



ACN 647 899 698

**Interim Financial Statements
for the six months ended
31 December 2021**

Corporate Directory

Directors

John Hannaford	Non-Executive Chairman
David Izzard	Non-Executive Director
William Higgins	Non-Executive Director

CEO

Angus Thomson

Company Secretary

Cecilia Tyndall

Registered and Principal Office

Suite 2, 38 Colin Street
West Perth WA 6005

Phone: (08) 6245 9890
Email: info@forrestanioresources.com.au
Website: www.forrestanioresources.com.au

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

Share Registry

Automic Group Pty Ltd
Level 2, 267 St Georges Terrace
Perth WA 6000

Phone (within Australia): 1300 288 664
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Stock Exchange Listing

Australian Securities Exchange (**ASX**)
ASX Code: FRS

Directors' Report

31 December 2021

The Directors of Forrestania Resources Limited (the "Company" or "Forrestania") present their report on the Company for the period ended 31 December 2021 ("Period").

Directors

John Hannaford – Chairman
David Izzard – Non-Executive Director
William Higgins – Non-Executive Director

Principal activities

The Company was established in February 2021 and principal activities of the Company during the financial period were the exploration of mineral tenements in Western Australia ("WA").

Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company which have not been disclosed elsewhere in this report.

Review of Operations

The following is a summary of the activities Forrestania Resources Limited during the period 1 July 2021 to 31 December 2021.

Corporate

The Company completed a successful capital raising and was admitted to trading on the Australian Securities Exchange ("ASX") on the 30th of September 2021. The Company issued 25,000,000 shares under its initial public offer and completed the acquisition of the Forrestania Gold, Lithium and Nickel Project, the Southern Cross Gold Project, and Leonora Gold Project by the issue of a further 12,000,000 shares.

Projects

During the reporting period, the Company has been active with exploration, orientation and evaluation work.

The on-ground work has predominantly focussed on the Forrestania tenements, with some activity at the Leonora Project in the Eastern Goldfields.

Activities included several mapping trips and geochemical surveys at the Forrestania and Leonora projects (including soil sampling programmes at Bounty East and Gt Southern), a maiden RC drilling programme at Lady Lila, two Deep Ground Penetrating Radar (DGPR) surveys at Gemcutter and Crossroads, along with several environmental surveys completed at Gemcutter, Lady Lila, Black Prince and Bounty East.

Operating results

The Company's net loss from operations for the period was \$1,150,733.

At 31 December 2021, the Company had net assets of \$7,276,301 with cash reserves of \$3,103,991. The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the Company believes it can meet all liabilities as and when they fall due.

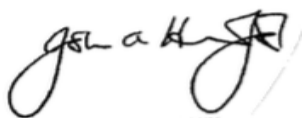
Matters subsequent to the end of the financial period

On 1 February the Company announced the granting of Leonora Project tenement E29/1103 (Goongarrie) and the new tenement application E29/1158 (Goongarrie North).

Mr Angus Thomson was appointed CEO, and Ms Melissa McClelland was appointed as Exploration Manager - Lithium on 2 February 2021. Mr Simon Adams resigned as Company Secretary and Mrs Cecilia Tyndall was appointed as Company Secretary on 2 February.

Subsequent to period end, on 17 February 2022, the Company issued 3,000,000 options under its Employee Securities Incentive Plan.

On 23 February 2022 the Company issued 48,804 fully paid shares to Mr Robbie Parr pursuant to an Exclusive Option Deed to acquire Exploration Licence E77/2637.



John Hannaford, Chairman
16 March 2022

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Period Ended 31 December 2021

	<i>Note</i>	31-Dec-21
Other income	3.1	93,973
Administration services	3.2	(525,602)
Exploration expenses		(1,918)
Interest		(2,940)
Employee expenses	3.3	(33,450)
Share based payments		(680,796)
Loss from continuing operations before income tax expense		(1,150,733)
Income tax expense		-
Loss from continuing operations		(1,150,733)
Loss for the year		(1,150,733)
Other comprehensive income		-
Comprehensive loss attributable to the shareholders of the Company		(1,150,733)
Basic and diluted loss per share (dollar per share) for continuing operations attributable to the shareholders of the Company		(0.0350)
Basic and diluted loss per share (dollar per share) attributable to the shareholders of the Company		(0.0350)

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Financial Position

As at 31 December 2021

	Note	31-Dec-21 \$	30-Jun-21 \$
Assets			
Current assets			
Cash and cash equivalents		3,103,991	22,310
Trade and other receivables		81,001	57,803
Other current assets		129,010	-
Total current assets		3,314,002	80,113
Non-current assets			
Exploration and evaluation expenditure	2.1	4,017,935	135,000
Property, plant and equipment	2.2	98,602	2,307
Total non-current assets		4,116,537	137,307
Total assets		7,430,539	217,420
Liabilities			
Current liabilities			
Trade & other payables		154,238	167,862
Borrowings		-	197,641
Total current liabilities		154,238	365,503
Total liabilities		154,238	365,503
Net assets		7,276,301	(148,083)
Equity			
Share capital	4.1	7,209,244	57,500
Accumulated loss		(1,356,316)	(205,583)
Reserves	5.3	1,423,373	-
Total equity attributable to shareholders of the Company		7,276,301	(148,083)

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Changes in Equity

For the Period Ended 31 December 2021

	Contributed equity	Accumulated losses	Reserves	Total equity
	\$	\$	\$	\$
At 1 July 2021	57,500	(205,583)	-	(148,083)
Loss for the year	-	(1,150,733)	-	(1,150,733)
Total comprehensive loss for the year	-	(1,150,733)	-	(1,150,733)
Transactions with owners in their capacity as owners:				
Issue of new shares net of cost	7,151,744	-	-	7,151,744
Share-based payments	-	-	1,423,373	1,423,373
At 31 December 2021	7,209,244	(1,356,316)	1,423,373	7,276,301

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Statement of Cash Flows

For the Period Ended 31 December 2021

	31-Dec-21 \$
Cash flows from operating activities	
Interest paid	(4,717)
Payments to suppliers and employees	(481,864)
Net cash (outflow) from operating activities	(486,581)
Cash flows from investing activities	
Payments for acquisition of property plant and equipment	(108,337)
Payments for exploration and evaluation expenditure	(1,351,676)
Net cash (outflow) from investing activities	(1,460,013)
Cash flows from financing activities	
Proceeds from issue of shares	5,224,900
Repayment of loans	(196,625)
Net cash inflow from financing activities	5,028,275
Cash and cash equivalents at the beginning of the period	22,310
Net increase/ (decrease) in cash and cash equivalents	3,081,681
Cash and cash equivalents at the end of the period	3,103,991

The above condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to the Financial Statements

The interim report of Forrestania Resources Limited for the period ended 31 December 2021 was authorised for issue in accordance with a resolution of the directors on 16 March 2022.

1.1. Basis of Preparation

These interim consolidated financial statements are general purpose 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 interim financial 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.

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

1.2. Comparative Figures

No comparative figures are available for the period as these are the first financial statements for the half year period.

1.3. Basis of Measurement

The financial report has been prepared on a historical cost basis.

1.4. Functional and Presentation Currency

The financial report is presented in Australian dollars.

1.5. Compliance with IFRS

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).

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

1.6. Going Concern

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

Notes to the Financial Statements

2. Capital Expenditure

2.1. Exploration & Evaluation Expenditure

	Note	31-Dec-21 \$	30-Jun-21 \$
Exploration and evaluation		4,017,935	135,000
Movement:			
Opening balance		135,000	-
Acquisition of tenements		620,000	135,000
Asset acquisition		2,678,633	-
Capitalised exploration expenditure		584,302	-
Closing balance		4,017,935	135,000
Projects:			
Forrestania		2,626,608	105,000
Southern Cross		636,250	30,000
Leonora		755,077	-
Closing balance		4,017,935	135,000

Asset Acquisitions

On 28th September 2021, Forrestania Resources completed the acquisition of the following entities by way of purchase of 100% of share capital from each of the subsidiaries' shareholders. The considerations were paid in cash, issue of fully paid ordinary shares and options in Forrestania Resources. The Group determined that the transaction does not constitute a business combination as defined by AASB 3. The acquisition of the net assets meets the definition of and has been accounted for as an asset acquisition.

	Cash paid \$	No. of Shares Issued	Value of Shares Issued \$	No. of Options Issued	Value of Options Issued \$	No. of Performance Rights	Value of Performance Rights \$	Total Consideration Paid \$
Firehawk Gold Pty Ltd	50,000	6,250,000	1,250,000	-	-	2,500,000	25,000	1,325,000
Quattro Gold Pty Ltd	85,000	750,000	150,000	1,000,000	124,187	-	-	359,187
BA Exploration Pty Ltd	40,000	1,250,000	250,000	625,000	77,617	-	-	367,617
Tiger Paw Prospecting No 1 Pty Ltd	25,000	1,250,000	250,000	625,000	77,617	-	-	352,617
TOTAL	200,000	9,500,000	1,900,000	2,250,000	279,421	2,500,000	25,000	2,404,421

Acquired assets are as follows:

	Asset acquired \$	Consideration paid \$	Capitalised to exploration expenditure \$
Firehawk Gold Pty Ltd	142,794	1,325,000	1,467,794
Quattro Gold Pty Ltd	134,888	359,187	494,075
BA Exploration Pty Ltd	6,858	367,617	374,475
Tiger Paw Prospecting No 1 Pty Ltd	(10,328)	352,617	342,289
TOTAL	274,212	2,404,421	2,678,633

Notes to the Financial Statements

2.2. Property Plant and equipment

	31-Dec-21	30-Jun-21
	\$	\$
Computer Equipment - Cost	10,940	2,307
Accumulated depreciation – Computer Equipment	(2,497)	-
Motor Vehicle	96,335	-
Accumulated depreciation – Motor Vehicle	(6,176)	-
Net carrying amount	98,602	2,307

3. Financial Performance

3.1. Other Income

	31-Dec-21	31-Dec-20
	\$	\$
Revenue from continuing operations		
Forgiveness of debt	93,973	-
	93,973	-

3.2. Expenses

	31-Dec-21	31-Dec-20
	\$	\$
Administration services		
Compliance	108,900	-
Consulting	124,770	-
Contracted services	76,820	-
Legal fees	65,875	-
Insurance	10,613	-
Marketing	34,941	-
Occupancy	9,613	-
Depreciation	8,673	-
Other	85,397	-
	525,602	-

3.3. Employee expenses

	31-Dec-21	31-Dec-20
	\$	\$
Salaries and wages	52,909	-
Superannuation	5,291	-
Other	(24,750)	-
	33,450	-

Notes to the Financial Statements

4. Funding and risk management

4.1. Share capital

	Date	Number of shares	Issue price \$	Value \$
Balance at 12 February 2021		-	-	-
Issue of Shares - Founders	10/06/2021	2,500,000	0.01	25,000
Issue of Shares - Founders	21/06/2021	250,000	0.01	2,500
Issue of Shares - Founders	22/06/2021	2,500,000	0.01	25,000
Issue of Shares - Founders	30/06/2021	500,000	0.01	5,000
Balance at 30 June 2021		5,750,000		57,500
Issue of Shares - Founders	2/07/2021	250,000	0.01	2,500
Issue of Shares - Founders	2/07/2021	500,000	0.01	5,000
Issue of Shares - Founders	5/07/2021	500,000	0.01	5,000
Issue of Shares - Seed Capital	9/07/2021	2,000,000	0.02	40,000
Issue of Shares - Founders	9/07/2021	250,000	0.10	25,000
Issue of Shares - Seed Capital	23/07/2021	450,000	0.10	45,000
Issue of Shares - Seed Capital	26/07/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	27/07/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	28/07/2021	150,000	0.10	15,000
Issue of Shares - Seed Capital	29/07/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	2/08/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	3/08/2021	150,000	0.10	15,000
Issue of Shares - Seed Capital	5/08/2021	2,200,000	0.10	220,000
Issue of Shares - Seed Capital	9/08/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	11/08/2021	200,000	0.10	20,000
Issue of Shares - Seed Capital	12/08/2021	550,000	0.10	55,000
Issue of Shares - Seed Capital	16/08/2021	450,000	0.10	45,000
Issue of Shares - Seed Capital	6/09/2021	100,000	0.10	10,000
Issue of Shares - IPO	21/09/2021	25,000,000	0.20	5,000,000
Issue of Shares - Tenement Vendors	21/09/2021	2,500,000	0.20	500,000
Issue of Shares - Asset Acquisition	21/09/2021	9,500,000	0.20	1,900,000
Cost of Capital raising				(800,756)
Balance at 31 December 2021		51,000,000		7,209,244

5. Related Parties

5.1. Related Parties

Details relating to key management personnel, including remuneration paid are included in the 2021 annual report. The aggregated compensation made to directors of the consolidated entity is set out below:

	31-Dec-21 \$	31-Dec-20 \$
Short term employee benefits	33,550	-
Post-employment benefits	-	-
Share based payments	558,813	-
Total compensation	592,363	-

Notes to the Financial Statements

5.2. Other transactions with related parties

During the period \$203,193 was paid to Bowman Gate Pty Ltd, of which Mr David Izzard is a director, for corporate advisory fees, provision of office space, accounting, administrative and marketing services and geological consulting.

During the period \$32,500 was paid to Riverview Corporation Pty Ltd, of which Mr John Hannaford is a director, for corporate advisory fees.

During the period \$7,000 was paid to Toru Capital Pty Ltd, of which Mr William Higgins is a director, for geological consulting fees.

5.3. Share Based Payments

5.3.1. Options

	Vendor options	Employee incentive options	Board Options	Broker options
Date of issue	21/09/21	17/08/21	27/06/21	21/09/21
Number of options	2,250,000	500,000	5,000,000	3,500,000
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%
Risk free interest rate (%)	0.79%	0.79%	0.79%	0.79%
Expected life of the option (years)	4.0	4.0	4.0	4.0
Option exercise price (\$)	0.30	0.30	0.30	0.30
Share price at grant date (\$)	0.20	0.20	0.20	0.20
Expected Vesting Date	21/09/21	05/01/22	27/06/21	21/09/21
Fair value per option (\$)	0.1242	0.1242	0.1242	0.1242
Total value at grant date (\$)	279,420	59,894	620,903	438,156
Expiry Date	21/09/25	17/08/25	27/06/25	21/09/25

5.3.2. Recognised share-based payments expense in profit or loss

	31-Dec-21 \$	31-Dec-20 \$
Expense arising from employee options issued	59,894	-
Expense arising from board options issued	620,903	-
Total share-based payments expensed in profit or loss	680,797	-

5.3.3. Reserves

	31-Dec-21 \$	Number of Options/Performance shares
Founder options	-	7,000,000
Employee options	59,894	500,000
Broker options	438,155	3,500,000
Board member options	620,903	5,000,000
Vendor options	279,421s	2,250,000
Total options held in reserve	1,398,373	18,250,000
Issued to vendors – performance shares	25,000	2,500,000
Total performance shared held in reserve	25,000	2,500,000
Total Reserves	1,423,373	20,750,000

Notes to the Financial Statements

6. Other

6.1 Events occurring after the reporting period

On 1 February the Company announced the granting of Leonora Project tenement E29/1103 (Goongarrie) and the new tenement application E29/1158 (Goongarrie North).

Mr Angus Thomson was appointed CEO, and Ms Melissa McClelland was appointed as Exploration Manager - Lithium on 2 February 2021. Mr Simon Adams resigned as Company Secretary and Mrs Cecilia Tyndall was appointed as Company Secretary on 2 February.

Subsequent to period end the Company issued 3,000,000 options under its Employee Securities Incentive Plan.

The Company also issued 48,804 fully paid shares to Mr Robbie Parr pursuant to an Exclusive Option Deed to acquire Exploration Licence 77/2637 announced on 18 October 2021.

6.2 Commitments and Contingencies

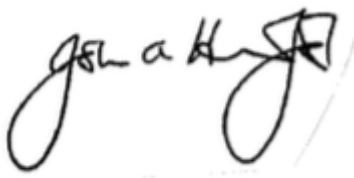
As at 31 December 2021 the Company held 22 granted tenements with a combined minimum expenditure commitment of \$527,100 for the next 12 months.

Director's Declaration

In accordance with a resolution of the directors of Forrestania Resources Limited, I state that:

- (1) In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its performance for the period ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2021.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'John Hannaford', with a stylized flourish at the end.

John Hannaford
Chairman
16 March 2022

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

Conclusion

We have reviewed the accompanying half-year financial report of Forrestania Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2021, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, and the directors' declaration.

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

- a. Giving a true and fair view of the Forrestania Resources Limited 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 *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 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.

We confirm that the independence declaration required by the Corporations Act 2001 which has been given to the directors of the Company, would be in 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 Forrestania Resources 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 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 Consolidated Entity'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.

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated in Perth, Western Australia this 16th day of March 2022

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Forrestania Resources 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:

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

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated in Perth, Western Australia this 16th day of March 2022