

Nancy Tang
ASX Compliance Pty Ltd
20 Bridge Street
Sydney NSW 2000

Dear Nancy

Resolution Minerals Ltd – Response to half-year report query (Query Letter)

Resolution Minerals Ltd (**Company**) (ASX: RML) provides a response to the Query Letter received from ASX dated 19 March 2024.

1. *Is RML able to confirm that, in the directors' opinion, the financial statements and notes for the half-year ended 31 December 2023 as set out in the Half-Year Report:*
 - 1.1 *comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and*
 - 1.2 *give a true and fair view of RML's financial performance and position for the half year ended 31 December 2023.*

Yes, the Company can confirm that in the directors' opinion the financial statements comply with all applicable Accounting Standards and Interpretations issued by the Australian Accounting Standard Board (AASB) and the Directors are of the opinion that the Half-year Report gives a true and fair view of Group's financial performance and position. The Directors note that the auditors' review report was qualified as a result of the input price used by the Directors in determining their valuation of the investment in Midwest Lithium Limited (MWL). As discussed in item 2 below, the Directors have used the only information able to be obtained to determine the valuation of the Company's investment in MWL at 31 December 2023. The Directors believe the financial statements, based on the information available at the time, are correct.

2. *In respect of the Qualified Conclusion as set out in Paragraph B above:*
 - 2.1 *Please explain the basis for and the factors considered by the directors of RML to satisfy themselves that the conversion price per share included in Midwest Lithium Limited's convertible note deed, which is at a future price, is an appropriate reference to determine the fair value of the investment at the reporting date under the three levels prescribed under the accounting standards.*
 - 2.2 *Did the directors of RML consider any other alternate method to determine the fair value of RML's investments in Midwest Lithium Limited as at 31 December 2023? If so, please provide details.*

2.3 What are the key assumptions and methods RML used to determine the revaluation loss of \$1,297,973 on its investment in Midwest Lithium Limited as of the date of the Half-Year Report?

In determining the carrying value of the investment in MWL for the half year ended 31 December 2023, the Directors assessed the publicly available information in order to perform a fair value assessment under AASB13's three levels of the determining fair value of the investment. In performing the assessment, the Directors noted the following limitations:

- MWL is an unlisted public company and its shares are not traded on a public exchange.
- MWL had not published any financial information up to the signing of the Company's 31 December 2023 half year financial report and MWL's website contains no other financial information to the date of this letter.
- MWL's most recent publicly information available was published on its website on 19 September 2023, relating to a proposed IPO in Australia documenting an initial listing price of 25c per share. As this was the only publicly available financial information since the Company's acquisition of the MWL shares in October 2022, the valuation of the investment in MWL as at 30 June 2023 was based on the initial IPO proposed share price of 25c.
- MWL had issued convertible notes in December 2023, the Company was able to obtain the terms of these notes which listed the conversion price of 12c per share. The Company is aware that the conversion price per share for the convertible note is likely to be a future price rather than the current fair value. Given the significant difference between the carrying value at 25c per share at 30 June 2023 and convertible note conversion price at 12c per share, the Directors determined that the valuation at 25c a share was no longer appropriate and recorded a revaluation loss through Other Comprehensive Income (in line with the Company's accounting policy) using 12c per share to determine the carrying value of the investment in MLL at 31 December 2023, relying on the only information available.
- The Company owns less than 5% of MWL's issued share capital. As a minority shareholder, the Company has not been able to access any additional information from MWL.

3. What steps does RML intend to take to obtain an unmodified audit opinion with regards to its future financial statements?

The Company continues to monitor and engage with MWL in an attempt to obtain information that would enable to the Directors to meet the requirements of the AASB13 in determining the fair value of the investment in MWL. However, the Company believes that MWL is unlikely to provide such information. Under this scenario the Company would again be in the position of not having access to the financial and other information required to fair value its investment in MWL. The Company continues to engage with their auditors on this matter.

4. Does RML consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.1? In answering this question, please explain the basis for this conclusion, including specifically commenting on the nature of RML's current business activities.

RML considers that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.1. The Company intends to progress exploration and development activities in relation to its assets as follows:

- a. 64North Project (Alaska – gold, copper) – RML acquired the 64North Project in 2019 and has undertaken significant exploration expenditure on the project. In 2023, RML earned a 51% interest and formed a joint venture allowing the Company to increase its stake in the project via dilution of Alaska Energy Metals (previously Millrock Resources) interest. RML is exploring its options with regards to undertaking further exploration directly or with a project partner at the 64North Project.
 - b. Allegra Project (Alaska – nickel, copper) – RML staked tenements in the Allegra Project in Alaska in 2023. The project is proximal to Alaska Energy Metals’ Nikolai Project and has significant potential for nickel. RML is exploring its options with regards to undertaking further exploration directly or with a project partner at the Allegra Project.
 - c. Midwest Lithium Project investment (South Dakota, lithium) – RML invested in the Midwest Lithium Project in Q4 2022 to acquire approximately 5% in the company. RML’s current intentions are to sell some or all of its investment in the Midwest Lithium Project as a source of non-dilutionary funding.
 - d. George Project (South Australia – uranium, silica sand) – RML acquired the George Project in 2023. RML is exploring its options with regards to undertaking further exploration directly or with a project partner at the George Project or divest the project.
 - e. Benmara Project (Northern Territory – copper, lead, zinc, cobalt, uranium) – RML successfully entered into a farm-in agreement with Oz Minerals (now BHP) in relation to the Benmara project in 2022. In December 2023, BHP decided not undertake further exploration at Benmara following a review of the assets acquired in the Oz Minerals takeover. RML intends to seek project partners to undertake further exploration or divest the project.
 - f. Carrara Range Project (Northern Territory – manganese, iron, copper, lead, zinc) – RML has undertaken low level exploration at the project. RML intends to seek project partners to undertake further exploration or divest the project.
 - g. RML is actively continuing business development opportunities to acquire new projects and is in discussions with parties regarding potential acquisitions and will inform the market if and when necessary.
5. *Does RML consider that the financial condition of RML is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.2? In answering this question, please explain the basis for this conclusion.*

RML considers that the financial condition of RML is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.2. RML has been successful in numerous capital raising activities in the past, including, but not limited to share placements, entitlement issues and security purchase plans. Additionally, RML has in place an At-The-Market facility with Acuity Capital (see ASX announcement on 30 January 2024) which it is able to utilise as required to raise funds. RML believes that the Company is able to utilise any one or combination of these methods in future.

RML has a suite of assets, some of which are intended to be divested to raise non-dilutive funding, including, but limited to its investment in the Midwest Lithium Project. RML has been successful in

doing so via the sale of the Wologorang Project in the past ((see ASX announcement on 6 September 2023).

Further, the Company has recently reduced its operating costs by obtaining approval to settle director fees via issue of equity (shareholder meeting on 8 March 2024) and has further reduced administrative expenditure to assist in managing its outgoings.

6. *If the answer to either question 4 or 5 is “No”, please explain what steps RML has taken, or proposes to take, to warrant continued quotation of its securities on ASX and continued listing under the requirements of Listing Rules 12.1 and 12.2.*

Not applicable.

7. *Please confirm that RML is complying with the Listing Rules and, in particular, Listing Rule 3.1.*

RML confirms that the Company is complying with the Listing Rules and, in particular, Listing Rule 3.1.

8. *Please confirm that RML’s responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of RML with delegated authority from the board to respond to ASX on disclosure matters.*

The responses to the questions have been authorised by the board.

Yours faithfully



Jarek Kopias
Company Secretary
Resolution Minerals Ltd



19 March 2024

Reference: 90684

Mr Jarek Kopias
Company Secretary
Resolution Minerals Ltd

By email: jkopias@resolutionminerals.com

Dear Mr Kopias

Resolution Minerals Ltd ('RML'): Half-year report - Query

ASX refers to the following:

- A. RML's half-year financial report for the half-year ended 31 December 2023 released on the ASX Market Announcements Platform on 12 March 2024 ('Half-Year Report').
- B. The Independent Auditor's Report accompanying the Half-Year Report ('Auditor's Review Report') which contains a qualified conclusion ('Qualified Conclusion') with the basis for the Qualified Conclusion as follows:

"Based on information provided to us by management and as disclosed in note 5, the Group's investment in Midwest Lithium is carried at fair value through other comprehensive income. The fair value of the investment has been determined with reference to unobservable data, being the conversion price per share included in Midwest Lithium Limited's convertible note deed. The conversion price is at a future price and not indicative of the fair value of the investment at reporting date under the three levels prescribed under the accounting standards. We are unable to obtain appropriate audit evidence to determine the fair value of the investment. As such the carrying value of the investment of \$1,180,329 and decrease in the fair value recorded through other comprehensive income of \$1,278,690 may not be accurate. Our review report has been qualified as a result of this limitation of scope."

- C. The section titled "Material uncertainty related to going concern" in the Auditor's Review Report which includes the following commentary:

"We draw attention to Note 10 in the financial report, which indicates that the Group incurred net cash outflows from operating and investing activities of \$919,948 and an operating loss of \$452,126 during the half-year ended 31 December 2023. As stated in Note 10, these events or conditions, along with other matters as set forth in Note 10, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter."

- D. Listing Rule 12.1 which states:

12.1 The level of an entity's operations must, in ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing.

- E. Listing Rule 12.2 which states:

12.2 An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant the continued quotation of its securities and its continued listing.

Request for information

In light of the information contained in the Half-Year Report (including the Auditor's Review Report), and the application of the Listing Rules referred to above, ASX asks RML to respond separately to each of the following questions and requests for information:

1. Is RML able to confirm that, in the directors' opinion, the financial statements and notes for the half-year ended 31 December 2023 as set out in the Half-Year Report:
 - 1.1 comply with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*; and
 - 1.2 give a true and fair view of RML's financial performance and position for the half year ended 31 December 2023.
2. In respect of the Qualified Conclusion as set out in Paragraph B above :
 - 2.1 Please explain the basis for and the factors considered by the directors of RML to satisfy themselves that the conversion price per share included in Midwest Lithium Limited's convertible note deed, which is at a future price, is an appropriate reference to determine the fair value of the investment at the reporting date under the three levels prescribed under the accounting standards.
 - 2.2 Did the directors of RML consider any other alternate method to determine the fair value of RML's investments in Midwest Lithium Limited as at 31 December 2023? If so, please provide details.
 - 2.3 What are the key assumptions and methods RML used to determine the revaluation loss of \$1,297,973 on its investment in Midwest Lithium Limited as of the date of the Half-Year Report?
3. What steps does RML intend to take to obtain an unmodified audit opinion with regards to its future financial statements?
4. Does RML consider that its level of operations is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.1? In answering this question, please explain the basis for this conclusion, including specifically commenting on the nature of RML's current business activities.
5. Does RML consider that the financial condition of RML is sufficient to warrant continued quotation of its securities on ASX as required under Listing Rule 12.2? In answering this question, please explain the basis for this conclusion.
6. If the answer to either question 4 or 5 is "No", please explain what steps RML has taken, or proposes to take, to warrant continued quotation of its securities on ASX and continued listing under the requirements of Listing Rules 12.1 and 12.2.
7. Please confirm that RML is complying with the Listing Rules and, in particular, Listing Rule 3.1.
8. Please confirm that RML's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of RML with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:30 AM AEDT Tuesday, 26 March 2024**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RML's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require RML to request a trading halt immediately.

Your response should be sent by e-mail to ListingsComplianceSydney@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RML's securities under Listing Rule 17.1. If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in RML's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RML's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that RML's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Yours sincerely

ASX Compliance