



Alderan Resources Limited

ABN 55 165 079 201

Consolidated Interim Financial Report
For the Half Year Ended 31 December 2023

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CORPORATE DIRECTORY

Directors

Mr Ernest Thomas Eadie - Non-Executive Chairman

Mr Scott Caithness - Managing Director

Mr Peter Williams - Non-Executive Director

Company Secretary

Ms Nova Taylor

Contact Information

Registered Office & Principal Place of Business:

Suite 1, Level 6

350 Collins Street

Melbourne VIC 3000

T: +61 3 8630 3321

E: info@alderanresources.com.au

W: alderanresources.com.au

Stock Exchange Listing

Australian Securities Exchange (ASX)

ASX Code: AL8

Australian Business Number

ABN – 55 165 079 201

Share Registry

Automatic Registry Services

Level 5, 126 Phillip Street

Sydney NSW 2000

Phone (within Australia): 1300 288 664

Phone (International): +61 2 9698 5414

Auditor

RSM Australia Partners

Level 32, Exchange Tower

2 The Esplanade

Perth WA 6000

Bankers

National Australia Bank

197 St Georges Terrace

Perth WA 6000

DIRECTORS' REPORT

The Directors of Alderan Resources Limited (**Alderan** or the **Company**) and its consolidated entities (collectively, the **Group**) present their report together with the financial statements of the Group for the half year ended 31 December 2023.

BOARD OF DIRECTORS

The names of the directors who held office during or since the end of the interim period and until the date of this report are as follows. The Directors held office for the full half year unless specified below:

| | | |
|------------------------|------------------------|------------------------------|
| Non-Executive Chairman | Mr Ernest Thomas Eadie | Appointed on 23 January 2017 |
| Managing Director | Mr Scott Caithness | Appointed on 6 April 2021 |
| Non-Executive Director | Mr Peter Williams | Appointed on 13 May 2019 |

REVIEW OF OPERATIONS

Alderan Resources Limited's (**Alderan** or the **Company**) principal activity is mineral exploration for lithium in Brazil and copper and gold in the USA. Its lithium projects are located in the Lithium Valley district of Minas Gerais in Brazil and its Detroit, Frisco and White Mountain projects are located in Utah, USA.

Following reviews and assessment of a number of new project opportunities, Alderan's exploration focus over the reporting period was finalising the acquisition of the lithium projects in Brazil and assessing the opportunity for medium sized high grade copper-gold deposits at its Frisco project in the USA.

Minas Gerais Lithium Projects, Brazil

Following shareholder approval on 8th November 2023, Alderan successfully completed the acquisition of 100% of the issued capital in Parabolic Lithium Pty Ltd (**Parabolic**) which has the right to acquire a 100% interest in seven lithium exploration projects (together, the **Projects**) covering 472km² in the mineral resource rich state of Minas Gerais, Brazil (**Acquisition**).¹

The Acquisition followed completion of legal due diligence checks on Parabolic and the 24 licences which make up the Projects plus reconnaissance field visits by Alderan's Managing Director which identified pegmatites in five of the seven project areas.

Alderan commenced exploration on the project areas in early December, 2023 with a programme of stream sediment, rock and channel sampling.² Prior to the Christmas-New Year period stream sediment sampling was completed over the Itambacuri and a portion of the Carai project areas. In addition to the stream sampling, rock sampling was completed on pegmatite outcrops identified during the October 2023 due diligence field visit to the Governador Valadares, Itambacuri and Carai project areas.³

¹ Refer Alderan ASX announcement dated 13 November 2023 for further information.

² Refer Alderan ASX announcement dated 5 December 2023 for further information.

³ Refer Alderan ASX announcement dated 23 January 2024 for further information.

The stream sediment sampling consists of the clay fraction collected at approximately 1km intervals along major drainages and at stream junctions ensuring that entire project areas are covered. Continuous channel rock samples were also being collected over five meter intervals across pegmatites identified in road cuttings plus individual grab rock samples were collected where small outcrops or float of pegmatite was identified during the stream sampling. At Governador Valadares, ten 5m channel samples were collected along a 50m zone of outcropping pegmatite while at Carai eight 5m channel samples were collected from a 40m long road cut containing beryl mineralisation below artisanal mine workings.

All samples have been submitted to the ALS laboratory in Belo Horizonte, Minas Gerais for a suite of 48 elements which includes lithium, key lithium indicators and rare earth elements with results expected in March 2024.

In parallel with the sampling programme, Alderan has been establishing its corporate presence in Brazil. A subsidiary company, Alderan Mineracao LTDA, has been registered to be the owner of Alderan's exploration licences, an administration, tenement management, accounting and law service company has been engaged to support the Brazil operations and recruitment of an Exploration Manager to lead Alderan's in-country exploration activities is underway.

Next steps include completion of the stream sampling programme over all project areas which is expected to be completed in early Q2, 2024. This will be followed by soil sampling over areas with anomalous lithium ahead of drilling.

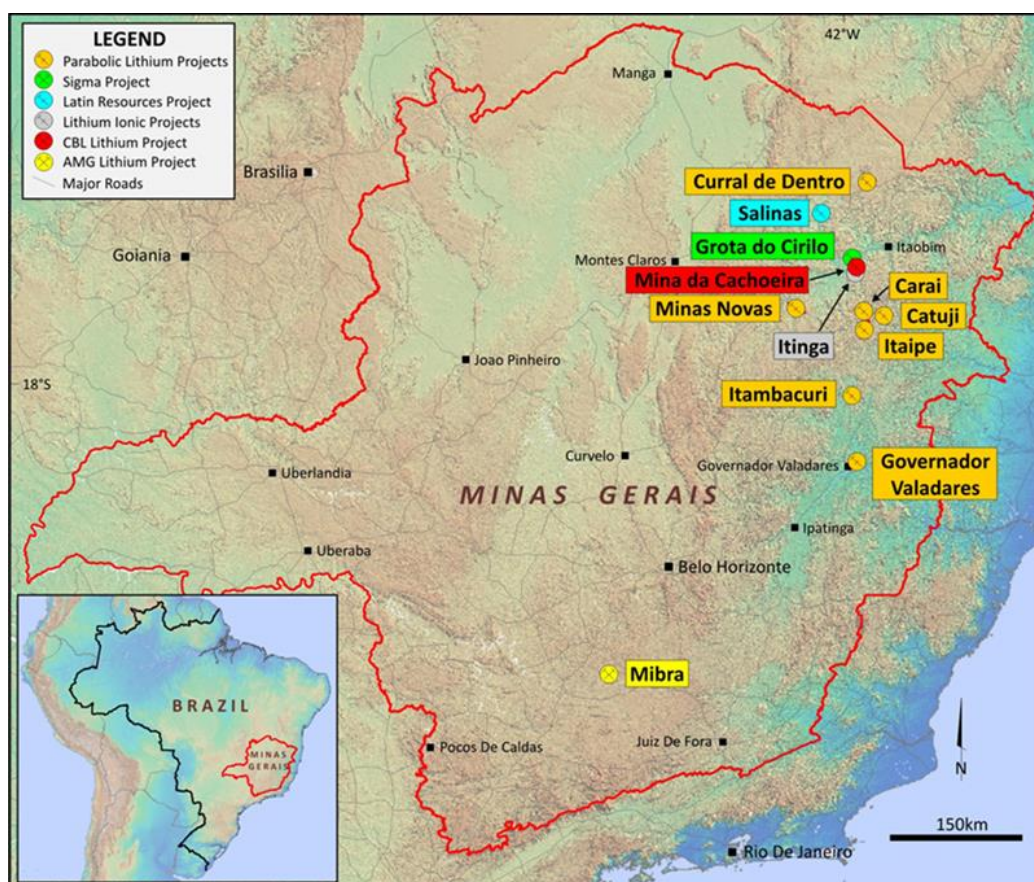


Figure 1: Alderan's project locations in Minas Gerais State plus lithium mines and deposits within Brazil's Eastern Lithium Belt.

Frisco Copper-Gold Project, USA

Alderan has now completed three-dimensional (3-D) modelling of drilling and geophysical data at its Frisco Project in Utah, USA, which has highlighted strong potential for multiple medium scale high-grade copper-gold deposits. The 3-D modelling was carried out on the Cactus and Comet copper-gold deposits drill hole data and 3-D inversion modelling was completed on drone magnetics data over the entire Frisco tenement area.

Drill holes such as Kennecott Exploration Company's (KEX) SAWM0001 which intersected **41m @ 1.9% Cu, 0.62g/t Au** within **74m @ 1.1% Cu, 0.35g/t Au** at Cactus confirm this potential and assist in verifying historical post mining holes which also contain high-grade copper intersections.⁴ KEX completed a detailed drone magnetic survey over the Frisco project area during its exploration for large scale porphyry copper deposits under an option agreement with Alderan during 2019-23⁵.

In total, fourteen magnetic low anomalies similar to the anomalies that coincide with Cactus and Comet have been identified from the 3-D inversion modelling of the magnetics. This includes the New Years prospect which has historical drill hole intersections of **10.7m @ 2.78% Cu** within **19.8m @ 1.67% Cu** in NY-6 and **10.7m @ 1.52% Cu** within **27.4m @ 0.85% Cu** in NY-2.⁶ Down hole assays over 1.5m intervals grade up to 5.4% Cu, 0.22g/t Au and there has been no drilling at New Years since the mid-1960s.

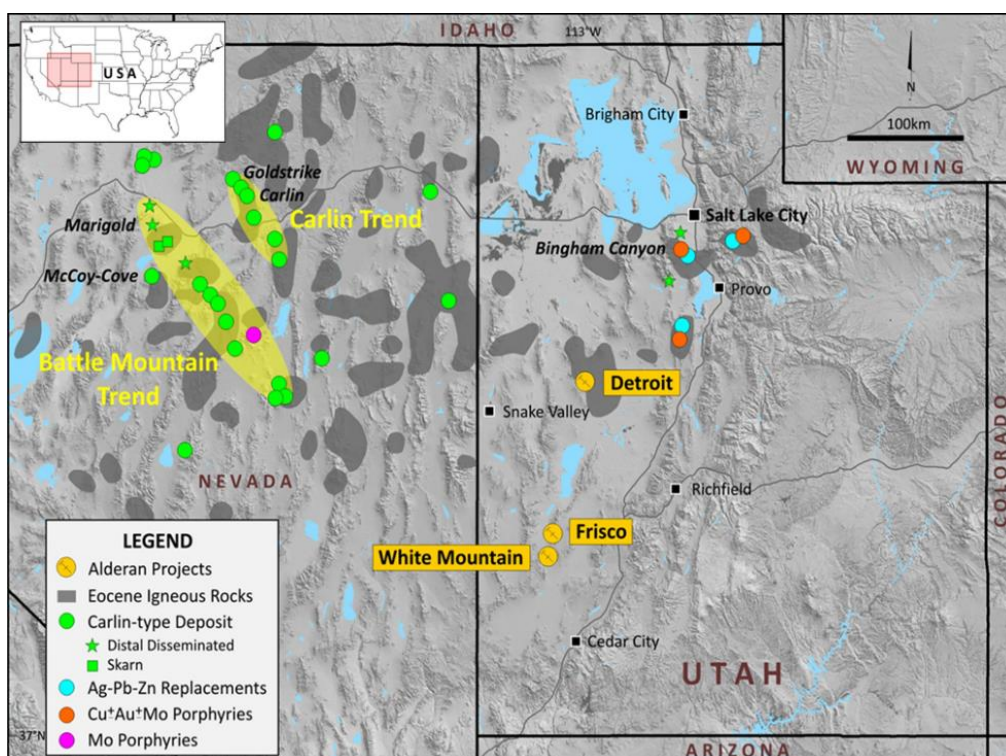


Figure 2: Alderan's project location in Utah, USA.

⁴ Refer AL8 ASX announcement dated 22 September 2020 for further information.

⁵ Refer AL8 ASX announcement dated 21 January 2022 for further information.

⁶ Refer AL8 ASX announcement dated 28 June 2017, 12 September 2017 for further information.

The 3-D modelling of the Cactus and Comet deposits was completed using Leapfrog software and all available past drill hole assay data from 70 holes drilled in and around the deposits. The aim was to gain a better understanding of the deposits' geology, controlling structures and mineralisation plus determine whether they have potential for additional mineralisation. Both deposits were mined intermittently from 1870 to 1957 with Cactus reportedly producing 1.27 million tonnes of ore at a recovered grade of 2.07% Cu, 7.36g/t Ag and 0.33g/t Au.⁷ Key conclusions from the modelling include:

- Both Cactus and Comet have not been closed off by drilling with Cactus having potential to host additional lenses at depth as the structure hosting the deposit pinches and swells.
- There is potential for incremental mineralisation on the margins of the known Cactus and Comet deposits where gaps of >25m occur in the drilling.
- Cactus and Comet appear to be structurally controlled by the NW-SE trending Cactus Canyon structure and an intersecting NNW-SSE structure.
- Cactus consists of two separate lenses which are zoned from +1% copper grades in the core to lower grades on the outer margins of the lenses.
- Gold grades are based on limited assay data; at Cactus higher gold grades correlate with high copper grades whereas the Comet deposit is more gold rich with lower copper grades.

It is possible that Cactus and Comet join at depth although the NW-SE trending Cactus Canyon structure is interpreted to separate them. The deposit modelling also extended to the New Years prospect which lies approximately 400m northwest of Cactus along the Cactus Canyon fault trend. New Years was drilled in the late 1950s and mid 1960s by Anaconda (1 angled hole to 901 feet; no data) and Rosario (6 vertical holes to depths ranging from 85-375 feet). Rosario holes NY-6 and NY-2 intersected significant copper mineralisation with intersections of **10.7m @ 2.78% Cu** within **19.8m @ 1.67% Cu** from 21.3m downhole and **10.7m @ 1.52% Cu** within **27.4m @ 0.85% Cu** from surface respectively. Gold grades through these intervals range up to 0.16g/t.

Cautionary Statement

The Company stresses that the pre-Alderan assay data from historical drill holes used in the 3-D modelling was not subject to modern quality assurance and quality control practices and hence could not be used in a JORC compliant resource estimate. These assays and drill intersections are regarded as indicative only.

3-D inversion modelling of drone magnetic data acquired by KEX in 2021 over the Frisco project area has confirmed that Cactus and Comet sit within a NW-SE trending magnetic low zone on the total magnetic intensity (TMI) image and are highlighted as discrete circular magnetic low anomalies in the TMI susceptibility inversion. A NW-SE long section through the Cactus and Comet deposits shows that New Years is a much larger magnetic anomaly plus highlights at least three additional magnetic low anomalies which are Cactus 'look-a-likes'. The north-south section again clearly shows the Cactus magnetic low anomaly plus three additional similar anomalies.

In summary the inversion modelling has highlighted 14 new circular magnetic low anomalies similar to Cactus and Comet which have received minimal or no past exploration including the New Years prospect. Key findings from the modelling are:

- The TMI susceptibility inversion modelling clearly shows that Cactus and Comet sit within discrete circular magnetic lows which are also evident in a TMI long and cross sections through the deposits.

⁷ Refer AL8 Prospectus ASX announcement dated 8 June 2017 for further information.

- Cactus and Comet sit within a NW-SE trending TMI magnetic low zone which appears to align with the Cactus Canyon fault zone and trends to the New Years prospect.
- The TMI susceptibility inversion modelling highlights 14 magnetic low features similar to Cactus, some of which are significantly larger.
- The New Years prospect has a large coincident magnetic low, sits within the Cactus Canyon Fault zone, has high grade copper in historical drill holes and has received no exploration since the 1960s.

Next steps at Frisco include compiling all past surface exploration to assist in target ranking and to determine whether they have adequately tested. This will be followed by designing and drilling holes to test the highest ranked targets.

Corporate Activities

Following completion of the Acquisition and an associated capital raising of approximately \$1.75 million (before costs) from sophisticated and professional investors, the Company issued the following securities:

- 150,000,000 fully paid ordinary shares, of which 75,000,000 were issued with voluntary escrow for six months from issue date, and 100,000,000 Listed Options, exercisable at \$0.016 on or before 9 September 2025 (ASX: AL8OA), under the terms of the Acquisition;
- 291,666,662 fully paid ordinary shares at a price of \$0.006 per Share together with a free attaching Listed Option, exercisable at \$0.016 on or before 9 September 2025 (ASX: AL8OA), on the basis of one Listed Option for every two Shares issued as part of the capital raising;
- 31,000,000 fully paid ordinary shares and 15,500,000 Listed Options, exercisable at \$0.016 on or before 9 September 2025 (ASX: AL8OA) to directors of the Company in lieu of accrued director fees; and
- 17,500,000 fully paid ordinary shares and 58,750,000 Listed Options, exercisable at \$0.016 on or before 9 September 2025 (ASX: AL8OA) to the Lead Manager for services in relation to the capital raising.

Effective 1 January 2024, Ms Nova Taylor was appointed Company Secretary, replacing Mr Mathew O'Hara. The Company also advised that its registered corporate office and principal place of business had changed to Suite 1, Level 6, 350 Collins Street, Melbourne VIC 3000.

Competent Persons Statement

The information in this report that relates to historical exploration results were reported by the Company in accordance with listing rule 5.7. The Company confirms it is not aware of any new information or data that materially affects the information included in the previous announcement.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than;

- Effective 1 January 2024, the Company advised that Ms Nova Taylor had been appointed Company Secretary, replacing Mr Mathew O'Hara. The Company's registered corporate office and principal place of business also changed.

OPERATING RESULTS FOR THE PERIOD

The loss after tax of the Group for the financial period, after providing for income tax amounted to \$3,710,438 (31 December 2022: loss of \$1,521,590).

REVIEW OF FINANCIAL CONDITIONS

The Group had a net bank balance of \$1,313,683 as at 31 December 2023 (30 June 2023: \$235,300).

AUDITOR'S INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included within this financial report.

Signed in accordance with a resolution of the Board of Directors



Mr Tom Eadie

Chairman

Dated this day 13th of March 2024

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100
F +61 (0) 8 9261 9111

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the interim financial report of Alderan Resources Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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



RSM AUSTRALIA PARTNERS



MATTHEW BEEVERS
Partner

Perth, WA
Dated: 13 March 2024

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RSM Australia Partners ABN 36 965 185 036

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CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS & OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| | Notes | 31 December 2023 \$ | 31 December 2022 \$ |
|--|-------|---------------------------|---------------------------|
| Continuing operations | | | |
| Interest income | | 3,782 | 1,490 |
| Consulting and administration expense | | (234,654) | (302,686) |
| Exploration expenditure | | (163,261) | (893,814) |
| Employee benefits expense | | (227,503) | (307,328) |
| Share-based payment expense | 5 | (263,500) | - |
| Depreciation and amortisation expense | | (12,260) | (19,252) |
| Finance costs | | (847) | - |
| Capitalised exploration and evaluation expenditure impairment | 3 | (2,812,195) | - |
| Loss before income tax | | (3,710,438) | (1,521,590) |
| Income tax | | - | - |
| Loss for the half year after tax | | (3,710,438) | (1,521,590) |
| Other comprehensive income, net of income tax | | | |
| Exchange differences on translation of foreign operations | | (103,867) | 147,276 |
| Other comprehensive income for the half year, net of income tax | | (103,867) | 147,276 |
| Total comprehensive loss for the half year | | (3,814,305) | (1,374,314) |
| | | | |
| Basic and diluted loss per share (cents per share) | | (0.50) | (0.28) |

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | Notes | 31 December 2023 \$ | 30 June 2023 \$ |
|-----------------------------------|-------|---------------------------|-----------------------|
| Assets | | | |
| Current Assets | | | |
| Cash and cash equivalents | | 1,313,683 | 235,300 |
| Trade and other receivables | | 124,967 | 104,379 |
| Total current assets | | 1,438,650 | 339,679 |
| Non-current assets | | | |
| Plant and equipment | | 85,902 | 100,703 |
| Exploration and evaluation assets | 3 | 6,182,114 | 7,588,233 |
| Total non-current assets | | 6,268,016 | 7,688,936 |
| Total assets | | 7,706,666 | 8,028,615 |
| Liabilities | | | |
| Current | | | |
| Trade and other payables | | 348,021 | 436,952 |
| Provisions | | 35,439 | 30,805 |
| Total current liabilities | | 383,460 | 467,757 |
| Net Assets | | 7,323,206 | 7,560,858 |
| Equity | | | |
| Issued capital | 5 | 31,313,295 | 28,100,642 |
| Options reserve | 6 | 8,247,069 | 7,883,069 |
| Performance rights reserve | 6 | 101,420 | 101,420 |
| Foreign currency reserve | | 869,895 | 973,762 |
| Accumulated losses | | (33,208,473) | (29,498,035) |
| Net Equity | | 7,323,206 | 7,560,858 |

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| | Note | Issued capital | Option and Perf Rights Reserves | Foreign Currency Reserve | Accumulated Losses | Total Equity |
|---|------|-------------------|---------------------------------------|--------------------------------|-----------------------|------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 July 2022 | | 26,651,452 | 7,558,445 | 664,081 | (27,057,121) | 7,816,857 |
| Loss for the half year | | - | - | - | (1,521,590) | (1,521,590) |
| Other comprehensive income | | - | - | 147,276 | - | 147,276 |
| Total comprehensive loss for the half year | | - | - | 147,276 | (1,521,590) | (1,374,314) |
| Contributions of equity, net of transaction costs | | 1,206,451 | 421,844 | - | - | 1,628,295 |
| Balance at 31 December 2022 | | 27,857,903 | 7,980,289 | 811,357 | (28,578,711) | 8,070,838 |
| Balance at 1 July 2023 | | 28,100,642 | 7,984,489 | 973,762 | (29,498,035) | 7,560,858 |
| Loss for the half year | | - | - | - | (3,710,438) | (3,710,438) |
| Other comprehensive income | | - | - | (103,867) | - | (103,867) |
| Total comprehensive loss for the half year | | - | - | (103,867) | (3,710,438) | (3,814,305) |
| Contributions of equity, net of transaction costs | | 1,609,653 | 117,500 | - | - | 1,727,153 |
| Equity issued for project acquisition | | 1,200,000 | 200,000 | - | - | 1,400,000 |
| Share based payments | | 403,000 | 46,500 | - | - | 449,500 |
| Balance at 31 December 2023 | | 31,313,295 | 8,348,489 | 869,895 | (33,208,473) | 7,323,206 |

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

| | 31 December 2023 \$ | 31 December 2022 \$ |
|--|---------------------------|---------------------------|
| Cash flows from operating activities | | |
| Payments to suppliers and employees (inclusive of GST) | (389,394) | (760,861) |
| Payments for exploration and evaluation expenditure | (136,092) | - |
| Interest received | 3,555 | 1,379 |
| Finance costs | (847) | - |
| Net cash (used in) operating activities | (522,778) | (759,482) |
| Cash flows from investing activities | | |
| Payments to acquire subsidiary (refer Note 4) | (110,000) | - |
| Payments for exploration and evaluation expenditure | - | (878,787) |
| Refund of drilling bond | - | 48,471 |
| On-payment of royalty previously received | - | (149,142) |
| Net cash (used in) investing activities | (110,000) | (979,458) |
| Cash flows from financing activities | | |
| Proceeds from issue of shares (net of capital raising costs) | 1,727,154 | 1,339,163 |
| Proceeds from options issued | - | 289,133 |
| Premium funding payments | (16,933) | - |
| Net cash provided by financing activities | 1,710,221 | 1,628,296 |
| Net increase/(decrease) in cash held | 1,077,443 | (110,644) |
| Effect of foreign exchange | 940 | 4,773 |
| Cash and cash equivalents at the beginning of the half year | 235,300 | 254,732 |
| Cash and cash equivalents at the end of the half year | 1,313,683 | 148,861 |

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These general purpose interim financial statements of Alderan Resources Limited (**Alderan** or the **Company**) and controlled entities (**Group**) for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134: *Interim Financial Reporting and the Corporations Act 2001*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Alderan Resources Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies have been consistently applied with those of the previous financial year and corresponding interim reporting period, except in relation to the matters disclosed below.

Adoption of new and revised Accounting Standards

Standards and Interpretations applicable to 31 December 2023

In the period ended 31 December 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group.

Standards and interpretations in issue not yet effective

The directors have also reviewed all of the new and revised standards and interpretations in issue not yet effective for the half-year ended 31 December 2023.

As a result of this review, the directors have determined that there will be no material impact of these standards and interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Going Concern

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

As disclosed in the financial statements, the Group incurred a loss of \$3,710,438 and had net cash outflows from operating activities of \$522,778 and investing activities of \$110,000 for the half-year ended 31 December 2023. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising additional capital from equity markets and managing cash flows in line with available funds.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Directors believe that there are reasonable grounds to expect that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- a) The Directors believe that future funding will be available to meet the Group's objectives and debts as and when they fall due, including through engaging with parties interested in joint venture arrangements and/or raising additional capital through equity placements to existing or new investors. The Group has a demonstrated history of success in this regard including having raised approximately \$1.75 million (before costs) during the half-year ended 31 December 2023. The Directors are confident in their ability to continue to raise additional funds on a timely basis, as and when required; and
- b) The Group has the capacity, if necessary, to reduce its operating cost structure in order to reduce its working capital requirements.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

The financial statements do not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated entity does not continue as a going concern.

Critical Accounting Estimates and Judgements

IAS34 'Interim Financial Reporting' requires additional disclosures to show unusual items and significant events or transactions.

(i) *Contingent liabilities*

The transaction to purchase Parabolic Lithium Pty Ltd (refer Note 4) contained deferred consideration components which are only payable subject to certain milestones. The deferred consideration has not been brought to account as at 31 December 2023 based on the early stage of the project and uncertainty in relation to achieving the milestones. Accordingly, the deferred consideration is disclosed as a contingent liability at Note 9.

Otherwise, the critical accounting judgements, estimates and assumptions adopted in the preparation of the half-year report financial report are consistent with those adopted and disclosed in the financial statements of the Company as at and for the year ended 30 June 2023.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

2. SEGMENT REPORTING

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Directors in order to allocate resources to the segment and to assess its performance. Information regarding these segments is presented below. The accounting policies of the reportable segments are the same as the Group's accounting policies. The following tables are an analysis of the Group's revenue and results by reportable segment provided to the Directors for the half years ended 31 December 2023 and 31 December 2022.

| | Continuing Operations | | | Unallocated Items \$ | Consolidated \$ |
|-------------------------|-----------------------------------|--------------|-----------------|----------------------------|--------------------|
| | United States of America \$ | Brazil \$ | Australia \$ | | |
| 31 December 2023 | | | | | |
| Segment income | - | - | 3,782 | - | 3,782 |
| Segment result | (2,941,921) | (109,245) | (659,272) | - | (3,710,438) |
| Segment assets | 4,820,703 | 1,510,000 | 1,375,963 | - | 7,706,666 |
| Segment liabilities | 97,263 | - | 286,197 | - | 383,460 |
| 31 December 2022 | | | | | |
| Segment income | - | - | 1,490 | - | 1,490 |
| Segment result | (1,155,041) | - | (366,549) | - | (1,521,590) |
| Segment assets | 8,067,368 | - | 155,772 | - | 8,223,140 |
| Segment liabilities | 58,754 | - | 93,548 | - | 152,302 |

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

3. EXPLORATION AND EVALUATION ASSET

| | 31 December 2023 \$ | 30 June 2023 \$ |
|--|---------------------------|-------------------------|
| Carrying value at the end of the half year/year | <u>6,182,114</u> | <u>7,588,233</u> |
| <i>Movements during the half year</i> | | |
| Balance at beginning of the half year/year | 7,588,233 | 7,642,492 |
| Tenement acquisition costs ¹ | 1,510,000 | - |
| Expenditure incurred | 163,261 | 869,866 |
| Expenditure expensed to the statement of profit and loss | (163,261) | (869,866) |
| Impairment expense | (2,812,195) | (347,351) |
| Foreign exchange differences | (103,924) | 293,092 |
| Balance at end of the half-year/year | <u>6,182,114</u> | <u>7,588,233</u> |

- \$1,510,000 tenement acquisition costs relate to the acquisition of Parabolic Lithium Pty Ltd (Note 4).*
- During the half year, the group has fully impaired previously capitalised exploration expenditure of \$2,812,195, the majority relating to its option agreements in place with Freeport and North Exploration LLC, as relevant projects will not be progressed.*

4. ACQUISITION OF A SUBSIDIARY

During November 2023, the Company completed the acquisition of 100% of the issued share capital of Parabolic Lithium Pty Ltd (**Parabolic**) which holds the rights to 24 granted exploration licences in Eastern Lithium Belt of Eastern Brazil. The consideration for the acquisition of Parabolic, which was approved by shareholders on 8 November 2023, was as follows:

- Cash payment of \$110,000;
- 150,000,000 fully paid ordinary shares at a deemed issue price of \$0.006 per share (**Upfront Consideration Shares**). 50% of the Consideration Shares will be held under voluntary escrow for 6 months from date of issue;
- 100,000,000 of the class AL8OA Quoted Options, exercisable at \$0.016 each, expiring on 9 September 2025 (**Upfront Consideration Options**);
- Contingent Deferred Consideration (Milestone 1): where the Company achieves six rock chips with greater than 1.0% Li₂O in separate spodumene bearing pegmatites at the Project, Alderan agrees to issue the number of Alderan Shares the greater of:
 - 50,000,000 Alderan Shares (at a deemed issue price of \$0.006 per Alderan Share); and
 - that number of Alderan Shares with an aggregate value equal to \$750,000 based on a deemed issue price equal to the greater of:
 - the 5-day volume weighted average price (**VWAP**) of Alderan Shares prior to the date of achievement of Milestone 1; and
 - \$0.006.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

4. ACQUISITION OF A SUBSIDIARY (CONTINUED)

- Deferred Consideration (Milestone 2): where the Company achieves a drill intercept of over 10m minimum 1.0% Li₂O at the Project, Alderan agrees to issue the number of Alderan Shares the greater of:
 - (i) 75,000,000 Alderan Shares (at a deemed issue price of \$0.006 per Purchaser Share); and
 - (ii) that number of Alderan Shares with an aggregate value equal to \$1,000,000 based on a deemed issue price equal to the greater of:
 - the 5-day VWAP of Alderan Shares prior to the date of achievement of Milestone 2; and
 - \$0.006.
- Deferred Consideration (Milestone 3): where the Company achieves a JORC compliant Mineral Resource (indicated) minimum 10Mt at 1.0% Li₂O at the Project, Alderan agrees to issue the number of Alderan Shares the greater of:
 - (i) 150,000,000 Alderan Shares (at a deemed issue price of \$0.006 per Alderan Share); and
 - (ii) that number of Alderan Shares with an aggregate value equal to \$2,500,000 based on a deemed issue price equal to the greater of:
 - the 5-day VWAP prior to the date of achievement of Milestone 3; and
 - \$0.006.

The Contingent Deferred Consideration Shares have not been brought to account in these financial statements and are disclosed as a contingent liability in Note 9.

The following components of the consideration have been capitalised as *Exploration and Evaluation Assets* in the financial statements:

| | \$ |
|---|------------------|
| Cash Payment | 110,000 |
| Upfront Consideration Shares – share value (150,000,000 x \$0.008) ¹ | 1,200,000 |
| Upfront Consideration Options – fair value (100,000,000 x \$0.002) ² | 200,000 |
| Total | 1,510,000 |

¹ Based on a closing share price of \$0.008 on 13 November 2023.

² Based on a closing option price of \$0.002 on 13 November 2023.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

4. ACQUISITION OF A SUBSIDIARY (CONTINUED)

The assets and liabilities recognized as a result of the acquisition of Parabolic are as follows:

| | \$ |
|----------------------------------|------------------|
| Net identifiable assets acquired | - |
| Add: Exploration asset | 1,510,000 |
| Net assets acquired | 1,510,000 |
| Total consideration paid | 1,510,000 |

5. ISSUED CAPITAL

| | Number | \$ |
|--|----------------------|-------------------|
| Balance at 1 July 2022 | 425,566,080 | 26,651,452 |
| Issue of Placement Shares – Tranche 1 ¹ | 106,000,000 | 1,060,000 |
| Issue of Placement Shares – Tranche 2 ² | 46,700,000 | 467,000 |
| Issue of SPP Shares ³ | 29,142,850 | 204,000 |
| Issue of Shortfall SPP Shares ⁴ | 9,285,714 | 65,000 |
| Less: share issue costs ⁵ | - | (346,810) |
| Balance at 30 June 2023 | 616,694,644 | 28,100,642 |
| Issue of Placement Shares ⁶ | 291,666,662 | 1,750,000 |
| Issue of Upfront Consideration Shares for Acquisition ⁷ | 150,000,000 | 1,200,000 |
| Issue of Shares to Lead Manager ⁸ | 17,500,000 | 140,000 |
| Issue of Shares to Directors on conversion of Director Fees ⁹ | 31,000,000 | 403,000 |
| Less: share issue costs | - | (280,347) |
| Balance at 31 December 2023 | 1,106,861,306 | 31,313,295 |

- 106,000,000 fully paid ordinary shares issued under a Placement (Tranche 1) to professional and sophisticated investors on 27 July 2022 at an issue price of \$0.01 per share.
- 46,700,000 fully paid ordinary shares issued under a Placement (Tranche 2) to professional and sophisticated investors on 7 September 2022, following shareholder approval, at an issue price of \$0.01 per share.
- 29,142,850 fully paid ordinary shares issued under a Share Purchase Plan (SPP) to existing shareholders on 31 March 2023 at an issue price of \$0.007 per share.
- 9,285,714 fully paid ordinary shares issued under the Shortfall Offer from the SPP to on 5 May 2023 at an issue price of \$0.007 per share.
- Includes the issue of quoted options to Lead Manager with a fair value of \$136,911.
- 291,666,662 fully paid ordinary shares issued under a Placement to professional and sophisticated investors on 13 November 2023, following shareholder approval, at an issue price of \$0.006 per share.
- 150,000,000 fully paid ordinary shares issued in consideration for the acquisition of Parabolic Lithium Pty Ltd on 13 November 2023.
- 17,500,000 fully paid ordinary shares issued to Lead Manager in consideration for services provided on 13 November 2023.
- 31,000,000 fully paid ordinary shares issued to Directors upon conversion of director's fees to equity, following shareholder approval, on 13 November 2023.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

6. RESERVES

| | 31 December 2023 | 30 June 2023 |
|----------------------------|---------------------|------------------|
| | \$ | \$ |
| Options reserve | 8,247,069 | 7,883,069 |
| Performance rights reserve | 101,420 | 101,420 |
| Total | <u>8,348,489</u> | <u>7,984,489</u> |

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

6. RESERVES (CONTINUED)

| <i>Option Reserve</i> | Number | \$ |
|---|--------------------|------------------|
| Balance at 1 July 2022 | 91,307,292 | 7,457,025 |
| Issue of Quoted Options under Placement ¹ | 76,350,000 | - |
| Issue of Quoted Options to Lead Manager of Placement ² | 34,425,000 | 123,930 |
| Issue of Quoted Options under Option Entitlement Offer ³ | 289,133,040 | 289,133 |
| Issue of Quoted Options to Lead Manager of Option Entitlement Offer ⁴ | 8,780,654 | 8,781 |
| Issue of Quoted Options to Brokers relating to SPP ⁵ | 2,100,000 | 4,200 |
| Expiry of Unquoted Options without exercise ⁶ | (54,307,292) | - |
| Balance at 30 June 2023 | 447,788,694 | 7,883,069 |
| Expiry of Unquoted Options without exercise ⁷ | (7,000,000) | - |
| Issue of Quoted Options under Placement ⁸ | 145,833,331 | - |
| Issue of Upfront Consideration Quoted Options for Acquisition ⁹ | 100,000,000 | 200,000 |
| Issue of Quoted Options to Lead Manager ¹⁰ | 58,750,000 | 117,500 |
| Issue of Quoted Options to Directors on conversion of Director Fees ¹¹ | 15,500,000 | 46,500 |
| Balance at 31 December 2023 | 760,872,025 | 8,247,069 |

- On 8 September 2022, following shareholder approval, a total of 76,350,000 quoted options were issued to professional and sophisticated investors under the terms of the Placement announced on the ASX on 20 July 2022. These quoted options were issued for nil consideration and have an exercise price of \$0.016 each and an expiry date of 8 September 2025;
- On 8 September 2022, 34,425,000 quoted options were issued to the Lead Manager of the Placement as consideration for services provided. The quoted options were issued for nil consideration and have an exercise price of \$0.016 each and an expiry date of 8 September 2025;
- On 10 October 2022, a total of 289,133,040 quoted options were issued under an Option Entitlement Offer announced on the ASX on 6 September 2022. The quoted options had an issue price of \$0.001 each, exercise price of \$0.016 each and an expiry date of 8 September 2025;
- On 10 October 2022, 8,780,654 quoted options were issued to the Lead Manager of the Option Entitlement Offer as consideration for services provided. The quoted options were issued for nil consideration and have an exercise price of \$0.016 each and an expiry date of 8 September 2025. These quoted options have been valued at \$0.001 each, being the issue price of these quoted options under the Option Entitlement Offer.
- On 5 May 2023, 2,100,000 quoted options were issued to Brokers who assisted with the SPP in consideration for services provided. The quoted options were issued for nil consideration and have an exercise price of \$0.016 each and an expiry date of 8 September 2025. These quoted options have been valued at \$0.002 each, being the market price, as quoted on the ASX, of these quoted options on the date of issue.
- During the year ended 30 June 2023 a total of 54,307,292 unquoted options (with various exercise prices) expired without being exercised.
- On 3 August 2023, a total of 7,000,000 unquoted options (with various exercise prices) expired without being exercised.
- 145,833,331 free attaching quoted options issued under a Placement to professional and sophisticated investors on 13 November 2023, following shareholder approval.
- 100,000,000 quoted options issued in consideration for the acquisition of Parabolic Lithium Pty Ltd on 13 November 2023.
- 58,750,000 quoted options issued to Lead Manager in consideration for services provided on 13 November 2023.
- 15,500,000 quoted options issued to Directors upon conversion of director's fees to equity, following shareholder approval, on 13 November 2023.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

6. RESERVES (CONTINUED)

| | | | | Exercise | Fair value at | Vesting | Recognised as |
|-----------------------|-------------|-----------|-----------|----------|---------------|-----------|-----------------|
| | Number | Grant | Expiry | Price | grant date | date | share issue |
| | | date | date | \$ | \$ | | cost at 31-Dec- |
| | | | | | | | 23 |
| | | | | | | | \$ |
| Placement Options | 145,833,331 | 13-Nov-23 | 8-Sept-25 | 0.016 | - | 13-Nov-23 | - |
| Consideration Options | 100,000,000 | 13-Nov-23 | 8-Sept-25 | 0.016 | 200,000 | 13-Nov-23 | - |
| Lead Manager Options | 58,750,000 | 13-Nov-23 | 8-Sept-25 | 0.016 | 117,500 | 13-Nov-23 | 117,500 |
| Director Options | 15,500,000 | 8-Nov-23 | 8-Sept-25 | 0.016 | 46,500 | 8-Nov-23 | - |

Performance Rights Reserve

Balance at 1 July 2022

Expiry of Class C Performance Rights

Balance at 30 June 2023

Balance at 31 December 2023

| Number | \$ |
|-----------|---------|
| 200,000 | 101,420 |
| (200,000) | - |
| - | 101,420 |
| - | 101,420 |

The Group measured the fair value of the performance rights at the date of issue by using the Monte-Carlo pricing model.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

7. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial half year that significantly affect or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years, other than;

- Effective 1 January 2024, the Company advised that Ms Nova Taylor had been appointed Company Secretary, replacing Mr Mathew O'Hara. The Company's registered corporate office and principal place of business also changed.

8. DIVIDENDS

The directors of the Company have not declared any dividend for the half year ended 31 December 2023.

9. CONTINGENT LIABILITIES

On 11 February 2021, the Group announced it had completed several strategic land deals whereby the Group had executed Option Agreements. If the Group decides to exercise the various Option Agreements, additional liabilities will be incurred, as follows:

Option Agreement with Drum Mountain Mineral Properties LLC (DMMP):

- 55% interest for \$3 million in exploration expenditure over 3 years;
- Upon Volantis (100% owned Alderan subsidiary) completing expenditures to earn 55%, DMMP will have a one-time option to contribute at 45%. If the option is not exercised, Volantis may earn 70%;
- 70% interest for an additional \$2 million over 5 years; and
- 1% Net Smelter Royalty (NSR) if a party's interest is reduced to less than 10%.

On 27 June 2022, the Group announced it had executed an Option Agreement with the State of Utah School and Institutional Trust Lands Administration (**SITLA**) over 310 acres of land north of the historical Drum gold mine. If the Group decides to exercise the agreement with SITLA, additional liabilities will be incurred as follows:

- US\$200,000 work commitment consisting of: US\$40,000 (Year 1), US\$60,000 (Year 2) and US\$100,000 (Year 3);
- Annual fee of US\$1.00/acre (US\$310);
- 10-year lease primary term following completion of work commitments and exercising of option;
- US\$2.00/acre annual lease rental (US\$620 per annum);
- 4% gross value royalty (2% royalty if patented federal mining claims are converted to SITLA lease).

The option expires on 1 August 2025 and the Group is yet to exercise the option.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

9. CONTINGENT LIABILITIES (CONTINUED)

The following components of the contingent deferred consideration of Parabolic Lithium Pty Ltd are disclosed as contingent liabilities:

- Deferred Consideration (Milestone 1): where the Company achieves six rock chips with greater than 1.0% Li₂O in separate spodumene bearing pegmatites at the Project, Alderan agrees to issue the number of Alderan Shares the greater of:
 - (i) 50,000,000 Alderan Shares (at a deemed issue price of \$0.006 per Alderan Share); and
 - (ii) that number of Alderan Shares with an aggregate value equal to \$750,000 based on a deemed issue price equal to the greater of:
 - the 5-day volume weighted average price (VWAP) of Alderan Shares prior to the date of achievement of Milestone 1; and
 - \$0.006.
- Deferred Consideration (Milestone 2): where the Company achieves a drill intercept of over 10m minimum 1.0% Li₂O at the Project, Alderan agrees to issue the number of Alderan Shares the greater of:
 - (i) 75,000,000 Alderan Shares (at a deemed issue price of \$0.006 per Purchaser Share); and
 - (ii) that number of Alderan Shares with an aggregate value equal to \$1,000,000 based on a deemed issue price equal to the greater of:
 - the 5-day VWAP of Alderan Shares prior to the date of achievement of Milestone 2; and
 - \$0.006.
- Deferred Consideration (Milestone 3): where the Company achieves a JORC compliant Mineral Resource (indicated) minimum 10Mt at 1.0% Li₂O at the Project, Alderan agrees to issue the number of Alderan Shares the greater of:
 - (i) 150,000,000 Alderan Shares (at a deemed issue price of \$0.006 per Alderan Share); and
 - (ii) that number of Alderan Shares with an aggregate value equal to \$2,500,000 based on a deemed issue price equal to the greater of:
 - the 5-day VWAP prior to the date of achievement of Milestone 3; and
 - \$0.006.

CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2023

10. COMMITMENTS AND CONTINGENCIES

| | 31 December 2023 \$ | 30 June 2023 \$ |
|---|---------------------------|-----------------------|
| Exploration expenditure and annual lease/claim payments Committed at the reporting date but not recognised as liability: | | |
| Within one year | 193,793 | 51,908 |
| One to five years | - | 109,938 |
| | 193,793 | 161,846 |

Where the commitments are due in US Dollars, the Group has used the spot rate on 31 December 2023 as a conversion for the commitments into Australian Dollars.

In order to maintain current rights of tenure to exploration tenements, the Group is required to outlay rentals and to meet the minimum expenditure requirements by the Mineral Resources Authority. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided for in the financial statements.

DIRECTORS' DECLARATION

In the opinion of the Directors of Alderan Resources Limited:

- a. The accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
 - ii. Complying with AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
- 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 signed in accordance with a resolution by the Board of Directors made pursuant to section 303(3)(a) of the Corporations Act 2001.



Mr Tom Eadie
Chairman

Dated this day 13th of March 2024

RSM Australia Partners

Level 32, Exchange Tower
2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 92619100

F +61 (0) 8 92619111

www.rsm.com.au

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ALDERAN RESOURCES LIMITED**

Report on the Interim Financial Report*Conclusion*

We have reviewed the accompanying interim financial report of Alderan Resources Limited, which comprises the consolidated statement of financial position as at 31 December 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 ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Alderan Resources Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of Alderan Resources Limited 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.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the interim financial report, which indicates that the consolidated entity incurred a net loss of \$3,710,438 and had net cash outflows from operating and investing activities of \$522,778 and \$110,000 respectively for the half-year ended 31 December 2023. 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 consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' Responsibility of the Interim Financial Report

The directors of Alderan Resources Limited are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity'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 an interim 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.

A handwritten signature in blue ink that reads 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read 'Matthew Beevers'.

MATTHEW BEEVERS
Partner

Perth, WA
Dated: 13 March 2024