management's estimate as at balance date of the probability of the conversion trigger events being achieved on the expiry dates for each tranche of conversion rights.

Based on the above assumptions, the revaluation of the derivative liability resulted in a fair value gain of \$35,970 which has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

In relation to the restriction of conversion rights up to 10% of the ordinary shares on issue, the valuation is based on the number of shares on issue at the valuation date.

	31 December 2023 A\$	30 June 2023 A\$
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Reconciliation of movement in Level 3 derivative liability

Balance at the start of the period/financial year	348,606	449,035
Gain recognised in profit or loss	(35,970)	(116,145)
Effect of movement in foreign currency exchange rates	(9,052)	15,716
Balance at the end of the period/financial year	303,584	348,606

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 10 BORROWINGS (continued)

Unobservable inputs for fair value measurement

In determining the fair value measurement of the derivative liability, certain observable inputs including the share price and exercise price of the conversion rights are used, together with unobservable inputs.

The unobservable inputs used in the valuation of the derivative liability are deemed to be:

1. Issued capital – as the conversion rights are restricted to not more than 10% of the ordinary shares on issue, any increase in issued shares may impact the number of conversion rights that can be exercised;
2. Timing of the three milestones to be achieved (conversion trigger events); and
3. The probability of the conversion trigger events being achieved.

The Level 3 unobservable inputs and sensitivity are as follows:

Unobservable Input	Change in input	Sensitivity
Shares on Issue	+25%	A 25% increase in share capital will result in a fair value increase of \$52,520.
Date of conversion trigger event	-6 months	A decrease of 6 months in achieving the first and subsequent milestones will result in a fair value increase of \$5,504.
Date of conversion trigger event	+6 months	An increase of 6 months in achieving the first and subsequent milestones will result in a fair value decrease of \$5,495.

² Loan from Related Party

During the financial year ended 30 June 2023, Metech Super Pty Ltd as trustee for the Metech No2 Super Fund (Lender), an entity associated with Director, Mr Charles Bass, provided an unsecured loan facility of up to \$3,000,000 to the Company. The loan attracts interest at 10% per annum and matures on 31 December 2024. The Company may repay all or part of the outstanding loan balance at any time prior to the maturity date without penalty. The Lender may elect to convert all or part of the outstanding balance into ordinary shares in the Company at any time up until the date which is 90 days prior to maturity, subject to shareholder approval, at a conversion price being the greater of:

- i. a 15% discount to the 15 day VWAP for the Company's shares immediately prior to the election to convert; and
- ii. a floor price of \$0.14 per share.

If any portion of the loan is not repaid or converted prior to the day which is 90 days prior to maturity, the Company may at its sole discretion either repay the balance of the loan and interest in cash or require conversion at a 12% discount to the 15 day VWAP for the Company's shares immediately prior to the election to convert, subject to shareholder approval.

At 31 December 2023, the facility is fully drawn with drawdowns occurring as follows:

1. \$2 million drawn down on 26 May 2023; and
2. \$1 million drawn down on 20 September 2023.

The face value of the loan comprises the sum of the value of the derivative liability (or conversion right), and the debt liability component at inception. The debt liability component of the loan is amortised at each reporting period using the effective interest method. The fair value of the derivative liability component is revalued at each reporting date over the life of the loan.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 10 BORROWINGS (continued)

Fair Value Measurement

The derivative liability component of the loan is measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement. The derivative liability has been categorised as Level 3 in the fair value hierarchy and the fair value at the end of the reporting period was \$38,371.

There were no transfers between levels during the financial year.

Valuation Model Assumptions

An independent valuation of the derivative liability has been undertaken at each of the loan drawdown dates, and subsequently revalued at 31 December 2023, using a Monte Carlo simulation model with the following assumptions:

Assumptions	\$2m drawdown	\$1m drawdown	Total \$ 3m at 31 December 2023
Valuation date	26 May 2023	20 September 2023	31 December 2023
Spot price (A\$) ¹	\$0.100	\$0.079	\$0.075
Risk free rate	3.57%	3.97%	3.69%
Expected future volatility	85%	85%	85%
Expiry date ²	31 December 2024	31 December 2024	31 December 2024

¹ The last traded price of the Company's shares on the ASX on 26 May 2023, 20 September 2023 and 31 December 2023 respectively.

² The expiry date is the maturity date of the loan and it is assumed that conversion would occur on this date.

Exercise price – It was identified that three possible conversion scenarios could occur depending on the value of the share price. A Monte Carlo simulation model was used to assess the probability of the share price hitting each of the thresholds with results at drawdown dates and revaluation date as follows:

	Grant Date 26 May 2023 \$2m	Grant Date 20 September 2023 \$1m	Revaluation 31 December 2023 \$3m
Probability of spot price < \$0.140	78.9%	84.7%	86.8%
Probability of spot price \$0.140 to \$0.165	4.0%	3.8%	3.9%
Probability of spot price > \$0.165	17.1%	11.5%	9.3%

Based on the above assumptions, the revaluation of the derivative liability resulted in a fair value gain of \$24,163 which has been recognised in the condensed consolidated statement of profit or loss and other comprehensive income.

<i>Reconciliation of movement in Level 3 derivative liability</i>	31 December 2023 A\$	30 June 2023 A\$
Movement during the year		
Balance at the start of the period/financial year	48,702	-
Fair value on initial drawdown date	13,832	52,993
Gain recognised in profit or loss	(24,163)	(4,291)
Balance at the end of the period/financial year	38,371	48,702

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 11 SHARE BASED PAYMENTS

Options

During the reporting period, 1,500,000 options vested and 4,250,000 options were cancelled. No options were issued or exercised during the reporting period.

Subsequent to the end of the reporting period, no options were issued, vested, exercised or cancelled.

Performance Rights

During the reporting period, no performance rights were granted, issued, vested, exercised or cancelled.

Subsequent to the end of the reporting period, 100,000 performance rights vested. No performance rights were granted, issued, exercised or cancelled.

Ordinary Shares

During and subsequent to the end of the reporting period, no ordinary shares were granted as a share based payment.

NOTE 12 ISSUED CAPITAL

	6 Months to 31 December 2023		6 Months to 31 December 2022	
	Shares	A\$	Shares	A\$
Balance at 1 July	304,966,863	84,482,468	268,265,063	78,501,878
Placement shares issued at \$0.165	-	-	18,181,818	3,000,000
Shares issued pursuant to Share Purchase Plan at \$0.165/share*	-	-	4,498,769	742,300
Less: share issue costs	-	-	-	(195,841)
Balance at 31 December	304,966,863	84,482,468	290,945,650	82,048,337

* Share Purchase Plan offered to eligible shareholders.

NOTE 13 SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, the Company:

- commenced work on a formal Scoping Study to define the economic and technical pathway to production for the Oracle Ridge Copper Project;
- announced a Renounceable Entitlement Offer to raise up to approximately \$4.57 million from the issue of approximately 76.2 million shares at an issue price \$0.06 per share. An attaching option, with a 3 year term and exercisable at \$0.20 each, will be issued for every New Share issued; and
- executed a right of first refusal to acquire 100% of the surface rights for 15 acres of the Cochise patented claim adjacent to existing patented claims owned by the Group. The Group is in the process of finalising various legal agreements for the acquisition of the property. Refer to note 15 for further detail.

Other than as stated above, there has not arisen in the interval between the end of the reporting period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect substantially the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

NOTE 14 CONTINGENT ASSETS AND LIABILITIES

There has been no material change to the contingent assets or liabilities of the Group since 30 June 2023.



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Half Year Ended 31 December 2023

NOTE 15 CONTRACTUAL COMMITMENTS

Exploration Expenditure

In order to maintain the current tenure status of its exploration assets, the Group has certain obligations and minimum expenditure requirements with respect to unpatented claims and Arizona state exploration permits located in Arizona in the United States of America, as follows:

	31 December 2023 A\$	30 June 2023 A\$
Within 1 year	517,978	533,978
After 1 year but not more than 5 years	2,127,476	2,197,758
Total	2,645,454	2,731,736

Operating Leases

The Group has entered into operating leases to rent storage space in Tucson, Arizona and the Group has availed itself of the recognition exemption under AASB16 *Leases*. At 31 December 2023, the total commitments under the lease agreements are as follows:

	31 December 2023 A\$	30 June 2023 A\$
Within 1 year	12,281	12,670
After 1 year but not more than 5 years	6,140	12,670
Total	18,421	25,340

Asset Acquisitions

The Company has an access agreement on the Cochise patented claim and the annual payments due under this agreement are disclosed as exploration commitments. Subsequent to the end of the reporting period, the Company executed the right of first refusal clause under the access agreement to acquire a 15 acre portion of the Cochise patented claim. The acquisition is for 100% of the surface rights of the claim for a consideration of US\$325,000 comprising a down payment of US\$200,000 and a secured seller's loan of US\$125,000 over a 5 year period at 6% interest per year.

Other Commitments

A Reversionary Interest in the Mineral Rights is held by Marble Mountain Ventures LLC ("MMV") over certain of the Patented Claims covering the mine. The Reversionary Interest is provided for in a deed dated 18 February 2010, with reversion set to occur on 18 February 2025, unless an Extension Option is exercised by Wedgetail Operations LLC ("WTO"). In order to exercise the Extension Option, WTO needs to provide 30 days written notice, make an Extension Payment in the order of US\$3 million adjusted for CPI and remain in compliance with various related agreements. Should WTO agree to exercise the Extension Option, WTO's interest in the mineral rights related to certain of the Patented Claims will be extended to 18 February 2040.

The Group also has an Industrial Property Lease agreement ("Lease Agreement") with MMV which provides surface access rights over patented claims which covers areas including the existing 5900 and 6400 mine portals, and the historic mill site. The Group made lease payments of approximately US\$194,000 this financial year to MMV pursuant to the Lease Agreement. The lease payments are subject to annual escalation for inflation. The term of the lease automatically renews every three years until expiration of the term on 31 January 2040.



DIRECTORS' DECLARATION

The Directors of Eagle Mountain Mining Limited declare that:

- (a) the attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 31 December 2023 and of the performance for the period ended on that date of the Group.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Signed at Perth this 8th day of March 2024.

Rick Crabb
Chairman

Independent auditor's review report to the members of Eagle Mountain Mining Limited

Report on the half-year financial report



Our conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Eagle Mountain Mining Limited (the Company), and its subsidiaries (the Group) does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year then ended; and
- complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

What was reviewed?

We have reviewed the accompanying half-year financial report of the Group, which comprises:

- the consolidated statement of financial position as at 31 December 2023,
- the consolidated statement of profit or loss and other comprehensive income for the half-year then ended,
- the consolidated statement of changes in equity for the half-year then ended,
- the consolidated statement of cash flows for the half-year then ended,
- notes to the financial statements, and
- the directors' declaration.

Basis for conclusion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half-year financial report, which indicates that the Group incurred a net loss of \$3,146,231 and a net operating cash outflow of \$2,518,430 during the half-year ended 31 December 2023. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on 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 Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated group's financial position as at 31 December 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 other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

William Buck

William Buck Audit (WA) Pty Ltd
ABN 67 125 012 124

Amar Nathwani

Amar Nathwani
Director

Dated this 8th day of March 2024