



ABN 59 151 155 734

# Interim Financial Report

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For the half-year ended 31 December 2021

**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**  
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**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**  
**Corporate Information**

<b>Directors</b>	Mark Jones (Non-Executive Chairman) Douglas Rose (Managing Director) Terence Brown (Non-Executive Director)
<b>Company Secretary</b>	Henko Vos
<b>ABN</b>	59 151 155 734
<b>Registered and Principal Office</b>	Suite 1/9 Hampden Road Nedlands WA 6009 Tel: +61 8 9386 8382 Fax: +61 8 6183 4892
<b>Postal Address</b>	Suite 1/9 Hampden Road Nedlands WA 6009
<b>Website</b>	<a href="http://www.santafeminerals.com.au">www.santafeminerals.com.au</a>
<b>Auditors</b>	HLB Mann Judd (WA) Partnership Chartered Accountants Level 4, 130 Stirling Street Perth WA 6000
<b>Share Register</b>	Advanced Share Registry Services 110 Stirling Highway Nedlands WA 6009 Tel: +61 8 9389 8033
<b>Securities Exchange Listing</b>	Australian Securities Exchange (ASX: SFM) Level 40, Central Park 152-158 St George's Terrace Perth WA 6000

**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**

Your Directors present their report together with the condensed consolidated financial statements of the Group comprising of Santa Fe Minerals Limited (the “Company”) and its subsidiaries for the half-year ended 31 December 2021.

In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

**Directors**

The names of the Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated:

Mark Jones (Non-Executive Chairman)  
Doug Rose (Managing Director)  
Terence Brown (Non-Executive Director)

**Review of operations**

Exploration Operations

During the half year, Santa Fe Minerals Ltd (“**Santa Fe**”, “**SFM**” or “**the Company**”) signed an option to acquire 80% of the Mt Murray base metals project in Western Australia. The company commenced first stage exploration at the project and continued exploration at its Challa Projects (Gold and Vanadium).

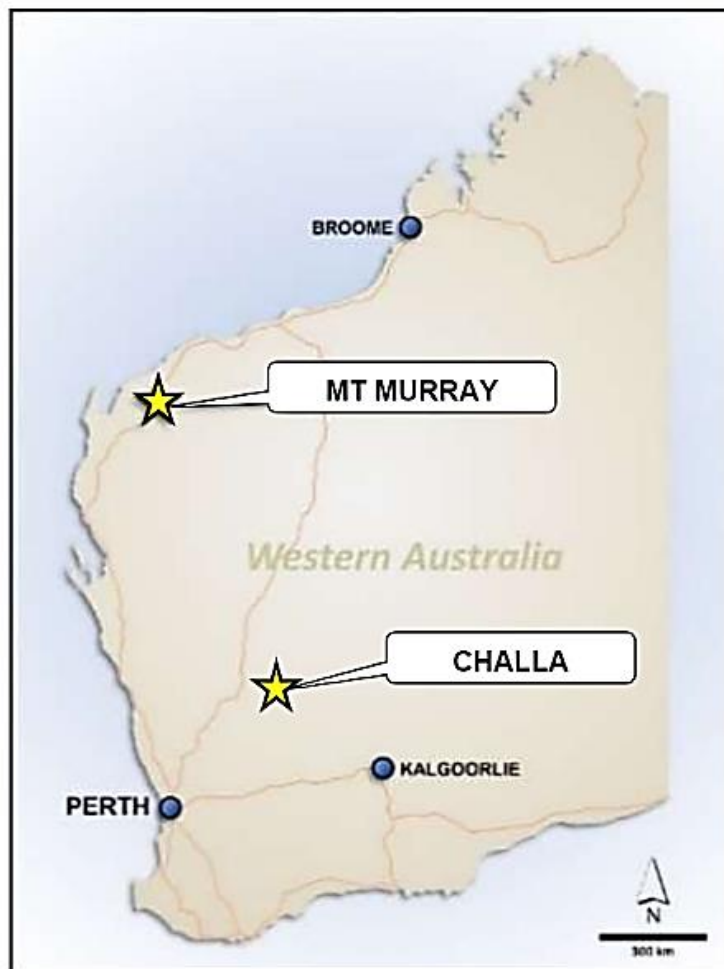
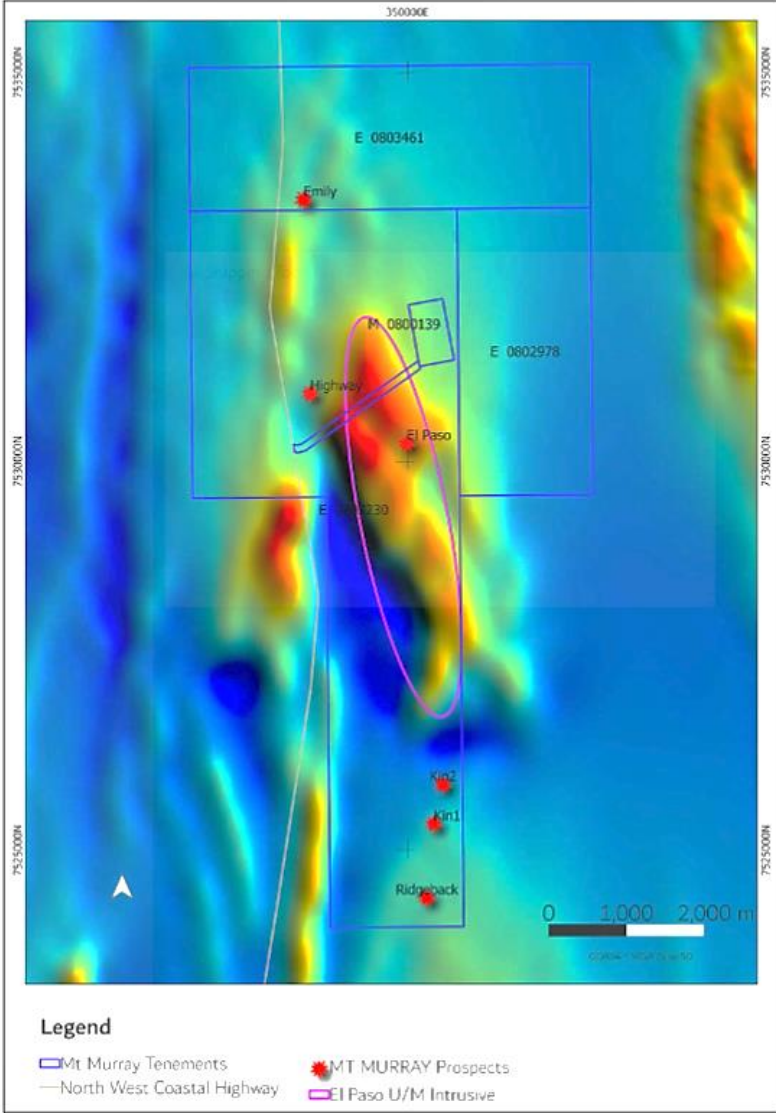


Figure 1 – Project locations.

**Mt Murray Base Metals Project**

SFM signed an exclusive option agreement to acquire 80% of the Mt Murray base metals project in Western Australia – see ASX release dated 19 November 2021. The Mt Murray project covers a 9km north south trending zone of poly metallic copper-lead-zinc-silver-gold mineralisation adjacent to a 4.2km x 1.2km magnetic high zone considered to represent a mafic-ultramafic intrusive package prospective for nickel-copper-PGE mineralisation similar to the recently discovered tier one Julimar Ni-Cu-PGE deposit (Chalice Mining Ltd).



*Figure 2: Mt Murray tenements and prospects over magnetics*

**El Paso Intrusive (Ni-Cu-PGE)**

The El Paso zone is a 5km long high magnetic zone interpreted as a mafic to ultramafic intrusive complex prospective for Ni-Cu-PGE mineralization. Previous exploration identified a small outcrop of ultramafic rocks with only one rock chip sample that returned 2,965ppm Cu, 781 ppm Ni, 5.4% Mg, 1.8g/t Ag and 419ppm S. The sample was not assayed for platinum or palladium. Apart from this small outcrop and a second outcrop of silicified ultramafic rocks located by SFM, the interpreted intrusive complex is completely covered by shallow sand and alluvial cover. SFM considers the interpreted mafic-ultramafic complex within the Mt Murray project has potential to host nickel-copper-palladium, platinum mineralisation similar to the Chalice Mining tier one Ni-Cu-PGE discovery at Julimar.

During the half year, SFM undertook a site reconnaissance trip and visited the previously located outcrop confirming strong silicification and alteration. A second outcrop of altered ultramafic was located 500m to the south-west. The intervening area is covered by sandplain. SFM collected a total of 6 rock chip samples which have been submitted for a nickel/PGE suite analysis. Results are expected in the coming days. SFM also collected 49 sieved soil samples spaced 50m apart to cover the 2km cross strike position of the interpreted intrusive complex. A second line of soil samples was collected 3km further south across the magnetic high / interpreted intrusive. The results will be used to determine the most effective sampling regime to outline the location of the mafic-ultramafic intrusive complex below the sandplain cover. A detailed aeromagnetic survey has been planned and is expected to commence in April. SFM will also consider a range of other exploration techniques.



*Figure 3: El Paso Silicified ultramafic outcrop surrounded by sand plains.*

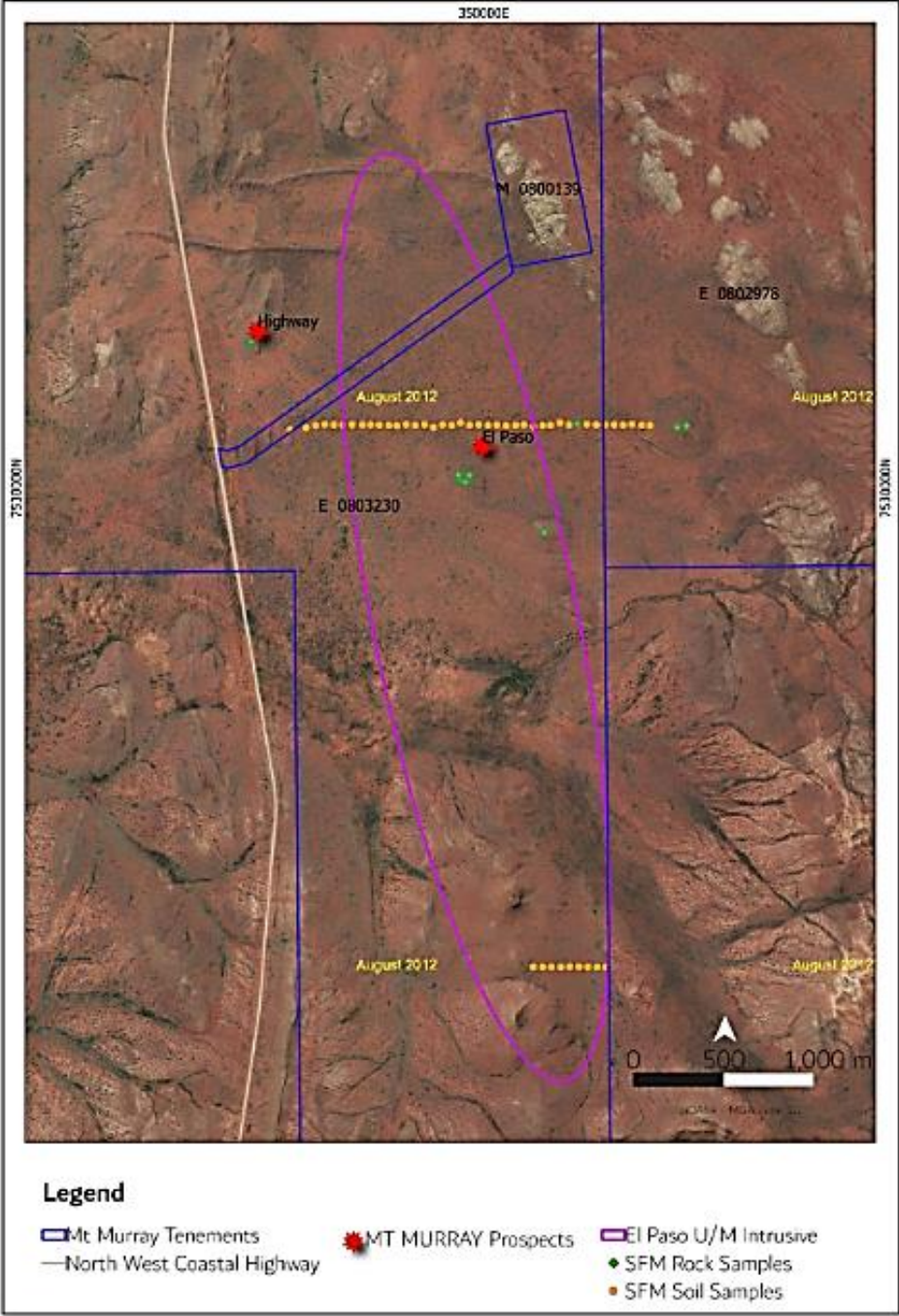


Figure 4 – El Paso Ni-Cu-PGE Target with SFM rock and soil sampling

**Polymetallic Cu-Pb-Zn-Ag-Au prospects**

The Mt Murray project covers several base metal occurrences over 9km strike associated with a north-south trending fault clearly identified in the magnetics on the eastern flank of a regional gravity high thought to represent the Kilba Granite to the west (Figure 5). The historic base metal prospects range from Pb-Ag in the north through to Cu-Pb-Zn-Au-Ag in the south.

Historic exploration work tested only the outcropping areas adjacent to the known base metal occurrences. The 4km strike between the historic Kin Cu pits and the Highway Pb-Zn-Ag-Au prospect to the north, concealed beneath sandplain cover has had no effective exploration. SFM interprets this zone where the fault bends from a north strike to a north-west strike to be a target for structurally hosted base metal deposits. The base metal target is concealed beneath shallow sand and SFM plans to explore this area in conjunction with the adjacent El Paso Ni-Cu PGE target.

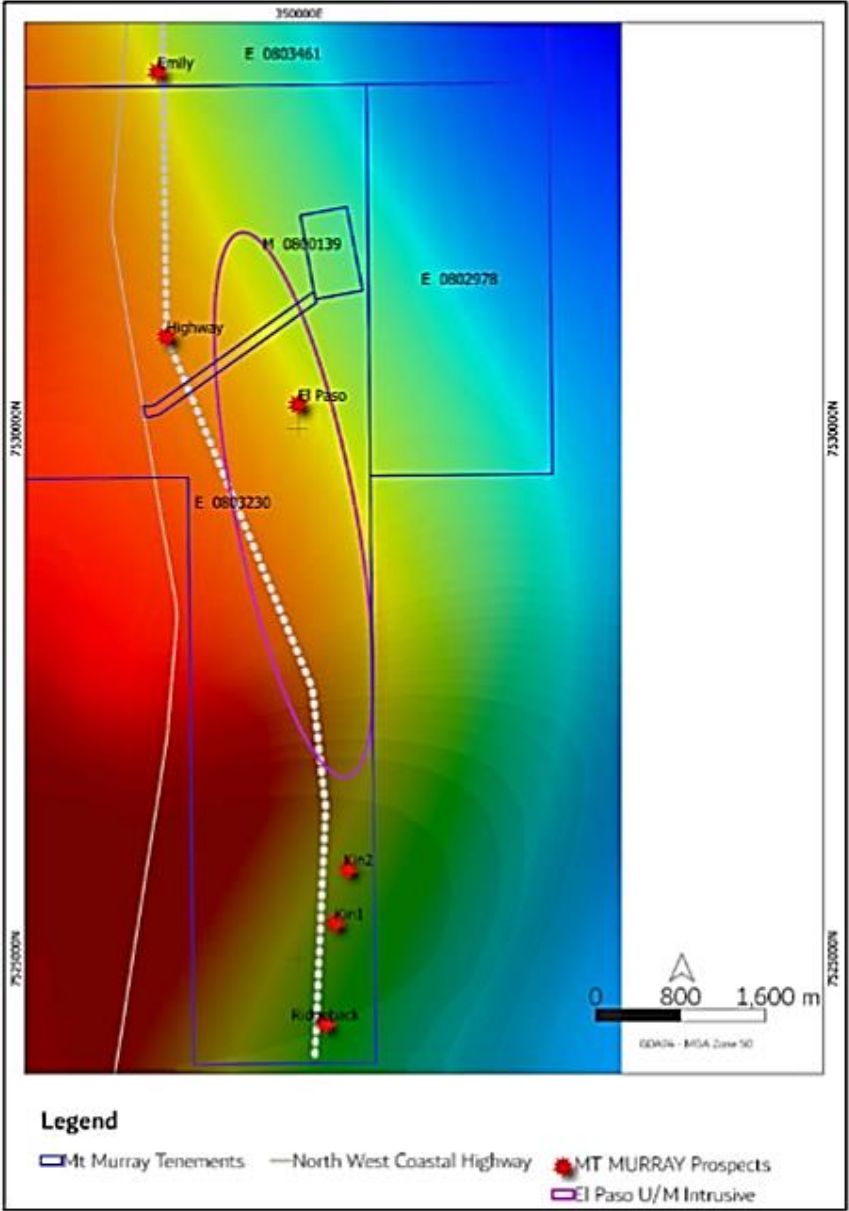


Figure 5: Mt Murray Project: Gravity image with Prospect locations and regional fault trace



**Ridgeback Cu-Pb-Zn-Ag-Au**

The Ridgeback target is located south of the historic Kin copper occurrences. Previous explorers completed a regional high density creek sampling program. This work defined a zone of anomalous Cu-Pb-Zn-As-Au over 3.5km strike extending from north of the Kin copper workings to the southern tenement boundary. The northern end of the anomaly comprised Cu and Au whereas south of the Kin pits the anomaly is polymetallic, Cu-Zn-Pb-As-Au. The anomalous zone is associated with the north trending regional fault that extends through the center of the project. No follow up exploration of this zone has been reported. SFM completed reconnaissance of the Ridgeback zone, identifying multiple broad and strike extensive quartz ironstone veins associated with the historic anomalous zone (Figure 6). A total of 5 rock samples were collected and submitted for multielement analysis. Results are expected to be available in the coming days.



*Figure 6 – Ridgeback zone showing quartz ironstone veins. The image is facing north*

In 2013-2014 CGG Aviation completed a regional, 5km line spaced, airborne TEMPEST electromagnetic (AEM) survey for Geoscience Australia in the Capricorn region of Western Australia. Three of the flight lines traversed the Mt Murray Project tenements. The southernmost line over the Mt Murray Project (Figure 7) recorded a strong late time anomaly within a resistive background that may indicate the presence of bedrock conductors indicative of massive sulphide mineralisation. There are several anomaly peaks suggesting multiple sources however even though the flight line is across the northern end of the Ridgeback zone the bedrock source may not be reflecting a source directly below. The source could be offline and addition ground-based geophysics will be required to determine the location, size, dip and conductance of the anomaly. SFM is encouraged by the presence of historical multielement stream sediment anomalies (Cu-Pb-Zn-As-Au) and the discovery of previously undocumented extensive gossanous quartz ironstone veins at the Ridgeback zone which may be the source of the AEM anomaly. SFM will wait for the results of the rock samples before determining the next exploration phase here.

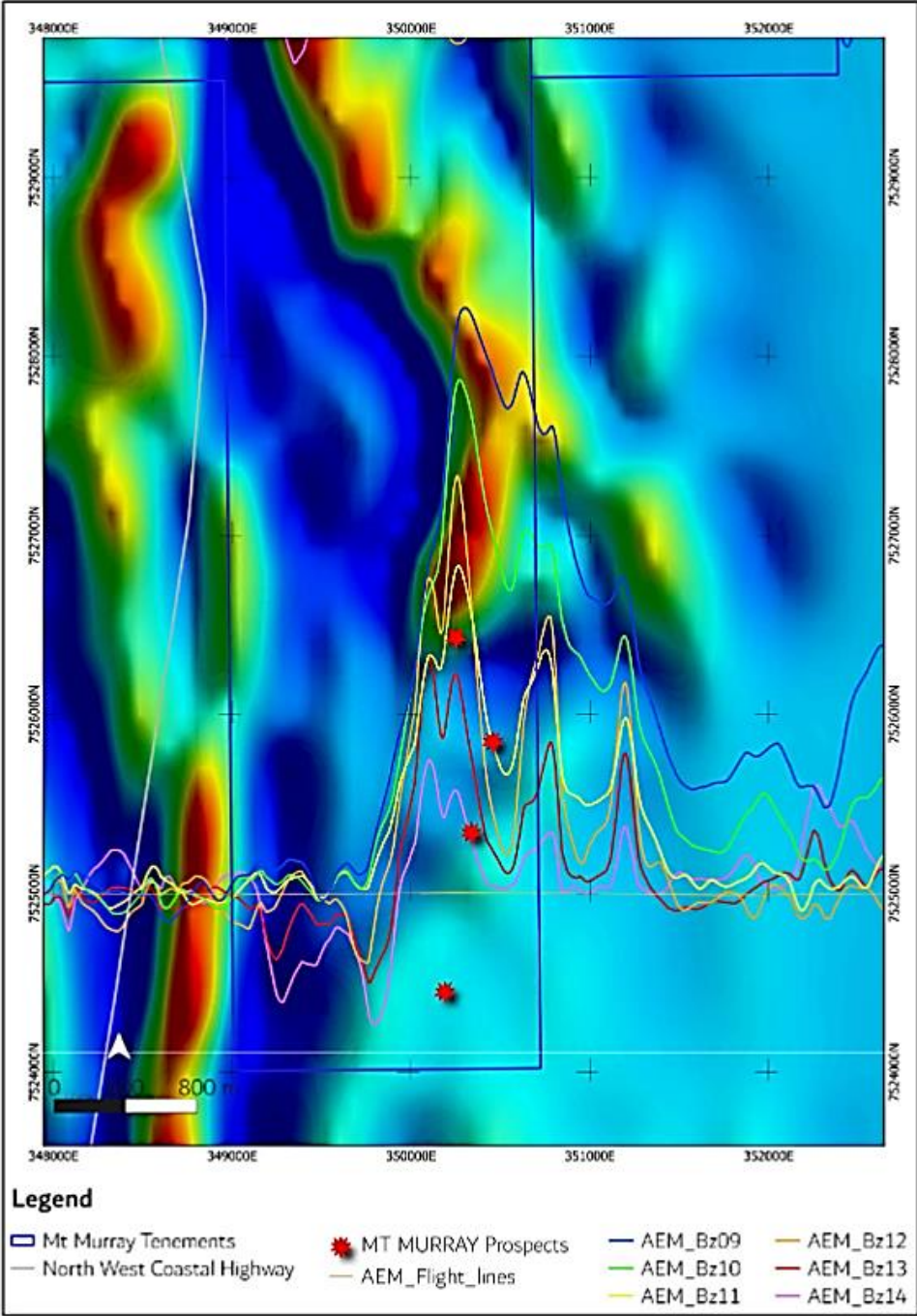


Figure 7: Ridgeback Target with magnetics and Capricorn AEM profiles.

**Highway and Emily Pb-Zn-Ag-Au**

The Highway Pb-Zn-Ag-Au prospect (The Hill) is located adjacent to the North-West Coastal Highway. Historic rock chip samples returned very high results of up to 39.6% Pb 134g/t Ag, 0.46g/t Au and 0.1% Zn. The mineralisation is hosted in chert and quartz over about 300m strike. The mineralization may extend along strike to the south and north however it is hidden beneath shallow cover. Despite the high grades, no drilling has been recorded at the Highway prospect. SFM rock chip samples of quartz veins with visible galena returned 3.5% Pb, 0.48g/t Au, 13g/t Ag and 0.08% Zn. Located 2km to the north, the Emily Pb-Ag prospect is thought to be along strike from the Highway prospect however the intervening area obscured by sand dunes and scree has not had any effective exploration. Four shallow RC holes were drilled at the Emily prospect in 2006. Unfortunately, the drill hole sample assay results were not included in the Tenement Annual Reports. SFM has relocated the drill hole collars including well-preserved metre drill cuttings. SFM has taken composite grab samples of drill chip piles with extensive quartz vein chips indicating the drill holes tested the targeted quartz vein.



*Figure 8 – Highway Prospect showing high grade galena (grey colour) in chert and quartz. The rock in the centre is about fist size.*

**CHALLA PROJECTS**

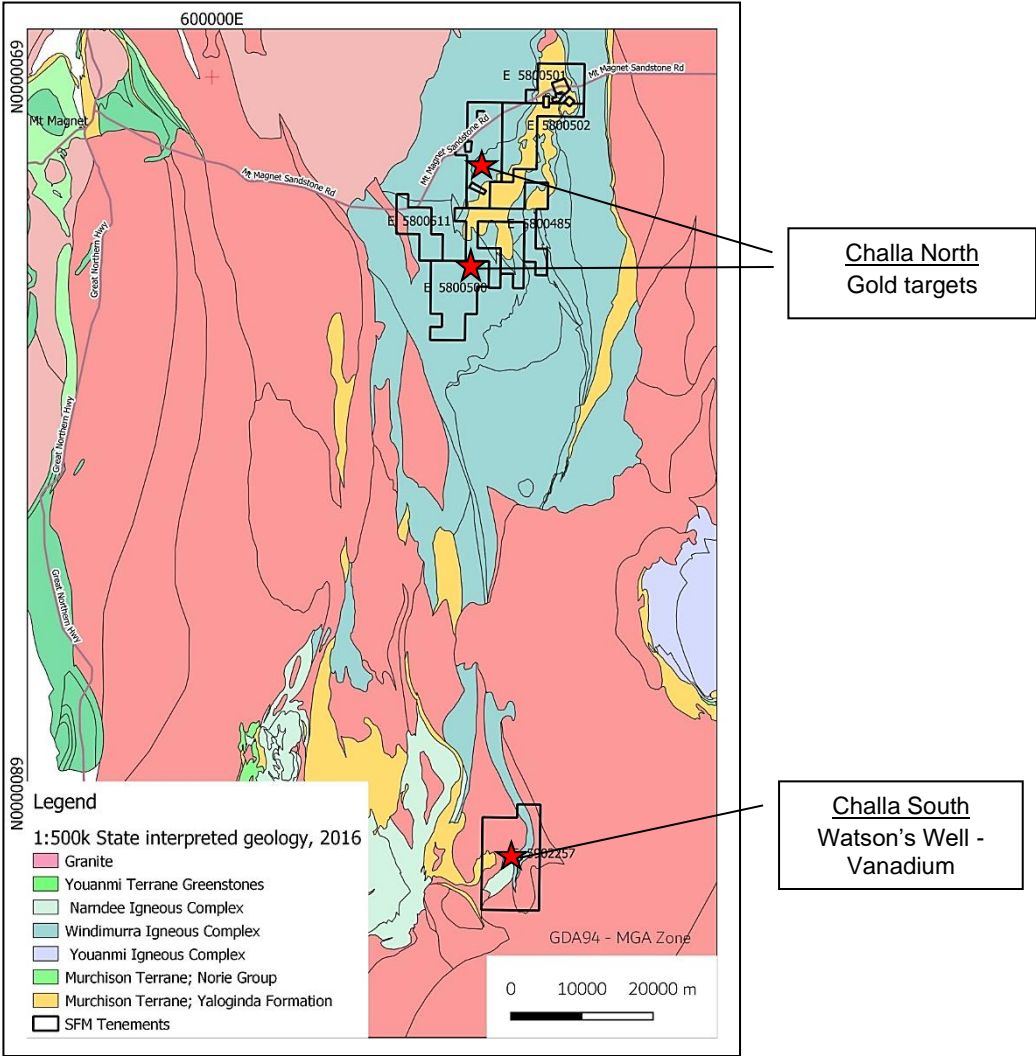


Figure 9 - Challa Project area

**Challa North - Gold**

During the period, results were received from the expanded auger sampling program completed in October 2021. The auger sampling followed up previously defined anomalous gold zones at:

1. Golden Girls
2. Yard Well
3. Boulder North

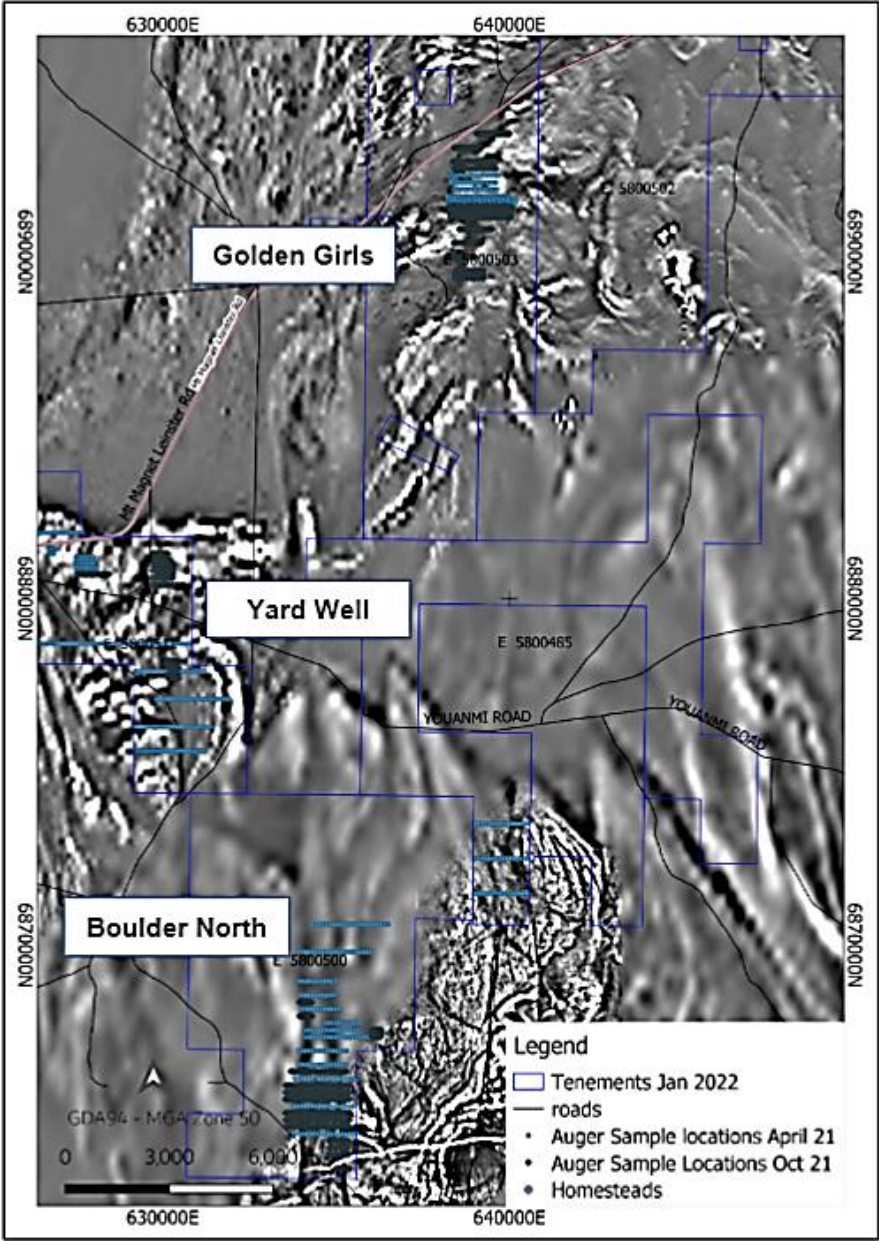


Figure 10 – Auger Sample locations

**Golden Girls Prospect**

The expanded auger sampling program along strike of the Golden Girls prospect has identified five additional anomalous gold zones to the north and south. Gold anomalous zones have now been identified over 5km of strike. The five new gold anomalies occur on broad spaced auger lines with maximum gold values of 256ppb Au on the northern most line and 245ppb near the southern end of the sampling (Figure 11). Three of the new gold anomalies occur at the eastern end of the sample lines and are not closed off along strike and as such additional auger sampling will be considered to better define the anomalous zones for follow up drilling.

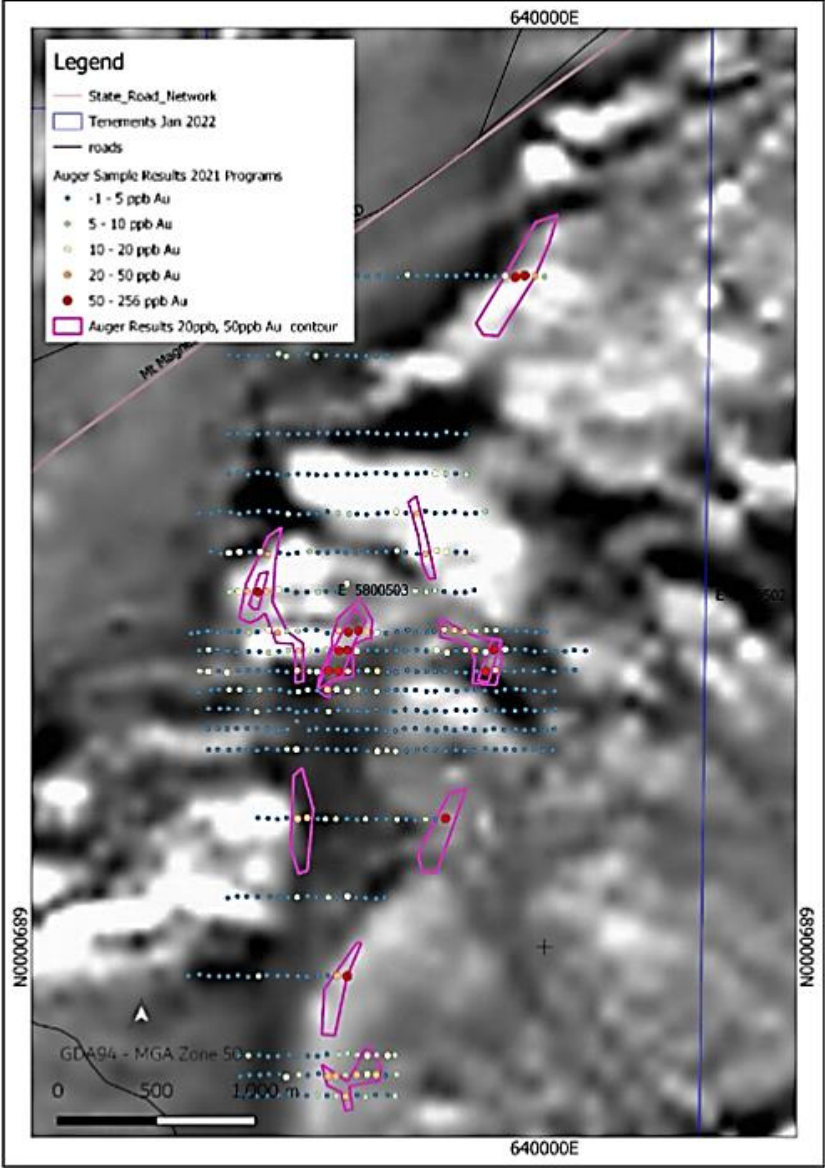


Figure 11 – Golden Girls prospect auger sample locations coloured by gold grade

**Yard Well Prospect**

Results of the auger sampling defined one additional anomaly of plus 4ppb Au over a strike extent of 300m with a maximum sample of 25ppb Au (Figure 12).

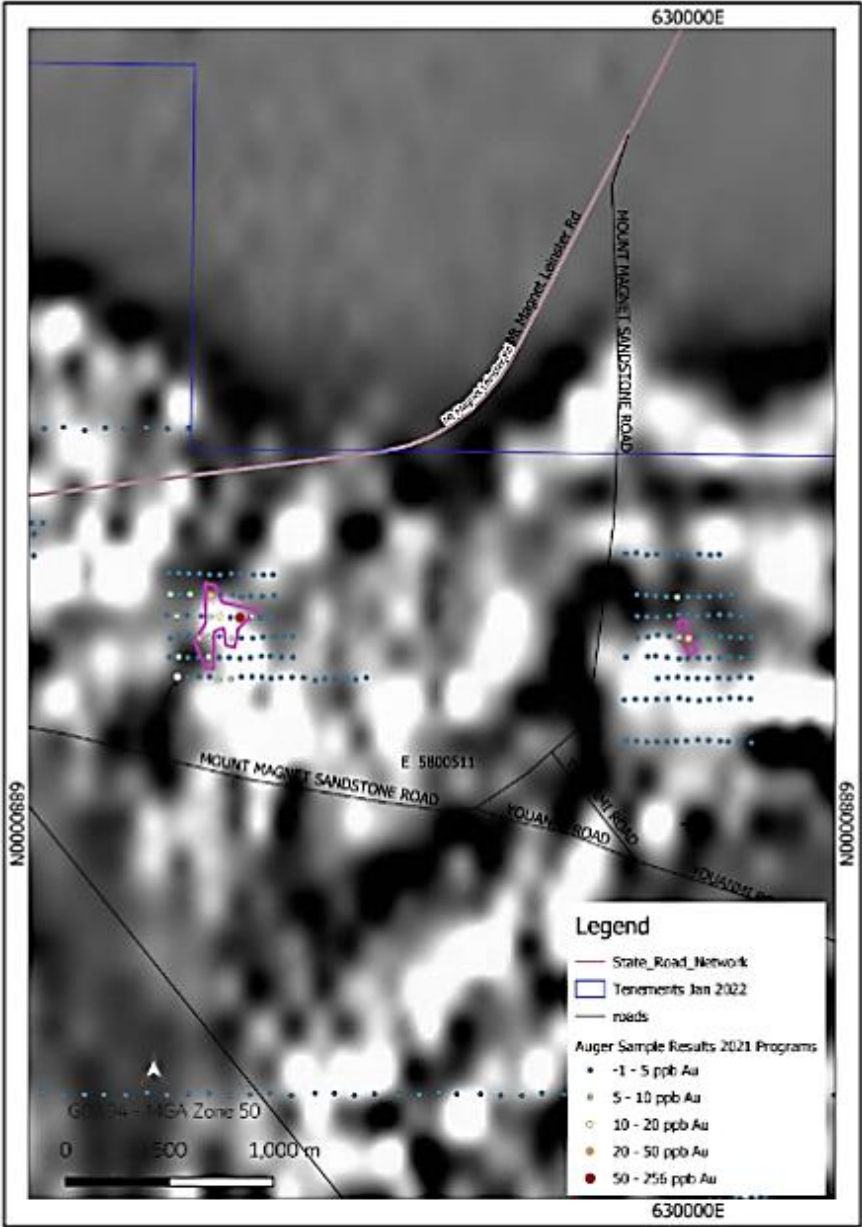


Figure 12 – Yard Well auger sample locations coloured by Au ppb and expanded auger locations over 1vd magnetics.

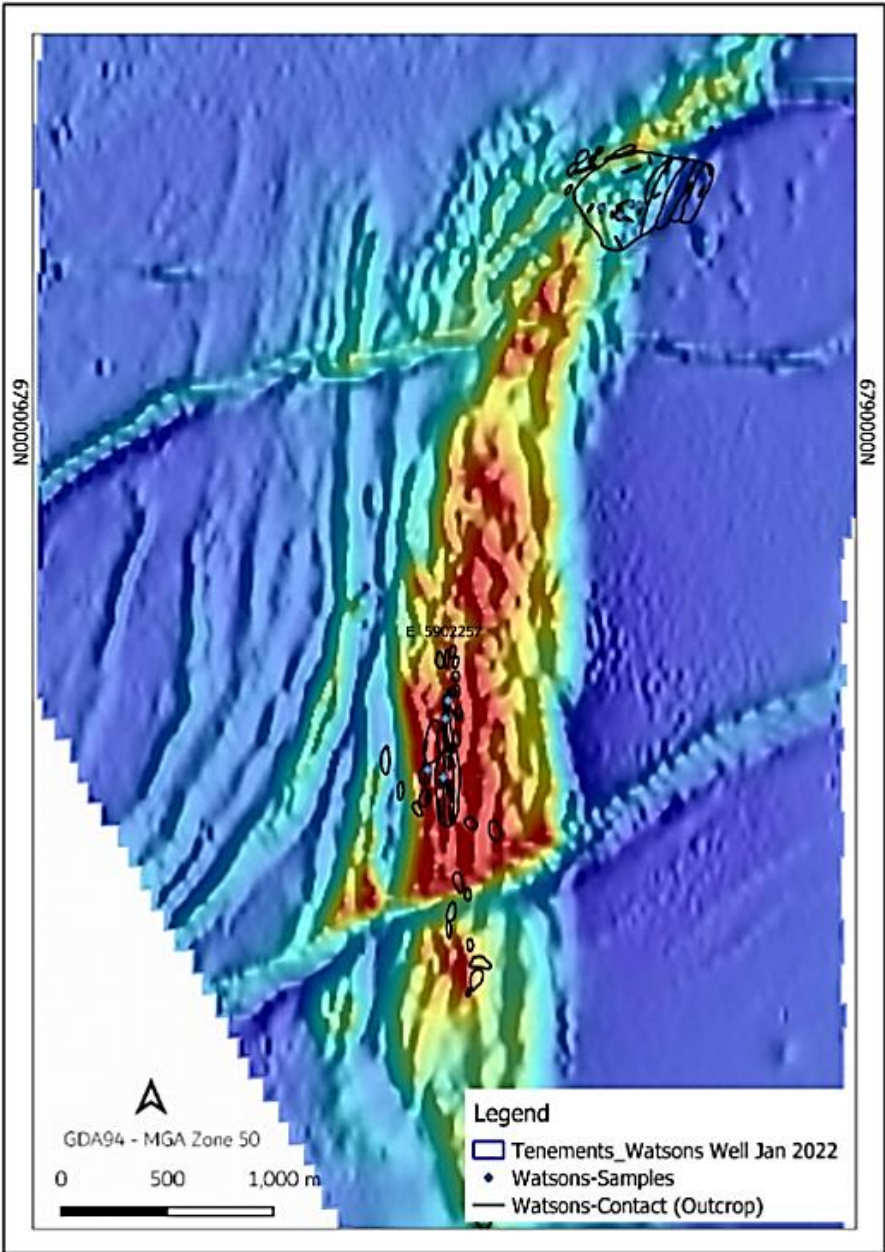
**Boulder North Prospect**

Auger sample results from the Boulder North area did not define any significant gold anomalies. The geochemistry results will be further access to determine if the sample depth was sufficient to reflect the bedrock source.

**Watson's Well – Vanadium**

Detailed mapping of the Watsons Well V-Ti-Fe prospect was undertaken during the period. This work located several discrete bands of magnetite rich cumulate gabbro layers associated with the 5km long high magnetic zone. These layers are considered the source of the high V and Ti results previously reported from soil and magnetic lag sampling. In field estimates of the magnetite content is between 20% and 50%.

Drilling is planned to test the thickness and grade of the cumulate magnetite layers mineralisation.



*Figure 13 – Outcrop and sample locations Watson's Well Prospect*

**Principal Activities**

The principal activities of the Group during the course of the financial period were exploration for gold and base metals within the state of Western Australia.



**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**

**Auditor's Independence Declaration**

Section 307C of the Corporations Act 2001 requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 17 and forms part of the Directors' Report for the half-year ended 31 December 2021.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of the Corporations Act 2001.



**Doug Rose**  
Managing Director

16 March 2022  
Perth, Western Australia

**COMPLIANCE STATEMENT**

*The information in this report that relates to Exploration Results is based on information compiled by Mr. Reginald Beaton who is a Member of the Australian Institute of Geoscientists. Mr. Beaton is an employee of Santa Fe Minerals Limited and has sufficient experience which is relevant to the style of mineralisation under consideration to qualify as a Competent Person as defined in the 2012 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr. Beaton consents to the inclusion in the report of the matters based on the information compiled by him, in the form and context in which it appears. All technical information in this report has previously been released to ASX, see the following announcements: 28 January 2022 – "Quarterly Activities Report for the Period Ended 31 December 2021" and 30 October 2021 – "Quarterly Activities Report for the Period Ended 30 September 2021. The Company is not aware of any new information or data that materially affects the information included in the above.*

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the consolidated financial report of Santa Fe Minerals Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia  
16 March 2022



**B G McVeigh**  
Partner

**hlb.com.au**

**HLB Mann Judd (WA Partnership) ABN 22 193 232 714**

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**

**Condensed Consolidated Statement of Comprehensive Income**  
**For the half-year ended 31 December 2021**

	Note	31 December 2021 \$	31 December 2020 \$
Interest income		1,027	13,103
Government incentive		-	10,752
Fair value gain on fair value through profit or loss		910,416	87,637
Depreciation expense		(9,500)	(9,958)
Exploration and evaluation expenditure		(174,451)	(61,141)
Employee benefits expense		(159,112)	(158,648)
Other expenses		(165,873)	(114,271)
<b>Profit/(Loss) before tax</b>		<b>402,507</b>	<b>(232,526)</b>
Income tax expense		-	-
<b>Net Profit/(Loss) for the period</b>		<b>402,507</b>	<b>(232,526)</b>
<b>Other comprehensive income/(loss) for the period, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>402,507</b>	<b>(232,526)</b>
Basic earnings/(loss) per share	3	0.55	(0.32)
Diluted earnings/(loss) per share	3	0.55	(0.32)

The accompanying notes form part of these financial statements.

**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**

**Condensed Consolidated Statement of Financial Position**  
**As at 31 December 2021**

		<b>31 December 2021</b>	<b>30 June 2021</b>
	<b>Note</b>	<b>\$</b>	<b>\$</b>
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		2,964,138	3,438,103
Trade and other receivables		16,364	8,181
Assets classified as fair value through profit or loss	6	1,730,000	790,000
Other financial assets		13,468	20,752
<b>Total Current Assets</b>		<u>4,723,970</u>	<u>4,257,036</u>
<b>Non-Current Assets</b>			
Deferred exploration and evaluation expenditure	5	350,536	300,536
Assets classified as fair value through profit or loss	6	66,885	96,469
Property, plant and equipment		15,482	24,982
<b>Total Non-Current Assets</b>		<u>432,903</u>	<u>421,987</u>
<b>Total Assets</b>		<u>5,156,873</u>	<u>4,679,023</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables		96,857	24,782
Employee benefits liability		74,063	70,795
<b>Total Current Liabilities</b>		<u>170,920</u>	<u>95,577</u>
<b>Total Liabilities</b>		<u>170,920</u>	<u>95,577</u>
<b>Net Assets</b>		<u>4,985,953</u>	<u>4,583,446</u>
<b>Equity</b>			
Issued capital	4	14,757,954	14,757,954
Accumulated losses		(9,772,001)	(10,174,508)
<b>Total Equity</b>		<u>4,985,953</u>	<u>4,583,446</u>

The accompanying notes form part of these financial statements.

**Santa Fe Minerals Limited**  
**Interim Financial Report - 31 December 2021**

**Condensed Consolidated Statement of Changes in Equity**  
**For the half-year ended 31 December 2021**

	Issued capital \$	Share-based payment reserve \$	Accumulated losses \$	Total \$
Balance at 1 July 2021	14,757,954	-	(10,174,508)	4,583,446
Profit for the period	-	-	402,507	402,507
Total comprehensive income	-	-	402,507	402,507
<b>Balance at 31 December 2021</b>	<b>14,757,954</b>	<b>-</b>	<b>(9,772,001)</b>	<b>4,985,953</b>
Balance at 1 July 2020	14,757,954	76,067	(10,113,993)	4,720,028
Loss for the period	-	-	(232,526)	(232,526)
Total comprehensive loss	-	-	(232,526)	(232,526)
Transfer to accumulated losses	-	(76,067)	76,067	-
<b>Balance at 31 December 2020</b>	<b>14,757,954</b>	<b>-</b>	<b>(10,270,452)</b>	<b>4,487,502</b>

The accompanying notes form part of these financial statements.

**Santa Fe Minerals Limited**  
**Interim Financial Report – 31 December 2021**

**Condensed Consolidated Statement of Cash Flows**  
**For the half-year ended 31 December 2021**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	1,650	14,722
Payments to suppliers and employees	(425,850)	(366,376)
Government grants and tax incentives	-	43,038
<b>Net cash used in from operating activities</b>	<b>(424,200)</b>	<b>(308,616)</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of investments designated fair value through profit or loss	-	(299,375)
Payments for exploration and expenditure (acquisition)	(50,000)	-
<b>Net cash used in from investing activities</b>	<b>(50,000)</b>	<b>(299,375)</b>
Net decrease in cash held	(474,200)	(607,991)
Effect of movement in exchange rates on cash held	235	-
Cash at the beginning of the period	3,438,103	4,397,616
<b>Cash and cash equivalents at period end</b>	<b>2,964,138</b>	<b>3,789,625</b>

The accompanying notes form part of these financial statements.

**Santa Fe Minerals Limited**  
**Interim Financial Report – 31 December 2021**  
**Notes to the Condensed Consolidated Financial Statements**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of Preparation**

These interim financial statements are general purpose interim financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 *Interim Financial Reporting*, Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 *Interim Financial Reporting*.

This condensed consolidated interim report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by the Group during the half year in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

The interim report has been prepared on a historical cost basis except for the revaluation of selected financial assets. Cost is based on the fair value of the consideration given in exchange for assets. The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim report, the half-year has been treated as a discrete reporting period.

**(b) Statement of Compliance**

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

**(c) Accounting policies and methods of computation**

The Group's accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding half-year. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

**(d) Adoption of new and revised standards**

*Standards and Interpretations applicable to 31 December 2021*

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting periods beginning on or after 1 July 2021.

As a result of this review, the Directors have determined that there is no material impact of new Standards and Interpretations issued and, therefore, no change is necessary to the Group's accounting policies.

*Standards and Interpretations in issue not yet adopted*

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to the Group's accounting policies.

**Santa Fe Minerals Limited**  
**Interim Financial Report – 31 December 2021**  
**Notes to the Condensed Consolidated Financial Statements**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(e) Significant accounting judgements and key estimates**

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

In preparing this interim report, the significant judgments 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 financial report for the year ended 30 June 2021.

**(f) Going concern**

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

**(g) Income tax**

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary difference and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance date.

Deferred income tax is provided on all temporary differences at the balance date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.



**Santa Fe Minerals Limited**  
**Interim Financial Report – 31 December 2021**  
**Notes to the Condensed Consolidated Financial Statements**

**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Income tax (continued)**

Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance date. Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

*Tax consolidation legislation*

Santa Fe Minerals Limited and its 100% owned Australian resident subsidiaries have implemented the tax consolidation legislation. Current and deferred tax amounts are accounted for in each individual entity as if each entity continued to act as a taxpayer on its own.

Santa Fe Minerals Limited recognises its own current and deferred tax amounts and those current tax liabilities, current tax assets and deferred tax assets arising from unused tax credits and unused tax losses which it has assumed from its controlled entities within the tax consolidated Group.

**NOTE 2: SEGMENT REPORTING**

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

The Board as a whole has determined that at this time, the Group has one reportable segment being mineral exploration in Australia and investing in mineral exploration companies in Australia.

The revenues and results of this segment are those of the Group as a whole and are set out in the Condensed Statement of Profit or Loss and Other Comprehensive Income and the assets and liabilities of the Group as a whole are set out in the Condensed Statement of Financial Position.

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**NOTE 3: EARNINGS/(LOSS) PER SHARE**

	<b>31 December 2021</b>	<b>31 December 2020</b>
	<b>\$</b>	<b>\$</b>
Basic and diluted earnings/(loss) per share (cents per share)	0.55	(0.32)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings/(loss) per share	72,818,789	72,818,789
Profit/(Loss) used in the calculation of basic and diluted earnings/(loss) per share (\$)	<u>402,507</u>	<u>(232,526)</u>

**NOTE 4: ISSUED CAPITAL**

	<b>31 December 2021</b>	<b>30 June 2021</b>
	<b>\$</b>	<b>\$</b>
72,818,789 fully paid ordinary shares (30 June 2021: 72,818,789)	<u>14,757,954</u>	<u>14,757,954</u>

	<b>Six months to 31 December 2021</b>		<b>Year to 30 June 2021</b>	
	<b>Number</b>	<b>\$</b>	<b>Number</b>	<b>\$</b>
<i>Movements in ordinary shares</i>				
Balance at beginning of period	<u>72,818,789</u>	<u>14,757,954</u>	<u>72,818,789</u>	<u>14,757,954</u>
Balance at end of period	<u>72,818,789</u>	<u>14,757,954</u>	<u>72,818,789</u>	<u>14,757,954</u>

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Group does not have a limited amount of authorised capital.

**NOTE 5: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE**

	<b>Six months to 31 December 2021</b>	<b>Year to 30 June 2021</b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of period	300,536	300,536
Expenditure written off	-	-
Acquisition of Mt Murray	<u>50,000</u>	<u>-</u>
Balance at end of period	<u>350,536</u>	<u>300,536</u>

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phases is dependent on the successful development and commercial exploitation or sale of the respective areas.

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**NOTE 5: DEFERRED EXPLORATION AND EVALUATION EXPENDITURE (CONTINUED)**

**Acquisition of Mt Murray**

Via its wholly owned subsidiary Challa Resources Pty Ltd (ACN 619 903 196) (Challa), SFM entered into a binding option agreement to acquire, subject to certain conditions precedent, 80% of the legal and beneficial interest in any or both of the exploration tenements E 08/2978 and E 08/3230 and 80% of the metals rights on M 08/139 from North West Stone Pty Ltd (ACN 159 838 712) (NWS) (Option). The key terms of the agreement are detailed below.

**Key Terms**

The consideration for the grant of the Option is A\$50,000. The initial period of the Option will expire on 19 November 2023 (Initial Period) and will automatically be extended by three six month terms unless Challa provides written notice otherwise (Option Period). Challa must pay A\$30,000 for each additional term.

As a condition to the exercise of the Option, Challa must:

- (a) incur at least A\$200,000 of exploration expenditure on the tenements in the Initial Period; and
- (b) incur at least A\$300,000 of exploration expenditure on the tenements (in addition to the amount detailed in paragraph (a) above) in the Option Period.

If the condition is satisfied and the Option is exercised, the Company must issue to NWS the greater of:

- (a) 5,000,000 fully paid ordinary shares in Santa Fe; or
- (b) fully paid ordinary shares in Santa Fe to a value of A\$1,000,000 based on a 5 day VWAP share price prior to the date of exercise of the Option.

If the condition is satisfied, Challa may also elect to enter into a split commodity agreement with NWS for 80% of all metal rights in M 08/139 (Split Commodity Agreement). Upon election to enter into the Split Commodity Agreement, the Company must issue to NWS the greater of:

- (a) 500,000 fully paid ordinary shares in Santa Fe; or
- (b) fully paid ordinary shares in Santa Fe to a value of A\$100,000 based on a 5 day VWAP share price prior to the date of electing to enter into the Split Commodity Agreement.

Under the agreement, the total consideration shares that SFM will issue to exercise the option in its entirety is capped at 10,000,000. The Company intends to issue the above shares using its available placement capacity under listing rule 7.1.

If the Option is exercised, the parties shall commence good faith negotiations with a view to executing a joint venture agreement for the development of the tenements Challa has an interest in, with Challa as manager and operator of the joint venture. NWS will be free carried until a decision to mine.

The option agreement is otherwise on customary terms and conditions for a transaction of this nature, including pre-completion obligations, termination rights and warranties provided by the parties.

Santa Fe agreed to pay approximately \$2,600 of rates outstanding in respect of the exploration tenements.

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**NOTE 6: FINANCIAL INSTRUMENTS**

This note provides information about how the Group determines fair value of various financial assets and financial liabilities.

The three levels are defined based on the observe ability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables shows the levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis as at 31 December 2021 and 30 June 2021.

	<b>Six months to 31 December 2021 Fair value</b>	<b>Year to 30 June 2021 Fair value</b>	<b>Fair value hierarchy</b>	<b>Valuation technique</b>
	<b>\$</b>	<b>\$</b>		
Equity investments designated at fair value through profit or loss	1,796,885	886,469	Level 1	Quoted market prices in an active market

The directors consider that the carrying amounts of current receivables, current payables and current borrowings are considered to be a reasonable approximation their fair values.

Movement in equity investments designated at fair value through profit or loss:

	<b>Six months to 31 December 2021 \$</b>	<b>Year to 30 June 2021 \$</b>
Opening balance	886,469	38,587
Additions	-	299,375
Fair value movement on fair value through profit or loss assets	910,416	142,587
Disposals	-	(1,299,833)
	<b>1,796,885</b>	<b>886,469</b>

In February 2022, the Group sold all of its shares in Firefinch Limited, for proceeds of \$1,309,266.

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**NOTE 7: CONTINGENT ASSETS AND LIABILITIES**

There has been no change in contingent liabilities since the last reporting date.

**NOTE 8: EVENTS SUBSEQUENT TO BALANCE DATE**

In February 2022, the Group sold all of its shares in Firefinch Limited, for proceeds of \$1,309,266.

Other than the above, no matters or events have arisen since the end of the half-year which have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

**NOTE 9: RELATED PARTY DISCLOSURE**

**Subsidiary Entities**

The consolidated financial statements include the financial statements of Santa Fe Minerals Limited and the subsidiaries listed in the following table.

<b>Name</b>	<b>Country of Incorporation</b>	<b>% Equity Interest</b>	
		<b>2021</b>	<b>2020</b>
Challa Resources Pty Ltd	Australia	100%	100%
Challa Minerals Pty Ltd	Australia	100%	100%

Santa Fe Minerals Limited is the ultimate Australian parent entity and ultimate parent of the Group. Loans made by Santa Fe Minerals Limited to its wholly-owned subsidiaries are contributed to meet required expenditure payable on demand and are not interest bearing.

**Transactions with other Related Parties**

There were no other transactions with key management personnel during the half year or outstanding at balance date.

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**Directors' Declaration**

In the opinion of the Directors of the Company:

1. The attached interim financial statements and notes thereto are in accordance with the Corporations Act 2001 including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2011, professional reporting requirements and other mandatory requirements; and
  - (b) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year then ended; and
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303 (5) of the Corporations Act 2001.



**Doug Rose**  
Managing Director

16 March 2022  
Perth, Western Australia

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Santa Fe Minerals Limited

### **Report on the Condensed Half-Year Financial Report**

#### *Conclusion*

We have reviewed the accompanying half-year financial report of Santa Fe Minerals Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Santa Fe Minerals Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- (b) 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### *Responsibility of the directors for the financial report*

The directors of the Santa Fe Minerals Limited 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.

**hlb.com.au**

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*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 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

*Independence*

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

*HLB Mann Judd*

**HLB Mann Judd**  
**Chartered Accountants**

**Perth, Western Australia**  
**16 March 2022**



**B G McVeigh**  
**Partner**