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ADELONG GOLD LIMITED AND CONTROLLED ENTITIES

ABN: 15 120 973 775

Financial Report For The Half-Year Ended 31 December 2023

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Financial Report For The Half-Year Ended
31 December 2023

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Your directors present their report on the consolidated entity (referred to herein as the Group) consisting of Adelong Gold Limited and its controlled entities for the half-year ended 31 December 2023.

General Information

Directors

The following persons were directors of Adelong Gold Limited during or since the end of the half-year up to the date of this report.

Mr Ian Hastings
Mr John Chegwidden
Mr Mena Habib (appointed 3 July 2023)
Mr Ian Holland (appointed 20 February 2024)
Mr Justin Ward (resigned 3 July 2023)
Mr Peter Mitchell (resigned 27 November 2023)

Particulars of each Director's experience and qualifications are set out later in this report.

DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half-year.

Review of Operations

The consolidated loss for the six month period ended 31 December 2023 was $464,323. (31 December 2022 loss: $398,705)

The net assets and net current assets of the Group as at 31 December 2023 were $6,088,044 and $2,250,988 respectively.

During the first half of the 2023/2024 Financial Year, the Company:

- Reported a Maiden JORC Resource of 18,300ozs gold for the Perkins West Deposit (Gibraltar) bringing total JORC Resources at Adelong to 188,000ozs;
- Obtained approvals to proceed with drilling at Gibraltar, Fletchers, Caledonian and Sawpit;
- Completed soil sampling in the area between Currajong and Gibraltar;
- Acquired three licenses prospective for Lithium in the Lithium Valley region of Brazil;
- Applied for 10 further licenses in the Paraibo Province of Brazil to increase the Company’s footprint for Lithium and Rare Earths exploration; and
- Commenced its initial reconnaissance program at Mina Gerais (Lithium Valley) to identify further explorations targets and programs.
- Commenced the task of appointing a new Managing Director.

<u>Adelong Gold Project</u>

In August, Adelong announced that work on the Adelong Gold Project was progressing with preparation underway for the next round of drilling initially expected to commence in 4Q 2023. (ASX Announcement 23 August 2023) but deferred when Managing Director Peter Mitchell retired. Approvals have been received to proceed with planned drilling at Gibraltar, Fletchers, Caledonian and Sawpit, however the Company under new Managing Director Ian Holland presently intends to focus drilling in the near term on resources within the scoping study in support of an upgraded study with further drilling on peripheral resources deferred.

The proposed drill program will now target Key Deposits:

- that comprise the Scoping Study (Challenger, Currajong and Caledonian);
- with a view to potentially upgrading and extending resources; and,
- underpinning works to upgrade the current study to allow for a range of funding options to be considered.

As part of the longer-term generation of drill targets, soil sampling between the Currajong to Gibraltar area was carried out to define drill targets. This area covers a strike length of about 1km of prospective ground which has had no modern exploration. The soil sampling program encountered over 10 historical diggings scattered throughout the area which further enhanced prospectivity. A similar program of soil sampling is also expected to be completed over the +3km zone between the Sawpit deposits and the Lady Mary Mine.

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In October 2023, the Company reported a maiden JORC Resource of 18,300ozs for the Perkins West (Gibraltar) Deposit (ASX Announcement 16 October 2024) taking total JORC Resources at Adelong to 188,000ozs which showed the potential for expanding and upgrading the initial MRE. The maiden Mineral Resource Estimation (attached to ASX Announcement 16 October 2023) represents an assessment of three phases of drilling completed by the Company:

- The April 2022 exploratory drilling which led to the discovery of a shallow multiple vein system at shallow depths west of the Perkin's shaft at Gibraltar This discovery hole (3DGIB003) was reported in ASX Announcement 23 May 2022;
- The October 2022 follow up drilling program completed to test the area west of 3DGIB003 and reported in ASX Announcement 17 January 2023, which showed the presence of multiple veins with some high grade intercepts that confirmed the presence of a potential deposit; and
- An infill drilling program which was completed in March 2023 with results announced in ASX Announcement 8 May 2023;

As detailed in the Mineral Resource Estimates, the drilling results were modelled with reference to the historical records of mine workings to the east of this deposit and represent a series of 10 sub parallel veins that were modelled and included in the Resource Estimate. No resources have been estimated below 200mRL so the current resource estimate is confined to the near surface resource potential.

Brazil Lithium Project

In September, Adelong announced that it executed a Binding Agreement to acquire a 100% interest in three applications for lithium exploration permits (Project) located in the world-class 'Lithium Valley' in Minas Gerais, in Brazil. (ASX Announcement 22 September 2023). The 'Lithium Valley' accounts for all officially recognised lithium reserves in Brazil and is an emerging world-class lithium producing region. The agreement acquired the mineral rights to applications (subsequently granted) registered under the Mineral Processes of the Brazilian National Mining Agency (ANM), totalling **53.17km2 (5,317.15 hectares)** as follows:

- **832.014/2023**, covering 19.39km2 (1,939.73 hectares);
- **832.015/2023**, covering 19.31km2 (1,930.89 hectares); and,
- **832.016/2023**, covering 13.68km2 (1,368.73 hectares).

The three Exploration Permits showed strong potential to host lithium-bearing pegmatites and cover the Ribeirão da Folha formation that forms part of Neoproterozoic Araçuaí orogeny and are proximate to fertile granite intrusives of the Salinas Formation. A feature of the area covered by the Exploration Permits is the north-east trending structures that commonly host these pegmatite deposits. In December, the Company completed this acquisition. (ASX Announcement 21 December 2023) with initial payments completed and all applications granted. The strategic positioning in Brazil's 'Lithium Valley' enhances Adelong's foothold in a region synonymous with significant lithium discoveries by industry peers, namely Sigma Lithium's (NASDAQ:SGML) Grota do Cirio Deposit, Latin Resources' (ASX:LRS) Salinas Project – Colina Deposits and Lithium Ionic's (TSX.V:LTH) Itinga Project - Bandiera Deposit.

In December 2023 Adelong commenced exploration activities at the Santa Rita Do Araçuaí Project with a dedicated field team deployed for an initial reconnaissance program. (ASX Announcement 7 December 2023) which has subsequently identified two areas of particular interest upon which the next programs will focus (ASX Announcement 27 February 2024). The reconnaissance program provided information necessary to finalise a more intense program of sampling, site visits, reconnaissance traverses, chip sampling, and geological mapping to define "areas of interest". A regional stream sediment sampling program will be considered and several traverses across the tenements to get a better understanding of geology / prospectivity and site conditions will be conducted.

In November, Adelong applied for ten additional exploration permits in two areas in the Paraiba Province of Brazil. (See ASX Announcement 23 November 2023). Covering an expansive 162.8 km², these applications align with the Company's commitment to expanding its exploration efforts in Brazil's rich mining landscape. Both areas are within the Borborema Region that comprise Proterozoic rocks that form part of the Brasiliano Fold belt and which host plutonic intrusions similar to the "Lithium Valley" region of Minas Gerais Province. This region has known lithium pegmatites and many deposits /occurrences of tantalum, beryl, niobium and aquamarine that are commonly associated with lithium type pegmatites. The alignment of chosen areas with known lithium pegmatites and associated minerals showcases Adelong's approach of targeting areas of high prospectivity.

Of the two areas applied for, Area 1 comprises two Exploration Permits that were rated as highly prospective for lithium pegmatites and are surrounded by permits already granted for such minerals as beryl and tantalum.

Table 2: Two permits have been applied for in Area 1

Process Number	Commodity	Hectares	Km^2
846361/2023	Lithium	560.18	5.6
846362/2023	Lithium	571.37	5.71
Total		1,131.55	11.31

Area 2 is located 82km Southeast from Area 1 and comprises 8 permit applications. These applications cover a total area of 151.49km2

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Table 3: Eight permit Application in Area 2

Process Number	Commodity	Hectares	Km^2
846363/2023	Lithium	1,980.35	19.8
846364/2023	Lithium	1,987.02	19.87
846365/2023	Lithium	1,719.37	17.19
846366/2023	Lithium	1,617.17	16.17
846367/2023	Lithium	1,980.43	19.8
846368/2023	Lithium	1,986.76	19.87
846369/2023	Lithium	1,973.97	19.74
846370/2023	Lithium	1,904.42	19.04
TOTALS		15,149.49	151.49

Area 2 was selected as it represents a major north-east trending sheared zone. Within this shear zone there are beryl and aquamarine occurrences and granted tenement suggesting this shear zone hosts pegmatite deposits. The permit applications are bounded by granted exploration permits to the north for tantalum, to the south and west for gemstones (beryl and aquamarine) and more recent permits for lithium to the south. The structural setting combined with the mineral occurrences in the surrounding tenements show that the area is quite prospective for lithium style pegmatites.

The Company is pleased that the 10 license applications in the Paraiba Province have now been granted (see ASX Announcement 4 March 2023) and expects to commence a similar reconnaissance program in the very near future and will then finalise its further plans for Brazil.

Figure 1: Project locations of Adelong's Brazil Lithium Projects

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Corporate

During the period Adelong completed a placement to raise $500,000 (before costs) (See ASX Announcement 29 November 2023) with Directors of the Company committing to contribute up to an extra $110,000, subject to shareholder approval with funds raised, to advance exploration activities at both the Brazilian Lithium projects and the existing Adelong gold mine. Under the share placement the Company issued 83,333,333 fully paid ordinary shares at $0.006 per new share and attaching options exercisable at $0.02 for each two shares issued.

In parallel with operational developments, Adelong announced the retirement of Managing Director Mr. Peter Mitchell (See ASX Announcement 14 November 2023). Mr. Mitchell's retirement signals a transition period, with Mr. Ian Holland,an experienced mining executive, appointed early in 2024 as the new Managing Director.

The Company expresses its deepest gratitude to Mr. Mitchell for his dedicated service, emphasizing his pivotal role in the Adelong Gold Project's development.

Auditor's Independence Declaration

The lead auditor's independence declaration is included on page 5 of the half-year financial report.

Signed in accordance with a resolution of directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

On behalf of the Directors
Mr Ian Hastings
Chairman

Dated 15 March 2024

Level 13, Freshwater Place, 2 Southbank Boulevard,
Southbank VIC 3006
Phone: 03 9690 5700
Facsimile: 03 9690 6509
Website: www.morrows.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF ADELONG GOLD LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2023 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

MORROWS AUDIT PTY LTD

A.M. FONG
Director

Melbourne: 15 March 2024

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ADELONG GOLD LIMITED AND CONTROLLED ENTITIES
ABN: 15 120 973 775
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

		Consolidated Group	
	Note	31 December 2023 $	31 December 2022 $
Continuing operations			
Revenue		2,517	1,129
Administration expenses		(72,675)	(78,526)
Audit fees		(13,400)	(12,500)
Employee benefits expenses		(72,269)	(36,463)
Share registry costs		(10,889)	(35,039)
Depreciation and amortisation expense		(34,218)	(34,218)
Directors' fees		(108,500)	(90,000)
Consulting fees		(29,075)	(31,685)
Exploration costs		-	-
Insurance		(22,884)	(20,853)
Legal and professional fees		(61,052)	(44,795)
Tenancy costs		(10,051)	(8,612)
Travel and accomodation		(21,800)	(7,143)
Finance costs		(10,027)	-
Loss before income tax		(464,323)	(398,705)
Tax expense		-	-
Net loss for the period		(464,323)	(398,705)
Earnings per share			
From continuing and discontinued operations:			
Basic and diluted loss per share (cents)	3	(0.08)	(0.01)

The accompanying notes form part of these financial statements.

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ADELONG GOLD LIMITED AND CONTROLLED ENTITIES
ABN: 15 120 973 775
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		Consolidated Group	
	Note	31 December 2023 $	30 June 2023 $
Assets			
Current Assets			
Cash and cash equivalents		528,454	770,115
Trade and other receivables		40,875	91,539
Other financial assets	4	1,488,957	1,438,957
Other assets		646,880	669,764
Total Current Assets		2,705,166	2,970,375
Non-Current Assets			
Exploration expenditure	5	3,118,773	2,689,452
Property, plant and equipment		718,282	752,500
Total Non-Current Assets		3,837,055	3,441,952
Total Assets		6,542,221	6,412,327
Liabilities			
Current Liabilities			
Trade and other payables		204,178	175,899
Other financial liabilities	7	250,000	250,000
Total Current Liabilities		454,178	425,899
Total Liabilities		454,178	425,899
Net Assets		6,088,043	5,986,428
Equity			
Issued capital	8	20,769,538	20,203,606
Reserves		13,479	13,473
Accumulated losses		(14,694,974)	(14,230,651)
Total Equity		6,088,043	5,986,428

The accompanying notes form part of these financial statements.

ADELONG GOLD LIMITED AND CONTROLLED ENTITIES
ABN: 15 120 973 775
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Issued Capital	Accumulated Losses	Option Reserve	Foreign Currency Translation Reserve	Total
		$	$	$	$	$
Consolidated Group						
Balance at 1 July 2022		18,344,266	(13,453,148)	13,246	227	4,904,591
Comprehensive income						
Loss for the period		-	(398,705)	-	-	(398,705)
Total comprehensive income for the period		-	(398,705)	-	-	(398,705)
Transactions with owners, in their capacity as owners, and other transfers						
Shares issued during the period		625,083	-	-	-	625,083
Transaction costs net of tax		(77,090)	-	-	-	(77,090)
Total transactions with owners and other transfers		547,993	-	-	-	547,993
Balance at 31 December 2022		18,892,259	(13,851,853)	13,246	227	5,053,879
Balance at 1 July 2023		20,203,606	(14,230,651)	13,246	227	5,986,428
Comprehensive income						
Loss for the period		-	(464,323)	-	-	(464,323)
Total comprehensive income for the period		-	(464,323)	-	-	(464,323)
Transactions with owners, in their capacity as owners, and other transactions						
Shares issued during the period		620,000	-	-	-	620,000
Transaction costs net of tax		(54,068)	-	-	-	(54,068)
Options issued during the period		-	-	6	-	6
Total transactions with owners and other transactions		565,932	-	6	-	565,938
Balance at 31 December 2023		20,769,538	(14,694,974)	13,252	227	6,088,043

The accompanying notes form part of these financial statements.

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ADELONG GOLD LIMITED AND CONTROLLED ENTITIES
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated Group 31 December 2023 $	31 December 2022 $
Cash flows from operating activities			
Interest received		1,338	580
Payments to suppliers and employees		(354,474)	(352,882)
Net cash (used by) operating activities		(353,136)	(352,302)
Cash flows from investing activities			
Payments for exploration expenses		(107,341)	(236,388)
Payments for tenements		(177,116)	-
Loan to Cosmo Gold Limited		(50,000)	-
Net cash (used in) investing activities		(334,457)	(236,388)
Cash flows from financing activities			
Proceeds from issue of shares		500,000	475,083
Payments for capital raising costs		(54,068)	(77,090)
Net cash provided by (used in) financing activities		445,932	397,993
Net increase in cash held		(241,661)	(190,697)
Cash and cash equivalents at beginning of financial year		770,115	501,863
Cash and cash equivalents at end of financial year	4	528,454	311,166

The accompanying notes form part of these financial statements.

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These consolidated financial statements and notes represent those of Adelong Gold Limited and Controlled Entities (the "group"). The financial statements were authorised for issue on 15 March 2024 by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2023 and any public announcements made by the Company since 30 June 2023 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

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 stated.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements at 30 June 2023, unless otherwise stated.

(a) Exploration and Development Expenditure

Exploration, evaluation and development expenditures incurred is capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(b) Critical Accounting Estimates and Judgements

In applying the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. These estimates and assumptions are made based on past experience and other factors that are considered relevant. Actual results may differ from these estimates. All estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects both current and future periods.

The following describes critical judgments that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment of deferred exploration costs

The Group's accounting policy for exploration expenditure results in some items being capitalised for an area of interest where it is considered likely to be recoverable in the future where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions as to future events and circumstances, which may change as new information becomes available. If a judgement is made that recovery of a capitalised expenditure is likely, the relevant amount will be written off to the income statement.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

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Note 1: Summary of Significant Accounting Policies (continued)

Taxation

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates by the directors. These estimate take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustments have been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(c) Going Concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the half-year ended 31 December 2023 of $464,323 (31 December 2022: loss of $398,705) and net cash outflows from operating activities of $353,136 (31 December 2022: outflows of $352,302).

These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Company to continue as a going concern. In the event the above matters are not achieved, the Company will be required to raise funds for working capital from debt or equity source.

The ability of the Company to continue as a going concern is principally dependent upon the ability of the Company to secure funds by raising capital from equity markets and managing cashflow in line with available funds.

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Based on the cash flow forecasts and other factors referred to above, the directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Company's history of raising capital to date, the directors are confident of the Company's ability to raise additional funds as and when they are required.

Should the Company be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Company be unable to continue as a going concern and meet its debts as and when they fall due.

Note 2 Dividends

No dividends have been declared or paid during the financial period.

Note 3 Earnings per Share

		Consolidated Group	
		31 December 2023 $	**31 December 2022 $**
(a)	Reconciliation of earnings to profit or loss		
	Losses	(464,323)	(398,705)
	Losses used to calculate basic and dilutive EPS	(464,323)	(398,705)
		No.	**No.**
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	609,184,611	2,689,848,867
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	609,184,611	2,689,848,867
	Basic loss per share from continuing and discontinued operations	(0.08)	(0.01)

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Note 4 Other Financial Assets

	Consolidated Group	
	31 December 2023	30 June 2023
CURRENT	$	$
Loan to Cosmo Gold Limited	1,488,957	1,438,957
Total current assets	1,488,957	1,438,957

The above loan was provided to Cosmo Gold Limited.

On 16 November 2020, the Company entered into a loan agreement with Cosmo Gold Limited on the assumption that an initial public offering of securities of Cosmo Gold (IPO) and subsequent listing on ASX would be completed, however, the IPO has been formally withdrawn by Cosmo Gold Limited.

The loan agreement has been extended to 30 June 2024 from the previous renegotiated expiry of 31 December 2023. Terms of the loan agreement are as follows:

- loan facility provided is up to AUD $1.5 million;
- repayment of the facility is secured by the General Security Deed;
- repayment terms are as follows:
  - (a) immediately upon the occurrence of an Event of Default; or
  - (b) on 30 June 2024

  whichever occurs first

Event of Default occurs on the happening of any of the following:

- Cosmo Gold failing to pay any of the monies required to be paid under the agreement at the time or in a manner required under the Agreement;
- Cosmo Gold failing to observe or perform any of its obligations under the Agreement, the General Security Deed or any other agreement or instrument in connect with the Agreement and:
  - (a) if such failure is capable of remedy, such failure is not remedied within 14 days of receipt by Cosmo Gold of Notice from the Company of such failure; or
  - (b) if such failure is not capable of remedy, upon the Company serving Notice of such failure on Cosmo Gold;
- without the prior written consent of the Company:
  - (a) Cosmo Gold granting an Encumbrance in any property the subject of the Security other than in the Company's favour; or
  - (b) any property the subject of the Security being removed form the effective management or control of Cosmo Gold;
- a change in the composition of the Board of Cosmo Gold;
- Cosmo Gold committing any act or experiencing any event which, in the opinion of the Company, shows or tends to show that it is not able to pay its debts as and when they fall due, or Cosmo Gold otherwise enters into any form of bankruptcy or insolvency
- Cosmo Gold having a receiver or receiver and manager appointed to any asset of Cosmo Gold.

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Note 5 Exploration Expenditure

	$
Balance at 1 July 2022	1,892,780
Current year expenditure capitalised	796,672
Balance at 30 June 2023	2,689,452
Balance at 1 July 2023	2,689,452
Acquisition of tenements	320,006
Current half-year expenditure capitalised	109,315
Balance at 31 December 2023	3,118,773

The value of the Company's interest in exploration expenditure is dependent upon the:

- continuance of the economic entity's right to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

75% of Peter Mitchell's Directors Fees have been capitalised as Deferred Exploration and Evaluation Assets.

With regard to the Brazil tenements, which were acquired in December 2023, the vendor remains entitled to the following deferred consideration:

- If within 12 months of the acquisition, the exploration achieves 6 rock chip samples with grades >1% Li_2O from at least 2 of the tenements, Adelong Gold is to issue a further AUD$100,000 worth of Adelong Gold shares based on a 15 day volume weighted average share price (VWAP) at the time of issue;
- If within 5 years of the acquisition, the exploration achieves a continuous drill intercept of not less than10 metres intersection of grades exceeding 1% Li_2O, Adelong Gold is to issue a further AUD$150,000 worth of shares based on the 15 day VWAP at the time of issue;
- If within 5 years of the acquisition, on announcing a JORC compliant resource of not less than 6 million tonnes averaging in excess of 1% Li_2O, Adelong Gold is to issue a further AUD$150,000 worth of shares based on the 15 day VWAP at the time of issue; and
- a 2% net smelter return royalty over minerals produced that are the subject of the Exploration Permits with Adelong Gold to have the right to buy-back half of the royalty for AUD$500,000.

The recovery of deferred exploration and evaluation costs is dependent upon the success of pre-feasibility studies, exploration and evaluation or sale or farm-out of the exploration interest. A percentage of the CEO's salary and associate costs are capitalised in line with the Company's policy for capitalising costs directly relating to pre-feasibility and exploration. Broadly, the Company has three cost centres, Corporate, Pre-feasibility and Exploration. Where identifiable, costs associated with Pre-feasibility and Exploration cost centres are capitalised. These costs are annually reviewed for impairment and a charge is made direct to the Statement of profit or loss and other comprehensive income of the Company where an impairment is identified.

No impairment (30 June 2023: $Nil) was brought to account for the financial period. The Company still intends to exploit for economical gain the remaining tenements under its control.

The Group has reviewed all of its tenements and has only carried forward the expenses on the tenements that give rise to a potential economic benefit to the Company through development or exploration.

The Group has considered the impairment indicators below and confirms no such indicators are applicable at 31 December 2023. As such, the Group does not consider that a full impairment test is necessary.

Impairment indicators

- The period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future,
- Substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- Exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area;
- Sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale;
- Evidence is available of obsolescence or physical damage of an asset; and
- The net assets of the Group exceeds its market capitalisation.

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Note 6 Interests in Subsidiaries

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

		Ownership interest held by the Group	
Name of subsidiary	**Principal place of business**	**31 December 2023**	**30 June 2023**
Platquest Resources Pty Ltd	Australia	100%	100%
Haiti Gold Aust Pty Ltd	Australia	100%	100%
Challenger Mines Pty Ltd	Australia	100%	100%
Adelong Gold Brasil Ltda.	Brazil	100%	-

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

Note 7 Other Financial Liabilities

	Consolidated Group	
	31 December 2023 $	**30 June 2023 $**
Current		
Convertible loans	250,000	250,000
	250,000	250,000
Total Other Financial Liabilities		
Current	250,000	250,000
Non-Current	-	-
	250,000	250,000

Details of convertible loan:

Conversion price: $0.024

Interest: 8% per annum, payable in cash, annually in arrears

Maturity date: 23 June 2024, being 18 months after the date of issue

Redemption: All convertible notes which are not converted must be redeemed on the Maturity date. Any number of convertible notes held may be redeemed by the Noteholder giving the Company notice within 60 days' of an Event of Default occurring.

Events of Default: It is an event of default where:

(i) the Company does not pay any monet that becomes payable by the Company under the Deed on its due date for payment and does not rectify that failure to pay within ten business days of receipt of a notice from the Noteholder stating that payment has not been made;

(ii) the Company becomes insolvent; or

(iii) the Company is in breach of any convenant or undertaking contained in the Deed, and does not rectify that breach within ten business days of receipt of a notice from the Noteholder stating that the breach has occurred and providing reasonable details of the breach.

Transferability: The Noteholder is entitled to transfer the notes and shares issued pursuant to conversion of a note in accordance with the Deed, provided any applicable requirements of Chapter 6D of the Corporations Act are complied with.

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Note 8 Issued Capital

(a) Ordinary Shares

	No.	$
Balance at 1 July 2022	4,181,872,092	18,344,266
Shares issued during the year	403,135,387	2,025,083
Less transaction costs arising from issue of shares	-	(165,743)
Less share consolidation	(3,988,685,187)	-
Balance at 30 June 2023	596,322,292	20,203,606
Balance at 1 July 2023	596,322,292	20,203,606
Shares issued during the half-year	103,333,333	620,000
Less transaction costs arising from issue of shares	-	(54,068)
Balance at 31 December 2023	699,655,625	20,769,538

(b) Unlisted Options

	No.
Balance at 1 July 2022	252,500,000
Options issued during the year	31,250,000
Consolidation during the year	(118,000,004)
Options lapsed during the year	(122,500,000)
Balance at 30 June 2023	43,249,996
Balance at 1 July 2023	43,249,996
Options issued during the half-year	61,666,666
Options lapsed during the half-year	-
Balance at 31 December 2023	104,916,662

Note 9 Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and in determining the allocation of resources.

Unless stated otherwise, all accounts are reported to the Board of Directors, being chief decision makers with respect to operating segments, which are determined in accordance with accounting policies that are consistent to those adapted in the annual financial statements of the consolidated entity.

(i) **Segment performance**

31 December 2023	**Adelong Gold $**	**Challenger $**	**Platquest $**	**Alltower $**	**Total $**
Total segment revenue	-	-	-	-	-
Reconciliation of segment revenue to group revenue					
Total segment revenue	-	-	-	-	-
Segment net loss from continuing operations before tax	-	-	-	-	-
Amounts not included in segment result but reviewed by Board					
Interest revenue					2,517
Administration expenses					
Directors' fees					(108,500)
Consultancy fees					(29,075)
Occupancy costs					(10,051)
Other costs					(319,214)
Net profit before tax from continuing operations					(464,323)

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Note 9: Operating Segments (continued)

31 December 2022	Adelong Gold $	Challenger $	Platquest $	Alltower $	Total $
Total segment revenue	-	-	-	-	-
Reconciliation of segment revenue to group revenue					
Total segment revenue	-	-	-	-	-
Segment net loss from continuing operations before tax	-	-	-	-	-
Amounts not included in segment result but reviewed by Board					
Interest revenue					1,129
Administration expenses					
Directors' fees					(90,000)
Consultancy fees					(31,685)
Occupancy costs					(8,612)
Other costs					(269,537)
Net profit before tax from continuing operations					(398,705)

(ii) **Segment assets**

31 December 2023	Adelong Gold $	Challenger $	Platquest $	Alltower $	Total $
Segment assets - opening balance	-	2,689,452	-	-	2,689,452
Segment assets increases for the half-year					
— Capital expenditure for the half-year	320,006	109,315	-	-	429,321
— Write off/exploration	-	-	-	-	-
Reconciliation of segment assets to group assets	320,006	2,798,767	-	-	3,118,773
Intersegment eliminations					
Unallocated assets:					
— Cash					528,454
— Receivables					40,875
— Other assets					646,880
— Other financial assets					1,488,957
— Property, plant and equipment					718,282
Total group assets					6,542,221

30 June 2023	Adelong Gold $	Challenger Mines $	Alltower $	Platquest $	Total $
Segment assets - opening balance	-	1,892,780	-	-	1,892,780
Segment assets increases for the year					
— Capital expenditure for the half-year	-	796,672	-	-	796,672
Reconciliation of segment assets to group assets	-	2,689,452	-	-	2,689,452
Intersegment eliminations					
Unallocated assets:					
— Cash					770,115
— Receivables					91,539
— Other assets					669,764
— Other financial assets					1,438,957
— Property, plant and equipment					752,500
Total group assets					6,412,327

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Note 9: Operating Segments (continued)

(iii) **Segment liabilities**

31 December 2023	Adelong Gold $	Challenger Mines $	Alltower $	Platquest $	Total $
Segment liabilities - opening balance	-	-	-	-	-
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					
Unallocated liabilities:					
— Trade and other payables					204,178
— Other financial liabilities					250,000
Total group liabilities					454,178

30 June 2023	Adelong Gold $	Challenger Mines $	Alltower $	Platquest $	Total $
Segment liabilities - opening balance	-	-	-	-	-
Reconciliation of segment liabilities to group liabilities					
Intersegment eliminations					
Unallocated liabilities:					
— Trade and other payables					175,899
— Other financial liabilities					250,000
Total group liabilities					425,899

Note 10 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 20 February 2024, the Company announced that it had appointed Mr Ian Holland as Managing Director, effective 1 March 2024. This appointment introduces an experienced mining executive with a strong track record of operations management and value creation to the COmpany who has successfully transitioned an exploration project to production and will be charged with accelerating the development of the Adelong Gold Project.

On 28 February 2024, the Company announced that Mr John Chegwidden will retire from the Board on 31 March 2024.

On 4 March 2024, the Company announced that the 10 Brazilian licenses that the Company applied for during the reporting period, had been granted for the Paraiba Province Project. These licenses further increase the exploration ground uncder license by 162.8km^2 and are in addition to the licenses in the "Lithium Valley" region in Minas Gerais.

On 4 March 2024, the Company issued 18,333,333 fully paid ordinary shares at an issue price of $0.006 and 9,666,666 unlisted options, exercisable at $0.02 with an expiry of 30 June 2026 to Directors and the Company Secretary following their participation in the raise previously announced on 29 November 2023. $110,000 was raised.

On 6 March 2024, the Company announced that it had received firm commitments from professional and sophisticated investors to raise $1.1 million (before costs) through a share placement. This includes Directors and Management, having committed to contribute up to $150,000 under the Placement, subject to shareholder approval. In conjunction with the Placement, the Company will also offer eligible shareholders the opportunity to participate under a Share Purchase Plan on the same terms as the Placement to raise up to an additional $500,000 (before costs).

Note 11 Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, receivables and trade and other payables

The Group's financial instruments consist of those which are measured at amortised cost including trade and other receivables and trade and other payables. The carrying amount of these financial assets and liabilities approximate their fair value.

ADELONG GOLD LIMITED AND CONTROLLED ENTITIES
ABN: 15 120 975 775
DIRECTORS' DECLARATION

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In accordance with a resolution of the directors of Adelong Gold Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 6 to 17, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
   (b) give a true and fair view of the financial position as at 31 December 2023 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director

Mr Ian Hastings

Dated this 15 March 2024

morrows
AUDIT

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ADELONG GOLD LIMITED

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Adelong Gold Limited (the Entity), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Entity is not in accordance with the Corporations Act 2001 including:

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

Directors' Responsibility for the Half-Year Financial Report

The directors of the Entity are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the 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 Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the 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. As the auditor of the Entity, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Adrian Fong

A.M. FONG
Director
Melbourne: 15 March 2024