



AUSTRALIAN MINES LIMITED

ABN 68 073 914 191

CONSOLIDATED INTERIM FINANCIAL REPORT
HALF YEAR ENDED 31 DECEMBER 2023

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The financial statements cover Australian Mines Limited as a consolidated entity consisting of Australian Mines Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Australian Mines Limited's functional and presentation currency.

Australian Mines Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Level 34, 1 Eagle Street
Brisbane, Queensland 4000 Australia

Principal place of business

Level 23/108 St Georges Terrace
Perth, WA 6000, Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 15 March 2024.

The Directors present their report, together with the interim financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Australian Mines Limited (referred to hereafter as the 'Company' or 'Australian Mines') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

DIRECTORS AND COMPANY SECRETARY

The following persons were Directors, Executive Officer and Company Secretary of Australian Mines Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Michael Ramsden - Chairman, Non-Executive Director
Andrew Nesbitt - Chief Executive Officer (appointed effective on 2 October 2023)
Michael Holmes - Chief Executive Officer (resigned effective on 2 October 2023)
Michael Elias - Non-Executive Director
Lee (Les) Guthrie - Non-Executive Director (resigned effective on 18 July 2023)
Dominic Marinelli - Non-Executive Director
Oliver Carton - Company Secretary

PRINCIPAL ACTIVITIES

At the end of the period and subsequently, Australian Mines entered into an agreement to acquire tenements located in Brazil comprising the Jequie and Resende projects. The Jequie project located in Bahia is prospective for rare earth elements and niobium and the Resende Project located in Minas Gerais state is prospective for lithium.

The Company progressed the critical items on the development path associated with its 100%-owned Sconi Project located in North Queensland, Australia.

REVIEW OF EVENTS

The period saw a continuation in the decline of Nickel and Cobalt commodity prices, thus the Company focused on preserving shareholder value by reviewing the Company's 100% owned Sconi Nickel-Cobalt-Scandium Battery Minerals Project ("Sconi") within the current commodity environment. Due to the current market conditions related to Nickel and Cobalt, the Company has diversified to include Lithium and Rare Earth Projects.

By entering into an agreement to acquire the Jequie Rare Earth and the Resende Lithium Project, both located in Brazil, the Company is now in the position to provide shareholders optionality and exposure to additional battery metals in conjunction with the potential for new discoveries.

Highlights

- In December the Company executed a binding agreement (subject to shareholder approval) with a local Brazilian Group RTB Geologia E Mineracao LTDA to acquire two, 100% owned, exploration projects in Brazil, namely the Jequie Rare Earth Project (Bahia) and the Resende Lithium Project (Lithium Valley, Minas Gerais).
- In December the Company announced an equity placement with strong demand for \$2,500,000. The capital raising was completed in two tranches, where AUZ received the first tranche in December and the remainder in January after obtaining shareholder approval.
- On 5 July 2023 the Greenvale Mining Lease was approved and an application to extend the granted Mining Leases was submitted on 20 October 2023.

ASSETS REVIEW

The Resende Lithium Project and the Jequeie Rare Earth Project are subject to acquisition terms as per ASX Announcement, 6 December 2023.

Jequeie Rare Earth Project (Bahia State)¹

The project is located within the state of Bahia (Northeast Brazil). This renowned geological and government friendly jurisdiction has resulted in the establishment of several large-scale mining operations in the vicinity of the Jequeie Rare Earth Project. The Jequeie Rare Earth Project is expected to benefit from the associated complementary infrastructure of sealed roads and access to clean hydropower and a major deep-water port less than 200km distant.

The Jequeie Rare Earth project comprises 72 mineral right claims covering a total aggregate land holding of approx. 131,000 HA or ~1,310km². The licences are located in the Jequié Block, a tectono-structural block of the northeastern Sao Francisco craton. The Jequié Block comprises granulite facies-metamorphosed intrusive rocks with demonstrated rare earth element (“REE”) anomalism, with Ionic clay and hard rock REE occurrences in the district. The Jequeie project which is targeting Rare Earths/ Niobium is located adjacent to Brazilian Rare Earth Limited (BRE:ASX), with their Inferred Mineral Resource Estimate of 510Mt at 1,513ppm Total Rare Earth Oxide². This has resulted in large scale pegging activity within the area. These results do not guarantee the same or similar levels of results at the Jequeie Rare Earth Project.

Resende Lithium Project (Lithium Valley, Minas Gerais)³

Minas Gerais is a global leading mining jurisdiction. The government is well known for supporting productive and sustainable operations in the state. Recently the government is focused on encouraging the development of the lithium minerals sector within the province. The Lithium Valley is home to 3 notable lithium producers and several ASX explorers. The notable producers include the Mina da Cachoeira underground mine with a production capacity of 45,000t per annum of 5.5% Li₂O spodumene concentrate⁴, AMG Lithium GmbH's Mibra lithium-tantalum-niobium-tin mine, which is expected to produce 130,000t lithium concentrate per annum⁵ and Sigma Lithium Corporation's (NASDAQ: SGML) Grota do Cirio operation, which is ramping up to 270,000t per annum of lithium concentrate⁶. There is no guarantee that the Resende Lithium Project will have the same or similar levels of results, or that it will become a producing project.

The Resende Lithium Project comprises 8 mineral rights claims with total aggregate land holding of 13,314 HA or ~133km². The Jequeie Rare Earth Project is subject to acquisition terms as per ASX Announcement, 6 December 2023 and subject to transfer as per ASX Announcement 19 February 2024. The licences are in the Sao Joao del Rey Pegmatite Province, which is widely known for the presence of various mineralised bodies and is located ~17km west of the AMG Mibra Spodumene producing mine.

The licences are believed to contain the eastern extensions of the geological structures and intrusive rocks, responsible for forming the mineralised pegmatites that are currently being mined at AMG's Mibra lithium-tantalum-niobium-tin mine. The district is characterised by numerous pegmatite bodies of varying mineralogical composition dominated by spodumene but including beryl, tantalite-columbite and monazite. Several historically mapped pegmatite and tantalum occurrences have been mapped within the boundaries of the exploration licences⁷ and have not been previously tested/explored for lithium.

¹ The Jequeie Rare Earth Project has no current or historical mineral resources

² Brazilian Rare Earth Prospectus of 13 November 2023, Pg 164. Rocha da Rocha Inferred mineral resource statement as of 23 May 2023 (reported in accordance with the JORC Code (2012)). These results do not guarantee the same or similar levels of results at the Jequeie Rare Earth Project.

³ The Resende Lithium Project has no current or historical minerals resources

⁴ Mina da Cachoeira underground mine, <https://www.cblitio.com.br/nossas-opera%C3%A7%C3%B5es>, production rates and grades are not compliant with JORC 2012 reporting guidelines.

⁵ <https://amglithium.com/solutions/resources>

⁶ Sigma Lithium, NI 43-101 TECHNICAL REPORT GROTA DO CIRILO LITHIUM PROJECT, 31 October 2022, <https://sigmalithiumresources.com/wp-content/uploads/2023/05/2023-01-SGML-Updated-Technical-Report-1.pdf>

⁷ Based on Geological Survey of Brazil, <https://geoportal.sgb.gov.br/geosgb/>

Sconi Battery Minerals Project - Key Competitive Advantages

The Sconi Project is a strategic long-life asset, and under the current Nickel and Cobalt commodity prices the board is of the opinion that securing financing for a FID decision would be difficult in the short term, prior to the recovery of prices. The Sconi Project has 3 main competitive advantages, namely its Australian location, the mining licences have been approved and issued and as the Sconi project is classed as a brown fields development project the project has a low-risk technical solution to extract Nickel and Cobalt from the resource. Given these advantages the Sconi project can at a pre-determined date in the future produce ethical Nickel and Cobalt within a low-risk domicile using low risk technical mining and processing techniques. So even though the board is of the opinion that securing development finance would at this stage be difficult, the board has taken the decision to enhance these key competitive advantages by:

- (a) Engaging with the Department of Resources (Queensland) to streamline required expenditures so that mandated expenditures are focused on progressing environmental studies required for the Environmental Impact Statement ("EIS") and the approval of the mining licences extension applications (please refer to ASX announcement 20 October 2023).
- (b) Engaging with the Queensland Government to access funds allocated to critical minerals development with the intention to progress the EIS and fund potential break-through metallurgical processing techniques with regards to Nickel and Cobalt extraction within laterites.
- (c) Engaging with potential JV partners and battery manufactures with the intention to form beneficial partnerships.

In anticipation for a recovery in the nickel price, the Company is working closely with Department of Resources (Queensland) to significantly decrease holding costs on a temporary basis.

Monetising Secondary Assets

As part of the previously announced strategy to monetise other assets within the company, Australian Mines has discontinued working with intermediary bodies, but remains committed to identify potential partners capable of providing exploration funding for the Flemington deposits and Broken Hill tenements.

Advancing Solid State Hydrogen Storage Metal Hydride Project

Australian Mines has been progressing the solid-state hydrogen metal hydride collaborative research and development program with partner Amrita Centre for Research and Development. Details of two inventions on mixed metals hydrogen storage have been completed and provisional patents were lodged during January 2024.

CORPORATE AND CAPITAL STRUCTURE

AGM / EGM

On 21 November 2023 Australian Mines held its AGM and amongst other resolutions obtained further approval to issue shares under the Subscription Agreements with Lind and SBC. Lind and SBC have issued Subscription Notices under those agreements during the period.

After the end of the period, on 19 January 2024, Australian Mines held a Shareholder meeting to approve the acquisition, ratify the issue of securities under the first tranche of the placement relating to the acquisitions in Brazil referred to above, and authorise the issue of securities under the second tranche associated with the Placement on the 6 December 2023. All resolutions were passed.

Subscription Notices

During the half year to December 2023, there have been 8 instances where Lind and SBC have issued subscription notices:

- 16,666,667 subscription shares issued at \$0.012 per share on 3 July 2023;
- 16,666,667 subscription shares issued at \$0.012 per share on 12 July 2023;
- 21,428,573 subscription shares issued at \$0.014 per share on 29 August 2023;
- 16,666,667 subscription shares issued at \$0.012 per share on 3 October 2023;
- 12,727,273 subscription shares issued at \$0.011 per share on 23 October 2023;
- 20,000,000 subscription shares issued at \$0.010 per share on 1 November 2023;
- 14,000,000 subscription shares issued at \$0.011 per share on 13 November 2023; and
- 18,181,819 subscription shares issued at \$0.010 per share on 29 November 2023

As part of the executed agreements with Lind and SBC, Australian Mines issued 12,500,000 initial shares to each investor. Over the period of the agreement Lind and SBC have the option to either pay for the shares at the price prescribed in the agreement or utilise the unused advance payment credit to offset the payment obligation. In July 2023 Lind and SBC elected to make payment of the initial shares issued under the agreement as follows:

- Lind made a payment of \$150,000 for 12,500,000 shares at \$0.012 per share on 27 July 2023
- SBC made a payment of \$36,000 for 3,000,000 shares at \$0.012 per share on 26 July 2023

In relation to the 12,500,000 initial shares issued to each investor, all obligations for Lind have been met after the period the Company entered into agreements to relinquish the Share Subscription Agreements which included the remaining 9,500,000 shares held by SBC. Refer to Matters Subsequent to the End of the Financial Year.

Acquisition Of Brazil Rare Earth/ Niobium & Lithium Projects and Associated Capital Raising

On 6 December 2023 Australian Mines announced:

- The acquisition of 2 projects namely the Jequie Rare Earth Project and the Resende Lithium Project, both located in Brazil.
- An associated capital raising to raise \$2,500,000 in a two-tranche process, the second being subject to Shareholder approval.

Leadership and ESG

On 25 September 2023 the board announced the appointment of Mr Andrew Nesbitt as the new CEO, effective 2 October 2023. Mr Nesbitt holds a BSc (Eng) Mining and MBA and has over 25 years of experience in the natural resources sector. He has held various executive, production and technical roles and raised funds for numerous Metals and Mining companies. Mr Nesbitt was the previous CEO of Resource Mining Corporation Limited, an ASX Listed Metals and Mining exploration company focused on Nickel and Lithium exploration.

On 16 August 2023 Australian Mines announced that CEO Michael Holmes had handed in his resignation which became effective 2 October 2023.

Non-Executive Director Lee (Les) Gordon Guthrie resigned from Australian Mines on 18 July 2023 due other work commitments, effective immediately. Les did not receive a termination payment upon resignation and had no Loan Share Plan.

Australian Mines continues to be certified under the Climate Active program as a Carbon Neutral organisation and it was the first mineral resources company to receive this certification. Climate Active is the only Australian Government recognised Carbon Neutral certification, and it is awarded to organisations that have credibly reached a state of achieving net zero emissions, otherwise known as carbon neutrality.

REVIEW OF OPERATIONS

The Group made a loss for the six months ended 31 December 2023 of \$3,436,440. This compares with a loss of \$1,624,056 for the six months ended 31 December 2022.

A comparison of the consolidated financial performance is included in the table below.

| Financials | Consolidated | |
|-----------------------------------|------------------|------------------|
| | 31 December 2023 | 31 December 2022 |
| | \$'000 | \$'000 |
| Revenue from operating activities | - | - |
| Loss before income tax expense | (3,436) | (1,624) |
| Cash and cash equivalents | 3,861 | 6,929 |

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

CEO Michael Holmes resigned from Australian Mines effective 2 October 2023 to pursue other interests. Mr Holmes did not receive a termination payment, but employee leave entitlements will be paid out. As per the terms of the Loan Share Plan, the 4,060,000 Performance Shares held by Michael Holmes were forfeited upon his termination. A reversal of the Share Based Payment expense recorded to date was recognised in the accounts at the date of termination.

On 25 September 2023, Australian Mines announced the appointment of Andrew Luke Nesbitt as Chief Executive Officer (CEO) of the Company, effective 2 October 2023.

Australian Mines executed a binding agreement with a local Brazilian Group RTB Geologia E Mineracao LTDA ("RTB") to acquire two, 100% owned, exploration projects in Brazil, namely the Jeque Rare Earth Project (Bahia) and the Resende Lithium Project (Lithium Valley, Minas Gerais).

Key Terms of The Acquisition

The total cost of the acquisition is deemed to be \$1,140,000 consisting of \$150,000 in cash and 90,000,000 Australian Mines shares at a deemed price of \$0.011 per share (Consideration Shares).

Australian Mines has the Right to acquire the licences by paying AUD \$50,000 (fifty thousand dollars) within 5 days of executing the term sheet. The Closing of the acquisition is subject to the following Conditions which must be completed by the 28 Feb 2024 ("Closing Date"). Australian Mines has the right to waive any of the Conditions or extend the Closing Date by up to three months.

Conditions:

- (1) Australian Mines obtains all required shareholder approval(s) for the transaction.
- (2) GBA Capital completing, on behalf of Australian Mines, an equity placement of greater than \$2m. This has been completed.
- (3) Australian Mines has the legal right to form a local Brazilian Company 100% owned by Australian Mines to hold the licences on transfer.
- (4) All the licences (consisting of no less than 90% of the combined area) have been granted to the vendor, and the vendor has filed with National Mining Agency the transfer of the granted licences in favour of Australian Mines.

Payments, Royalties, Milestone Payments and the Share Issuance are as follows:

- (a) On the Resende Licences (consisting of no less than 90% of the combined area) having been transferred successfully to Australian Mines and on satisfying Condition 1, 2 and 3 \$50,000 (fifty thousand dollars) shall be paid to the vendor by Australian Mines.
- (b) On the Jequie (REE) Licences (consisting of no less than 50% of the combined area) having been transferred successfully to Australian Mines and satisfying Condition 1, 2 and 3 \$50,000 (fifty thousand dollars) shall be paid to the vendor by Australian Mines.
- (c) On satisfying Condition 1, 2, 3 and 4 by the 28 February 2024 ("Closing Date"), the Consideration Shares;
- (d) A milestone Payment to the vendor for declaring an Inferred Resource (or greater) of 10 million tonnes @ greater than or equal to 1% Li₂O (in spodumene or other lithium bearing mineral), on or within any of the licences. The milestone payment of \$1,000,000 shall, at Australian Mines' election, be in cash or, subject to shareholder approval, shares (shares to be priced at the 10-day VWAP immediately preceding such announcement on the ASX).
- (e) The licences are subject to a 2% royalty, which Australian Mines has the right to buy-back half for \$500,000 within 3 years of initial production.

The Consideration Shares are subject to the following escrow arrangements.

- (a) 33% free trading from the issuance date.
- (b) 33% escrowed for 6-months from the issuance date.
- (c) The remaining escrowed for 12-months from the issuance date.

On 28 February 2024 Australian Mines exercised its right under the agreement to extend the Closing Date by 3-months. Further, with effect from 28 February 2024 Australian Mines exercised its right to waive Condition 4 above and agreed with RTB as follows:

1. Given the waiver of Condition 4, the two \$50,000 cash payments referred to in (a) and (b) above were to be paid as soon as practically possible.
2. All the Consideration Shares will be issued in one tranche under the terms of the agreement. Taking into account the waiver of Condition 4, the following additional protections have been agreed:
 - a. Within 5 days of Australian Mines registering the required local subsidiaries ("Brazil Subsidiary") and on all the required documents to transfer the granted licences to the Brazil Subsidiary are lodged with the National Mining Agency of Brazil, all the Consideration Shares will be issued;
 - b. 33% of the Consideration Shares will be unescrowed, and all the remaining Consideration Shares will be subject to escrow ("Escrow Shares").
 - c. Within 5 days of the later of either 28 August 2024 or the date the granted licenses are transferred to the Brazil Subsidiary, 50% of the Escrow Shares will be released to RTB ("First Release Date").
 - d. The remainder of the Escrow Shares will be released within 5 days of the later of either 28 February 2025 or 3 months after the First Release Date.
 - e. If the First Release Date does not occur by 30 September 2024 (or a later date agreed by Australian Mines) or the term sheet is terminated without all licenses being transferred, all the Escrow Shares will be cancelled for nil consideration by way of a shareholder meeting.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF-YEAR

Post half year December 2023 there have been 2 instances where Lind and SBC have issued subscription notices:

- 35,714,286 subscription shares issued at \$0.007 per share on 29 January 2024;
- 64,285,715 subscription shares issued at \$0.007 per share on 15 February 2024;

During the month of January 2024, Australian Mines made a \$150,000 cash payment to SBC Global Investment Fund ("SBC"). This amount was used to reduce Unused Advance Payment Credit pursuant to the Share Subscription Agreements executed on 22 November 2022.

On 19 January 2024 at a General Meeting, Australian Mines obtained approval to change its name to EcoMetal Resources Limited. Following further consideration, the Board has decided to retain the name Australian Mines for the listed entity reflecting its place of incorporation and listing, and name its Brazilian entity EcoMetal Resources.

On 29 January 2024, related to the Key Terms of Brazil projects acquisition and following shareholder approval, Australian Mines issued 84,990,143 shares related to the second tranche of equity placement announced in December 2023.

On 2 February 2024, related to the Key Terms of Brazil projects acquisition and following shareholder approval, Australian Mines announced that it has issued options of 133,636,332 at \$0.022 on 29 January 2024. The options have an expiry date of 29 January 2027. An additional 20 million options under the same terms were issued to the lead manager.

On 26 February 2024 Australian Mines completed and announced a successful equity raise of \$3.0 million (gross) for the issue of 176,470,590 shares at \$0.017 per share, with a (to be issued subject to shareholder approval) 1 for 2 free attaching option at a strike price of \$0.032 and an expiry date of 3-years from the date of issue. An additional 20 million options, also subject to shareholder approval, attracting the same terms will be issued to the lead manager.

The Company will call a shareholder meeting to approve the issue of the Placement Options in due course.

On 26 February 2024 Australian Mines announced the relinquishment of the Share Subscription Agreements ("Agreement") entered into on 22 November 2022. The Company agreed separately with Lind Global Fund II, LP ("Lind") and SBC to pay a total of \$1.34 million ("Payment") in return for:

- Reducing the Unused Advanced Payment Credit ("UAPC") (with respect to both Lind and SBC) to zero, and specifically regarding SBC waived the remaining 9,500,000 of the 12,500,000 shares, originally issued to SBC on the execution of the Agreement, for the purpose of offset against the UAPC.
- Following the Payment by the Company, neither Lind nor SBC will have any further rights to subscribe for shares under the Share Subscription Agreements and no further shares will be issued pursuant to the Agreements.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial half-year.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this Directors' Report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Dominic Marinelli
Non-Executive Director

15 March 2024
Melbourne

For personal

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF AUSTRALIAN MINES LIMITED

As lead auditor for the review of Australian Mines Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Australian Mines Limited and the entities it controlled during the period.



Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth

15 March 2024

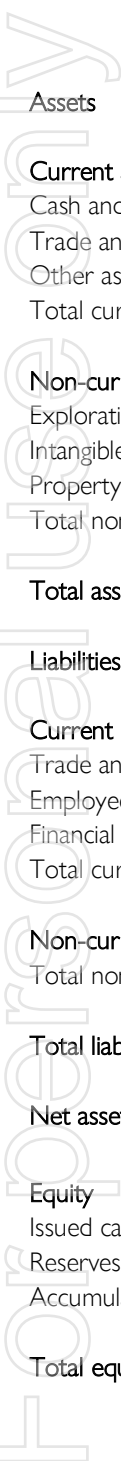
AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



| | Note | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
|--|------|-------------------------------|-------------------------------|
| Other income | | 148 | 40 |
| Net income | | <u>148</u> | <u>40</u> |
| Expenses | | | |
| Corporate overheads and indirect expenses | 4 | (481) | (706) |
| Personal expenses | | (447) | (707) |
| Depreciation and amortisation | | (3) | (92) |
| Share based payment reversal / (expense) | 5 | 49 | (43) |
| Exploration expenditure | 6 | (1,111) | (26) |
| Loss on fair value of derivatives | 7 | (173) | - |
| Loss from operating activities | | (2,018) | (1,534) |
| Finance income | | 4 | 1 |
| Finance expense | 7 | (1,422) | (91) |
| Net finance income | | <u>(1,418)</u> | <u>(90)</u> |
| Loss before income tax expense | | (3,436) | (1,624) |
| Income tax expense | | - | - |
| Loss after income tax expense for the half-year | | (3,436) | (1,624) |
| Other comprehensive income for the half-year, net of tax | | - | - |
| Total comprehensive loss for the half-year | | <u><u>(3,436)</u></u> | <u><u>(1,624)</u></u> |
| | | Cents | Cents |
| Loss per share attributable to the ordinary equity holders of the Company | | | |
| Basic earnings per share | | (0.48) | (0.34) |
| Diluted earnings per share | | (0.48) | (0.34) |

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

AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023



| | Note | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
|--------------------------------------|------|-------------------------------|------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | | 3,861 | 4,633 |
| Trade and other receivables | | 132 | 27 |
| Other assets | | 197 | 21 |
| Total current assets | | 4,190 | 4,681 |
| Non-current assets | | | |
| Exploration and evaluation assets | 6 | 40,579 | 40,508 |
| Intangibles | | 41 | 27 |
| Property, plant and equipment | | 96 | 99 |
| Total non-current assets | | 40,716 | 40,634 |
| Total assets | | 44,906 | 45,315 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | | 79 | 218 |
| Employee benefits | | 181 | 185 |
| Financial liabilities | 7 | 3,867 | 3,443 |
| Total current liabilities | | 4,127 | 3,846 |
| Non-current liabilities | | | |
| Total non-current liabilities | | - | - |
| Total liabilities | | 4,127 | 3,846 |
| Net assets | | 40,779 | 41,469 |
| Equity | | | |
| Issued capital | 9 | 108,394 | 105,599 |
| Reserves | | 5,320 | 5,369 |
| Accumulated losses | | (72,935) | (69,499) |
| Total equity | | 40,779 | 41,469 |

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

AUSTRALIAN MINES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



| Consolidated | Issued capital \$'000 | Share option reserves \$'000 | Share-based payment reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|--------------------------|---------------------------------|---------------------------------------|------------------------------|------------------------|
| Balance at 1 July 2022 | 102,115 | 494 | 3,756 | (65,394) | 40,971 |
| Loss after income tax expense for the half-year | - | - | - | (1,624) | (1,624) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive loss for the half-year | - | - | - | (1,624) | (1,624) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Share-based payments transactions (note 5) | - | - | 42 | - | 42 |
| Shares issued during the period (note 9) | 2,898 | 1,017 | - | - | 3,915 |
| Transaction costs from issue of shares (note 9) | (656) | - | - | - | (656) |
| Balance at 31 December 2022 | 104,357 | 1,511 | 3,798 | (67,018) | 42,648 |

| Consolidated | Issued capital \$'000 | Share option reserves \$'000 | Share -based payment reserve \$'000 | Accumulated losses \$'000 | Total equity \$'000 |
|--|--------------------------|---------------------------------|--|------------------------------|------------------------|
| Balance at 1 July 2023 | 105,599 | 1,511 | 3,858 | (69,499) | 41,469 |
| Loss after income tax expense for the half-year | - | - | - | (3,436) | (3,436) |
| Other comprehensive income for the half-year, net of tax | - | - | - | - | - |
| Total comprehensive loss for the half-year | - | - | - | (3,436) | (3,436) |
| <i>Transactions with owners in their capacity as owners:</i> | | | | | |
| Reversal of forfeited share based payments | - | - | (86) | - | (86) |
| Share-based payments transactions (note 5) | - | - | 37 | - | 37 |
| Shares issued during the period (note 9) | 2,926 | - | - | - | 2,926 |
| Transaction costs from issue of shares (note 9) | (131) | - | - | - | (131) |
| Balance at 31 December 2023 | 108,394 | 1,511 | 3,809 | (72,935) | 40,779 |

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

| | Note | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
|---|------|-------------------------------|-------------------------------|
| Operating activities | | | |
| Cash payments to suppliers and employees | | (905) | (1,669) |
| Interest received | | 4 | 1 |
| Sundry income | | 139 | - |
| Net cash used in operating activities | | <u>(762)</u> | <u>(1,668)</u> |
| Investing activities | | | |
| Payments for exploration and evaluation | | (1,647) | (1,974) |
| Payments for intangibles | | (14) | (9) |
| Payments for property, plant and equipment | | - | (3) |
| Net cash used in investing activities | | <u>(1,661)</u> | <u>(1,986)</u> |
| Financing activities | | | |
| Proceeds from share issue (net of costs) | | 1,651 | 2,139 |
| Proceeds from share subscription agreements | 7 | - | 4,550 |
| Lease payments | | - | (100) |
| Net cash from financing activities | | <u>1,651</u> | <u>6,589</u> |
| Net (decrease)/increase in cash and cash equivalents | | (772) | 2,935 |
| Cash and cash equivalents at the beginning of the financial half-year | | <u>4,633</u> | <u>3,994</u> |
| Cash and cash equivalents at the end of the financial half-year | | <u><u>3,861</u></u> | <u><u>6,929</u></u> |

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

Note 1. Significant accounting policies

Basis of preparation

The financial statements cover Australian Mines Limited as a consolidated entity consisting of Australian Mines Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Australian Mines Limited's functional and presentation currency.

Australian Mines Limited is a listed public company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is Level 34, 1 Eagle Street, Brisbane, Queensland. The address of the Company's principal place of business is Level 23, 108 St Georges Terrace, Perth, WA 6000, Australia. The consolidated financial statements of the Company for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in jointly controlled entities.

The Group is a for-profit entity and is primarily involved in the exploration for cobalt, nickel and scandium in Australia. Exploration in Brazil commenced after 31 December 2023 and the Group is targeting rare earths/niobium and lithium.

The consolidated financial statements were authorised for issue by the directors on 15 March 2024.

These general purpose financial statements for the interim 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*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

There are no standards, amendments to standards and interpretations which are not yet effective and have been identified as those which may materially impact the entity in the period of initial application.

Going concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business. On 31 December 2023, the Group had net assets of \$40,779,438 (30 June 2023: \$41,469,487), a working capital surplus of \$62,536 (30 June 2023: surplus of \$834,968) and cash at bank of \$3,860,981 (30 June 2023: \$4,632,842).

Australian Mines completed a successful equity raise of \$3 million (gross) for the issue of 176,470,590 shares at \$0.017 per share in February 2024 which strengthens Australian Mines working capital at position. The net funds raised will be used to:

- make payments to Lind and SBC, satisfying their separate rights to subscribe for shares under the Share Subscription Agreements;
- satisfy any existing share issue obligations to Lind and SBC by cash payment; and
- for Brazil exploration, drilling and working capital.

Note 2. Critical accounting judgements, estimates and assumptions

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2023.

Note 3. Segment information

The Company only operates in a single reportable geographical segment in Australia. Operations in Brazil commenced after 31 December 2023. As a result, no additional segment information provided.

Note 4. Corporate overheads and indirect expenses

| | Consolidated | |
|------------------------------------|-------------------------------|-------------------------------|
| | 31 December 2023 \$'000 | 31 December 2022 \$'000 |
| Insurance | 118 | 122 |
| Travel and accommodation | 27 | 96 |
| Legal fees | 34 | 28 |
| Accounting, tax and audit services | 109 | 83 |
| Share registry services | 44 | 60 |
| Conferences | 2 | 4 |
| Investor relations fees | 17 | 98 |
| Advisors and consultants | 26 | 92 |
| Other fees and consultants | 19 | 17 |
| General administration | 85 | 106 |
| | 481 | 706 |

Note 5. Share-based payment reserve

In December 2020, Company Secretary, Oliver Carton was invited to apply for 10,000,000 pre-consolidation shares under a loan share plan. A limited recourse loan was provided to allow the Company Secretary to purchase the shares for \$0.025 per pre-consolidation share. The limited recourse loan plan shares are divided into 4 tranches vesting on 1 July each year from 2021 to 2024. The shares are subject to service period vesting conditions.

Plan shares

| | |
|---|-------------------|
| Granted 14 Dec 2020, vesting 1 Jul 2021 | 2,500,000 |
| Granted 14 Dec 2020, vesting 1 Jul 2022 | 2,500,000 |
| Granted 14 Dec 2020, vesting 1 Jul 2023 | 2,500,000 |
| Granted 14 Dec 2020, vesting 1 Jul 2024 | 2,500,000 |
| Total plan shares | 10,000,000 |

Note 5. Share-based payment reserve (continued)

The fair value of the Loan Share Plan was calculated using the Black Scholes pricing model on the next page. The value of the shares has been expensed on a proportionate basis for each period from grant date under AASB 2 to vesting date.

| Tranche | Grant date | Number issued | Value per right | Total value | Vesting period | Value vested | Value vested current period | Value not vested at the half-year ended 31 December 2023 |
|---------|------------|---------------|-----------------|---------------|----------------|---------------|-----------------------------|--|
| | | | | \$ | | \$ | \$ | \$ |
| 1 | 14/12/2020 | 2,500,000 | \$ 0.00559 | 13,984 | 1 | 13,984 | - | - |
| 2 | 14/12/2020 | 2,500,000 | \$ 0.00768 | 19,198 | 2 | 19,198 | - | - |
| 3 | 14/12/2020 | 2,500,000 | \$ 0.00921 | 23,021 | 3 | 23,021 | - | - |
| 4 | 14/12/2020 | 2,500,000 | \$ 0.01038 | 25,956 | 4 | 22,288 | 3,688 | 3,668 |
| | | | | <u>82,159</u> | | <u>78,491</u> | <u>3,688</u> | <u>3,668</u> |

Details of the vesting conditions of the plan shares

Tranche 1: Service to the Company as an eligible person until 01 July 2021

Tranche 2: Service to the Company as an eligible person until 01 July 2022

Tranche 3: Service to the Company as an eligible person until 01 July 2023

Tranche 4: Service to the Company as an eligible person until 01 July 2024

On 23 September 2023, 4,060,000 Performance Shares were transferred from previous CEO Michael Holmes, and an additional 15,940,000 Performance Shares were issued by the Group to Andrew Nesbitt in accordance with his employment contract and the Loan Share Plan. The total shares issued to the Andrew were 20,000,000 and the Group provided an interest free limited recourse loan to enable him to purchase the Shares.

Upon forfeiture of Michael Holmes' 4,060,000 Performance Shares, a Share Based Payment expense reversal totalling \$85,852 was recorded in the financial statements.

Grant Date: 23 September 2023

Number of shares: 20,000,000

Vesting Conditions

i. Continuous employment from the commencement date; and

ii. From the commencement date to 30 June 2026 (Performance Period):

A) 10,000,000 performance shares (Tranche 1) will vest on Total Shareholder Return (TSR) hurdle measured against the Peer Group as follows:

1. If TSR is at 50th percentile of the Peer Group, 65% of the Tranche 1 performance shares will vest;

2. If the TSR is at 90th percentile of the Peer Group, 100% of the Tranche 1 performance shares will vest; and

3. If the TSR is between the 50th and 90th percentile, a pro-rata number of the Tranche 1 performance shares will vest (as determined by the board).

Note 5. Share-based payment reserve (continued)

B) 10,000,000 performance shares (Tranche 2) will vest on upon a decision by the board, project sponsor, capital provider, and/or joint owner to fully proceed with the investment for the construction and commissioning of the Sconi Project, including the decision that sufficient financial resources are available to meet the total project spend.

Set out below are summaries of Shares granted under the plan:

| Tranche | Grant date | Number issued | Value per right | Total value \$ | Vesting period | Value vested \$ | Value vested current period \$ | Value not vested at the half-year ended 31 December 2023 \$ |
|---------|------------|---------------|-----------------|-------------------|-------------------|--------------------|--------------------------------------|--|
| 1 | 23/09/2023 | 10,000,000 | \$ 0.0071 | 70,721 | 2.77 | 6,925 | 6,925 | 63,796 |
| 2 | 23/09/2023 | 10,000,000 | \$ 0.0075 | 74,526 | 2.77 | 7,298 | 7,298 | 67,228 |
| | | | | <u>145,247</u> | | <u>14,223</u> | <u>14,223</u> | <u>131,024</u> |

The total value of the performance shares is expensed in proportion to the percentage of the vesting period that has elapsed. On 31 December 2023 10% of the vesting period had elapsed and as such a share-based payment expense of \$14,223 was recorded for the period.

The above fair value was calculated using the Hoadley Hybrid Relative TSR vs Peer Group Model and the Hoadley ESO2 Model, and was based on the following inputs:

| | Tranche 1 | Tranche 2 |
|-----------------------------|------------|------------|
| Share price at date granted | \$0.015 | \$0.015 |
| Risk free rate | 4.03% | 4.03% |
| Volatility factor | 75% | 75% |
| Exercise Price | \$0.015 | \$0.015 |
| Term | 2.77 years | 2.77 years |
| Expected dividend yield | 0% | 0% |

On 21 November 2023 10,000,000 performance shares each were issued by the Group to Directors Dominic Marinelli, Michael Ramsden and Michael Elias in accordance with their employment contract and the Loan Share Plan. The Group provided an interest free limited recourse loan to the Directors to enable them to purchase the shares.

Grant Date: 21 November 2023

Number of shares: 30,000,000

Vesting Conditions

- i. 1/3 of shares (3,333,333) for service to the Group as an eligible person until 1 June 2024
- ii. 1/3 of shares (3,333,333) for service to the Group as an eligible person until 1 June 2025
- iii. 1/3 of shares (3,333,334) for service to the Group as an eligible person until 1 June 2026

Note: Each vesting condition is independent and not conditional on another being achieved.

Set out below are summaries of shares granted under the plan:

Note 5. Share-based payment reserve (continued)

| Tranche | Grant date | Number issued | Value per right | Total value \$ | Vesting period | Value vested \$ | Value vested current period \$ | Value not vested at the half-year ended 31 December 2023 \$ |
|---------|------------|---------------|-----------------|-------------------|-------------------|--------------------|--------------------------------------|--|
| 1 | 21/11/2023 | 10,000,000 | \$ 0.0060 | 59,761 | 2.53 | 12,386 | 12,386 | 47,375 |
| 2 | 21/11/2023 | 10,000,000 | \$ 0.0063 | 62,594 | 2.53 | 4,258 | 4,258 | 58,336 |
| 3 | 21/11/2023 | 10,000,000 | \$ 0.0064 | 64,133 | 2.53 | 2,779 | 2,779 | 61,354 |
| | | | | <u>186,488</u> | | <u>19,423</u> | <u>19,423</u> | <u>167,065</u> |

The total value of the shares is expensed in proportion to the percentage of the vesting period that has elapsed. On 31 December 2023 a share-based payment expense of \$19,423 was recorded for the period.

The above fair value was calculated using the Hoadley ESO2 Model, and was based on the following inputs:

| | Tranche 1 | Tranche 2 | Tranche 3 |
|-----------------------------|------------|------------|------------|
| Share price at date granted | \$0.015 | \$0.015 | \$0.015 |
| Risk free rate | 4.10% | 4.10% | 4.10% |
| Volatility factor | 75% | 75% | 75% |
| Exercise Price | \$0.018 | \$0.018 | \$0.018 |
| Term | 2.53 years | 2.53 years | 2.53 years |
| Expected dividend yield | 0% | 0% | 0% |

Summary

| Performance Shares | Total value | Value vested | Value vested current period | Value note vested at the half-year ended 31 December 2023 |
|--|----------------|----------------|--------------------------------|---|
| 10,000,000 Performance Shares | 82,159 | 78,491 | 3,688 | 3,668 |
| 20,000,000 Performance Shares | 145,247 | 14,223 | 14,223 | 131,024 |
| 30,000,000 Performance Shares | 186,488 | 19,423 | 19,423 | 167,065 |
| Resigning CEO Share Based Payment Reversal | - | - | (85,852) | - |
| Total | <u>413,894</u> | <u>112,137</u> | <u>(48,518)</u> | <u>301,757</u> |

Note 6. Exploration and evaluation assets

| | Consolidated | |
|----------------------------|-------------------------------|------------------------|
| | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
| Non-current assets | | |
| Exploration and evaluation | <u>40,579</u> | <u>40,508</u> |

Note 6. Exploration and evaluation assets (continued)

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

| | Consolidated | |
|------------------------|---------------------|---------------|
| | 31 December 2023 | 30 June 2023 |
| Opening balance | 40,508 | 37,791 |
| Expenditure incurred | 1,279 | 3,261 |
| Expenditure expensed | (26) | (122) |
| Tenements relinquished | (1,085) | - |
| R&D refund | (97) | (422) |
| | <u>40,579</u> | <u>40,508</u> |

Sconl relinquished two tenements in December 2023 as follows:

- Tenement EPM26853 – fully relinquished with a write off value of \$802,857.
- Tenement EPM26857 – partially relinquished with a write off value of \$282,313.

The 2023 research and development tax offset has been lodged and considered receivable as at 31 December 2023. Of the total \$119,334 refundable offset, \$97,387 was offset against the exploration and evaluation expenditure.

The ultimate recoupment of costs carried forward for mineral properties in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

Note 7. Financial liabilities

| | Consolidated | |
|---|-------------------------------|------------------------|
| | 31 December 2023 \$'000 | 30 June 2023 \$'000 |
| <i>Current liabilities</i> | | |
| Share subscription agreements - debt component | 3,346 | 2,834 |
| Share subscription agreements - embedded derivative component | 521 | 609 |
| | <u>3,867</u> | <u>3,443</u> |

Note 7. Financial liabilities (continued)

A breakdown of the movements in the debt and embedded derivative components are detailed below:

| | Financial liabilities \$'000 |
|---|---------------------------------|
| Share Subscription Agreements - Debt Component | |
| Balance at 30 June 2023 | 2,834 |
| Add effective interest | 1,422 |
| Less conversion to equity | (910) |
| Balance at 31 December 2023 | 3,346 |
| Share Subscription Agreements - Embedded Derivative Component | |
| Balance at 30 June 2023 | 609 |
| Add gain/loss on revaluation to fair value | 173 |
| Less conversion to equity | (288) |
| Others | 27 |
| Balance at 31 December 2023 | 521 |

Funding arrangement through share subscription

On 22 November 2022 the Group announced that it had executed agreements with Lind Global Fund II, LP ("Lind"), and SBC Global Investment Fund ("SBC") for a combined investment of \$4.55 million before costs by way of the Subscription Agreements.

The \$4.55 million investment is via a pre-payment for a placement of ordinary fully paid shares and 21,186,441 unlisted 3-year options to each investor, with an exercise price of \$0.089.

Under the agreement, Lind and SBC have pre-paid a total of \$4,550,000 (Advance Payment), in return for the Options and in total a credit amount worth \$5,000,000 (Advance Payment Credit), which may be used to subscribe to shares during the Term (Placement Shares). The advance payment does not accrue interest. Australian Mines issued 12,500,000 initial shares to Lind and 12,500,000 initial shares to SBC on 30 November 2022, following execution of the subscription agreement.

Placement shares may be issued at two different prices, being either \$0.089 per share (Fixed Subscription Price) or 90% of the average of the five lowest daily VWAPs during the 20 days the Group's shares trade on the ASX prior to the date on which the price is to be determined, rounded down to the lowest \$0.001 (Variable Subscription Price). Lind and SBC can subscribe for Placement Shares during the Term until 28 February 2023, at the Fixed Subscription Price, and from 1 March 2023 until 21 November 2023, the Fixed Subscription Price or the Variable Subscription Price, however Lind and SBC may only subscribe for shares at the Variable Subscription Price up to a maximum amount of \$200,000 each for each calendar month during this period. Following 21 November 2023 Lind and SBC can subscribe for shares at the Fixed Subscription Price or the Variable Subscription Price, without monthly limits.

Note 7. Financial liabilities (continued)

From 1 July 2023 until 31 December 2023, investors exercised their conversion option on 8 occasions with:

- 16,666,667 conversion shares issued at \$0.012 per share on 3 July 2023;
- 16,666,667 conversion shares issued at \$0.012 per share on 12 July 2023;
- 21,428,573 conversion shares issued at \$0.014 per share on 29 August 2023;
- 16,666,667 conversion shares issued at \$0.012 per share on 3 October 2023;
- 12,727,273 conversion shares issued at \$0.011 per share on 23 October 2023;
- 20,000,000 conversion shares issued at \$0.010 per share on 1 November 2023;
- 14,000,000 conversion shares issued at \$0.010 per share on 13 November 2023; and
- 18,181,819 conversion shares issued at \$0.011 per share on 29 November 2023.

Valuation summary

| | Grant date | Revaluation date |
|----------------------------|------------------|--|
| Valuation date | 30 November 2022 | 31 December 2023 |
| Spot price | \$0.058 | \$0.010 |
| Conversion price | \$0.048 | Lower of applicable fixed or variable subscription price |
| Maturity date | 30 May 2024 | 30 May 2024 |
| Expected future volatility | 85% | 75% |
| Discounted rate | 3.11% | 3.69% |

Note 8. Issue of options

Under the Share Subscription Agreement, the Group issued 21,186,441 free-attaching options each to Lind Global Fund II, LP and SBC Global Investment Fund on 30 November 2022. The options have an exercise price of \$0.08 and expiry date of 36 months after issue, being 30 November 2025, valued at fair value using a binomial option valuation model with the same inputs as shown in the table below at Grant Date.

Assumptions

| | Grant date |
|----------------------------|------------------|
| Valuation date | 30 November 2022 |
| Spot price | \$0.058 |
| Conversion price | \$0.044 |
| Maturity date | 30 May 2024 |
| Expected future volatility | 85% |
| Discount rate | 3.11% |

The opening share option reserve was \$1,511,311. For the half year ended 31 December 2023, there was no movement in the share option reserve.

Note 9. Share capital

| | 31 December 2023 \$ | 31 December 2023 No. | 30 June 2023 \$ | 30 June 2023 No. |
|---|------------------------|-------------------------|--------------------|---------------------|
| Reconciliation of issued capital | | | | |
| Balance at 1 July | 105,599,263 | 620,489,043 | 102,115,529 | 468,713,841 |
| Share placement (i) | - | - | - | 40,000 |
| Share placement (ii) | - | - | - | 25,000,000 |
| Share placement (iii) | - | - | 1,034,814 | 17,539,212 |
| Share placement (iv) | - | - | 251,000 | 4,254,235 |
| Share placement (v) | - | - | 1,611,906 | 27,320,144 |
| Share rights issue (vi) | - | - | 335,432 | 10,810,812 |
| Share rights issue (vii) | - | - | 162,116 | 8,000,000 |
| Share rights issue (viii) | - | - | 156,965 | 9,090,910 |
| Share rights issue (ix) | - | - | 153,145 | 9,523,810 |
| Share rights issue (x) | - | - | 300,699 | 23,529,412 |
| Share rights issue (xi) | - | - | 142,792 | 16,666,667 |
| Costs of capital raising | - | - | (665,149) | - |
| Share rights issue (xii) | 168,173 | 16,666,667 | - | - |
| Share rights issue (xiii) | 161,408 | 16,666,667 | - | - |
| Share payment (xiv) | 36,000 | - | - | - |
| Share payment (xv) | 150,000 | - | - | - |
| Share rights issue (xvi) | 162,145 | 21,428,573 | - | - |
| Share placement (xvii) | - | (4,060,000) | - | - |
| Share placement (xviii) | - | 4,060,000 | - | - |
| Share rights issue (xix) | 161,036 | 16,666,667 | - | - |
| Share placement (xx) | - | 15,040,000 | - | - |
| Share rights issue (xxi) | 110,429 | 12,727,273 | - | - |
| Share rights issue (xxii) | 155,112 | 20,000,000 | - | - |
| Share rights issue (xxiii) | 105,608 | 14,000,000 | - | - |
| Share placement (xxiv) | - | 900,000 | - | - |
| Share placement (xxv) | - | 30,000,000 | - | - |
| Share rights issue (xxvi) | 150,999 | 18,181,819 | - | - |
| Share placement (xxvii) | 1,565,108 | 142,282,585 | - | - |
| Costs of capital raising | (131,107) | - | - | - |
| Closing balance | 108,394,174 | 945,049,294 | 105,599,249 | 620,489,043 |

(i) On 1 September 2022 Australian Mines Limited issued 40,000 shares to Michael Holmes under a share loan plan. Additionally, 4,020,000 shares were transferred to him under a share loan plan on 24 October 2022, resulting in a total of 4,060,000 loan plan shares granted to Michael Holmes in accordance with his employment contract.

(ii) On 25 November 2022 Australian Mines Limited issued 12,500,000 shares to Lind Global Fund II, LP and 12,500,000 shares to SBC Global Investment Fund, under the terms of the share subscription agreements.

(iii) On 22 December 2022 Australian Mines Limited raised \$1,034,814 via an entitlement offer of 17,539,212 shares and 8,769,606 unlisted options, settled through Underwriter Bell Potter at an issue price of \$0.059 per share.

(iv) On 22 December 2022 Australian Mines Limited issued 4,254,235 shares at a price of \$0.059 per share under clause 5.6 of the KMP Underwriting Agreement (Entitlement Offer). For every two securities issued one unlisted option was provided, for a total of 2,127,118 options.

Note 9. Share capital (continued)

(v) On 30 December 2022 Australian Mines Limited raised \$1,611,906 via an entitlement offer of 27,320,144 shares and 13,660,480 unlisted options at an issue price of \$0.059 per share.

(vi) On 8 March 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 10,810,812 shares to the parties of the agreement.

(vii) On 13 April 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 8,000,000 shares to the parties of the agreement.

(viii) On 28 April 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 9,090,910 shares to the parties of the agreement.

(ix) On 5 May 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 9,523,810 shares to the parties of the agreement.

(x) On 1 June 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 23,529,412 shares to the parties of the agreement.

(xi) On 29 June 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 16,666,667 shares to the parties of the agreement.

(xii) On 3 July 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 16,666,667 shares to the parties of the agreement.

(xiii) On 12 July 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 16,666,667 shares to the parties of the agreement.

(xiv) On 26 July 2023 Australian Mines Limited paid for upfront shares SBC received under the subscription agreements at a price of \$0.012.

(xv) On 27 July 2023 Australian Mines Limited paid for upfront shares Lind received under the subscription agreements at a price of \$0.012.

(xvi) On 29 August 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 21,428,573 shares to the parties of the agreement.

(xvii) On 22 September 2023 Australian Mines Limited transferred the shares forfeited by Michael Holmes under the terms of the Share Loan Plan to Andrew Nesbitt.

(xviii) On 22 September 2023 Australian Mines Limited transferred the shares forfeited by Michael Holmes under the terms of the Share Loan Plan to Andrew Nesbitt.

(xix) On 3 October 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 16,666,667 shares to the parties of the agreement.

(xx) On 13 October 2023 Australian Mines Limited issued 15,040,000 shares to CEO Andrew Nesbitt in addition to the transferred 4,060,000, to partially complete the 20 million shares under the terms of the Loan Share Plan.

(xxi) On 23 October 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 12,727,273 shares to the parties of the agreement.

Note 9. Share capital (continued)

(xxii) On 1 November 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 20,000,000 shares to the parties of the agreement.

(xxiii) On 13 November 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 14,000,000 shares to the parties of the agreement.

(xxiv) On 13 November 2023 Australian Mines Limited issued 900,000 shares to CEO Andrew Nesbitt in addition to the transferred 4,060,000 and issued 15,040,000, to complete the 20 million shares under the terms of the Loan Share Plan.

(xxv) On 27 November 2023 Australian Mines Limited issued 30,000,000 shares to Directors (M Ramsden, M Elias and D Marinelli - who received 10 million each) under the Loan Share Plan following shareholder approval on 21 November 2023.

(xxvi) On 29 November 2023 there was a conversion under the share subscription agreement resulting in Australian Mines Limited issuing 18,181,819 shares to the parties of the agreement.

(xxvii) On 13 December 2023 Australian Mines issued 142,282,585 shares at a price of \$0.011 per share.

Note 10. Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

| Consolidated - 31 December 2023 | Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
|---------------------------------|-------------------|-------------------|-------------------|-----------------|
| <i>Liabilities</i> | | | | |
| Derivative financial liability | - | 521 | - | 521 |
| Total liabilities | - | 521 | - | 521 |

Derivative financial instruments have been valued using derivative valuation models. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

Note 11. Contingent liabilities

On the 8th of February 2022 the Company executed a compensation agreement with the landowners of a portion of the land covered by the Sconi Mining Lease. Under the agreement the Company is required to pay a compensation amount of \$6,750,000 to the landowners within 90 days of financial close of the Sconi Project. For the purpose of the agreement, financial close means the date the company has access to the financial assistance required to begin the Sconi Project and all approvals and authorisations required for the Sconi Project to proceed have been granted.

The Company does not currently have access to financial assistance to begin the Sconi Project. As such the compensation amount of \$6,750,000 is only a possible obligation and has not been recognised as a liability.

In accordance with the agreement with Jervois Mining Ltd for the Flemington project, a royalty of 1.5% of gross sales is payable on all proceeds from the sale of products. At this time, it is not possible to quantify the value of this royalty.

Note 11. Contingent liabilities (continued)

Upon commercial production from the Sconi Project, it is agreed that a final issue of \$2.5 million Australian Mines Limited shares (or cash at the option of Metallica Minerals Ltd) is payable to Metallica Minerals Ltd. Also, under the agreement royalty and payment obligations agreed are:

- (a) a royalty of \$1.00 per tonne for the first 5 million tonnes of ore produced and \$2.00 per tonne for production in excess of 5 million tonnes on the Bell Creek tenements, payable to International Royalty Corporation ("IRC"); and
- (b) a royalty of \$1.00 per tonne for the first 500,000 tonnes of ore produced and \$1.50 for production in excess of 500,000 tonnes of ore on the Minnamoolka tenement, that was payable to Auriongold Exploration Pty Limited (now deregistered).

These have not been recognised as a liability as both the \$2.5 million and royalty obligations are contingent upon commencement of commercial production which at this point in time, is only a possible obligation.

The Company's mining tenements are subject to native title applications. At this stage it is not possible to quantify the impact (if any) that native title may have on the operations of the Company.

There are no other contingent liabilities.

Note 12. Commitments

| Exploration expenditure commitment | 31 December 2023 \$'000 | 30 June 2022 \$'000 |
|------------------------------------|----------------------------|------------------------|
| Within one year | 1,090 | - |
| Between 12 months and 5 years | - | - |
| | 1,090 | - |

Australian Mines executed a binding agreement on 30 November 2023 with a local Brazilian Group RTB Geologia E Mineracao LTDA to acquire two, 100% owned, exploration projects in Brazil.

If all conditions set out in the executed binding agreement are met, consideration of \$1,090,000 will consist of the following:

- \$100,000 cash payment
- 90,000,000 single tranche share issue at \$0.011 per share.

Please refer to the directors' report for key terms regarding the acquisition.

There were no other commitments.

Note 13. Events after the reporting period

Post half year December 2023 there have been 2 instances where Lind and SBC have issued subscription notices:

- 35,714,286 subscription shares issued at \$0.007 per share on 29 January 2024;
- 64,285,715 subscription shares issued at \$0.007 per share on 15 February 2024;

During the month of January 2024, Australian Mines made a \$150,000 cash payment to SBC Global Investment Fund ("SBC"). This amount was used to reduce Unused Advance Payment Credit pursuant to the Share Subscription Agreements executed on 22 November 2022.

On 19 January 2024 at a General Meeting, Australian Mines obtained approval to change its name to EcoMetal Resources Limited. Following further consideration, the Board has decided to retain the name Australian Mines for the listed entity reflecting its place of incorporation and listing, and name its Brazilian entity EcoMetal Resources.

Note 13. Events after the reporting period (continued)

On 29 January 2024, related to the Key Terms of Brazil projects acquisition and following shareholder approval, Australian Mines issued 84,990,143 shares related to the second tranche of equity placement announced in December 2023.

On 2 February 2024, related to the Key Terms of Brazil projects acquisition and following shareholder approval, Australian Mines announced that it has issued options of 133,636,332 at \$0.022 on 29 January 2024. The options have an expiry date of 29 January 2027. An additional 20 million options under the same terms were issued to the lead manager.

On 26 February 2024 Australian Mines completed and announced a successful equity raise of \$3.0 million (gross) for the issue of 176,470,590 shares at \$0.017 per share, with a (to be issued subject to shareholder approval) 1 for 2 free attaching option at a strike price of \$0.032 and an expiry date of 3-years from the date of issue. An additional 20 million options, also subject to shareholder approval, attracting the same terms will be issued to the lead manager.

The Company will call a shareholder meeting to approve the issue of the Placement Options in due course.

On 26 February 2024 Australian Mines announced the relinquishment of the Share Subscription Agreements ("Agreement") entered into on 22 November 2022. The Company agreed separately with Lind Global Fund II, LP ("Lind") and SBC to pay a total of \$1.34 million ("Payment") in return for:

- Reducing the Unused Advanced Payment Credit ("UAPC") (with respect to both Lind and SBC) to zero, and specifically regarding SBC waived the remaining 9,500,000 of the 12,500,000 shares, originally issued to SBC on the execution of the Agreement, for the purpose of offset against the UAPC.
- Following the Payment by the Company, neither Lind nor SBC will have any further rights to subscribe for shares under the Share Subscription Agreements and no further shares will be issued pursuant to the Agreements.

No other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the Directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, *Australian Accounting Standard AASB 134 'Interim Financial Reporting'*, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of Directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the Directors



Dominic Marinelli
Non-Executive Director

15 March 2024
Melbourne

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Australian Mines Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Australian Mines Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, 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 accompanying half-year financial report of the Group does not comply 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 financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *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 the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibility of the directors for the financial report

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



Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd

A handwritten signature in black ink, appearing to read 'Neil Smith', is written over a small, faint BDO logo.

Neil Smith

Director

Perth, 15 March 2024

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