

OD6 METALS LIMITED



**ABN 34 654 839 602
& Controlled Entities**

Interim Financial Statements

For the six months ended 31 December 2022

Corporate Directory

DIRECTORS

Dr Darren Holden – Non-Executive Chairman
Mr Brett Hazelden – Managing Director
Mr Piers Lewis – Non-Executive Director
Dr Mitch Loan – Non-Executive Director

JOINT COMPANY SECRETARY

Troy Cavanagh
Joel Ives

REGISTERED AND PRINCIPAL OFFICE

c/- LCP Group
Level 1, 50 Kings Park Road
West Perth WA 6005
Telephone: +61 8 6189 8515
Email: info@od6metals.com.au

AUDITOR

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

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000

LAWYERS

AGH Law
Level 1, 50 Kings Park Road
West Perth WA 6005

STOCK EXCHANGE LISTING

Australian Securities Exchange (ASX)
ASX Code: OD6

BANKERS

Macquarie Bank
235 St George's Terrace
Perth WA 6000

Directors' Report

31 December 2022

The Directors of OD6 Metals Limited ("OD6 Metals Limited" or "the Company") present their report on the Company for the period ended 31 December 2022 ("Period").

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

- Dr Darren Holden – Non-Executive Chairman (appointed 27 October 2021);
- Mr Brett Hazelden – Managing Director (appointed 1 April 2022);
- Mr Piers Lewis – Non-Executive Director (appointed 27 October 2021); and
- Dr Mitch Loan – Non-Executive Director (appointed 12 April 2022).

COMPANY SECRETARY

Troy Cavanagh and Joel Ives held the position of company secretary during the financial period.

PRINCIPAL ACTIVITIES

The Group's primary purpose is to pursue exploration and potential development opportunities within the resources sector. In particular, the Group was established to undertake exploration of its Splinter Rock Project and Grass Patch Project (Projects), which are located in the Goldfields-Esperance region of Western Australia and are prospective for rare earth elements (REEs), with the aim of delineating and defining economic resources and reserves to develop into revenue generating operational mines.

REVIEW OF OPERATIONS

During the period OD6 undertook the following operational activities:

- Completed the Maiden Aircore (AC) drilling program at Splinter Rock totalling 179-holes for 5,862m with outstanding assay results for Rare Earth Elements returned.
- CSIRO and OD6 commenced collaboration to develop techniques to improve rare earth exploration utilising traditional and cutting-edge exploration tools.
- A Tempest Airborne Electromagnetic Survey (AEM) was completed at Splinter Rock and Grass Patch Projects covering over 4,600 km², with 11,500 km of lines flown at 400 to 800m line spacing.
- Metallurgical and Mineralogical testing commenced utilising samples collect from Splinter Rock
- Environmental, social and governance (ESG) Foundation Initiatives were completed.
- OD6 has completed heritage surveys with the Ngadju Native Title Aboriginal Corporation and Esperance-Tjaltjraak Native Title Aboriginal Corporation.
- An Initial 95 hole AC drilling program commenced at Grass Patch subsequent to quarter end.
- The Inaugural Annual General Meeting was held during the quarter.

OPERATING RESULTS

The loss of the Company after providing for income tax amounted to \$524,999.

FINANCIAL POSITION

As at 31 December 2022 the Company had a cash balance of \$5,842,000 and a net asset position of \$8,294,570.

DIVIDENDS PAID OR RECOMMENDED

No dividends have been paid, and the directors do not recommend the payment of a dividend for the period ended 31 December 2022.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as disclosed in this report, no significant changes in the state of affairs of the Company occurred during the financial year.

Directors' Report

31 December 2022

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of OD6 Metals Limited ("OD6 Metals Limited" or "the Company"), is responsible for the Corporate Governance of the Company. The Board is committed to achieving and demonstrating the highest standard of corporate governance applied in a manner that is appropriate to the Company's circumstances.

The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations ("ASX Principles and Recommendations 4th Edition") where considered appropriate for Group of OD6 Metals Limited size and nature.

Further details in respect to the Group's corporate governance practises and copies of Group's corporate governance policies and the 2022 Corporate Governance Statement, approved by the Board and applicable as at 09 March 2023 are available of the Group's website: <https://www.od6metals.com.au/about/corporate-governance/>

Signed in accordance with a resolution of the Board of Directors.



Mr Brett Hazelden, Managing Director

Dated 09 March 2023

Perth, Western Australia

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Period Ended 31 December 2022

	<i>Note</i>	31-Dec-22 \$	31-Dec-21 \$
Other income	3.1	61,585	-
Accounting and audit		(74,559)	(37,000)
Depreciation expense		(11,536)	-
Consultants		(8,040)	-
Directors' fees (excluding executives)		(66,300)	-
Executives' salaries and wages		(128,774)	-
Exploration expense		(3,814)	(436)
Administrative expense	3.2	(169,135)	-
Listing Fees		(16,524)	-
Legal fees		(9,482)	(6,341)
Share based payments	5.3	(97,235)	-
Other		(1,185)	(4,062)
Loss from continuing operations before income tax expense		(524,999)	(47,839)
Income tax expense		-	-
Loss from continuing operations		(524,999)	(47,839)
Loss for the year		(524,999)	(47,839)
Other comprehensive income		-	-
Comprehensive loss attributable to the shareholders of the Company		(524,999)	(47,839)
Basic and diluted loss per share (dollar per share) for continuing operations attributable to the shareholders of the Company		(0.51)	(0.41)
Basic and diluted loss per share (dollar per share) attributable to the shareholders of the Company		(0.51)	(0.41)

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 2022

	Note	31-Dec-22 \$	30-Jun-22 \$
Assets			
Current assets			
Cash and cash equivalents		5,842,000	8,357,053
Other current assets		200,755	165,260
Total current assets		6,042,755	8,522,313
Non-current assets			
Exploration and evaluation expenditure	2.1	2,575,344	707,114
Property, plant and equipment	2.2	167,626	163,102
Total non-current assets		2,742,970	870,216
Total assets		8,785,725	9,392,529
Liabilities			
Current liabilities			
Trade & other payables		414,757	662,002
Provisions		21,596	-
Other Current liabilities		54,802	8,193
Total current liabilities		491,155	670,195
Total liabilities		491,155	670,195
Net assets		8,294,570	8,722,334
Equity			
Share capital	4.1	9,224,855	9,224,855
Reserves	5.3.3	963,188	865,953
Accumulated loss		(1,893,473)	(1,368,474)
Total equity attributable to shareholders of the Company		8,294,570	8,722,334

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 2022

	Issued Capital	Reserves	Accumulated Losses	Total equity
	\$	\$	\$	\$
At 1 July 2021	1	-	(29,275)	(29,274)
Loss for the reporting period	-	-	(47,839)	(47,839)
Total comprehensive loss for the reporting period	-	-	(47,839)	(47,839)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	44,100	1,835,000	-	1,879,100
At 31 December 2021	44,101	1,835,000	(77,114)	1,801,987

	Issued Capital	Reserves	Accumulated Losses	Total equity
	\$	\$	\$	\$
At 1 July 2022	9,224,855	865,953	(1,368,474)	8,722,334
Loss for the reporting period	-	-	(524,999)	(524,999)
Total comprehensive loss for the reporting period	-	-	(524,999)	(524,999)
Transactions with owners in their capacity as owners:				
Share-based payments	-	97,235	-	97,235
At 31 December 2022	9,224,855	963,188	(1,893,473)	8,294,570

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 2022

	31-Dec-22	31-Dec-21
		\$
Cash flows from operating activities		
Interest received	25,302	-
Payments to suppliers and employees	(528,745)	-
Net cash (outflow) from operating activities	(503,443)	-
Cash flows from investing activities		
Payments for acquisition of property plant and equipment	(16,060)	-
Payments for exploration and evaluation expenditure	(1,648,550)	-
Net cash (outflow) from investing activities	(1,664,610)	-
Cash flows from financing activities		
Proceeds from issue of shares	-	1,867,799
Share issue costs	(347,000)	-
Repayment of loans	-	(44,000)
Net cash inflow from financing activities	(347,000)	1,823,799
Cash and cash equivalents at the beginning of the period	8,357,053	-
Net increase/ (decrease) in cash and cash equivalents	(2,515,053)	1,823,799
Cash and cash equivalents at the end of the period	5,842,000	1,823,799

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

Notes to the Financial Statements

1. Summary of Significant accounting policies

The interim report of OD6 Metals Limited for the period ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 08 March 2023.

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. 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. Basis of Measurement

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

1.3. Functional and Presentation Currency

The financial report is presented in Australian dollars.

1.4. 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.

1.5. 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

	31-Dec-22	30-Jun-22
	\$	\$
Exploration and evaluation	2,575,344	707,114
Movement:		
Opening balance	707,114	142,117
Costs capitalised during the year, net of refunds	1,868,230	564,997
Costs impaired during the year	-	-
Closing balance	2,575,344	707,114
Projects:		
Grass Patch	1,053,311	171,831
Splinter Rock	1,522,033	535,283
Closing balance	2,575,344	707,114

2.2. Property Plant and equipment

	31-Dec-22	30-Jun-22
	\$	\$
Office Equipment	4,881	2,126
Accumulated depreciation – Office Equipment	(322)	(33)
Computer Equipment - Cost	12,342	8,088
Accumulated depreciation – Computer Equipment	(2,372)	(436)
Motor Vehicle	128,180	128,180
Accumulated depreciation – Motor Vehicle	(8,589)	(1,333)
Plant & Equipment	35,576	26,526
Accumulated depreciation – Plant & Equipment	(2,070)	(16)
Net carrying amount	167,626	163,102

3. Financial Performance

3.1. Other Income

	31-Dec-22	31-Dec-21
	\$	\$
Revenue from continuing operations		
Interest Earned	25,302	-
Interest accrued for Term Deposits	36,283	-
	61,585	-

3.2. Expenses

	31-Dec-22	31-Dec-21
	\$	\$
Administration services		
Consulting	(47,884)	-
Conferences	(13,955)	-
Insurance	(21,997)	-
Investor relations	(67,450)	-
Share Registry	(11,604)	-
Other	(6,245)	-
	(169,135)	-

Notes to the Financial Statements

4. Funding and risk management

4.1. Share capital

	Date	Number of shares	Issue price \$	Value \$
Balance at 01 July 2021		-	-	1
Issue of Shares – Founders	12 November 2021	44,100,745	0.001	44,552
Issue of Shares – Seed Capital Raise	31 December 2021	18,350,000	0.1	1,835,000
Issue of Shares – IPO	22 June 2022	40,000,000	0.20	8,000,000
Cost of Capital raising				(654,598)
Balance at 30 June 2022		102,450,745		9,224,855
Balance at 31 December 2022		102,450,745		9,224,855

5. Related Parties

5.1. Related Parties

Details relating to key management personnel, including remuneration paid are included in the 2022 annual report. The aggregated compensation made to directors of the consolidated entity is set out below:

	31-Dec-22 \$	31-Dec-21 \$
Short term benefits	226,300	-
Post-employment benefits	15,275	-
Total compensation	241,575	-

5.2. Other transactions with related parties

The Company entered into a geological services agreement with GeoSpy Pty Ltd, an entity controlled by Dr Holden, pursuant to which GeoSpy Pty Ltd invoiced OD6 Metals Limited \$10,000 for the period ending 31 Dec 2022.

5.3. Share Based Payments

5.3.1. Options

	Employee incentive options
Date of issue	25-Oct-22
Number of options	900,000
Dividend yield (%)	0
Expected volatility (%)	90%
Risk free interest rate (%)	3.31%
Expected life of the option (years)	4
Option exercise price (\$)	0.30
Share price at grant date (\$)	0.19
Expected Vesting Date	25/10/2022
Fair value per option (\$)	0.11
Total value at grant date (\$)	97,235
Expiry Date	09/10/2026

Notes to the Financial Statements

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

	31-Dec-22 \$	31-Dec-21 \$
Expense arising from employee options issued	97,235	-
Total share-based payments expensed in profit or loss	97,235	-

5.3.3. Reserves

	31-Dec-22 \$	Number of Options
At 1 July 2022	725,953	30,200,371
Share based payment for Project Manager	97,235	900,000
Forfeited during the period	-	-
Total options held in reserve	823,188	31,100,371

	31-Dec-22 \$	Number of Performance rights
At 1 July 2022	140,000	2,500,000
Forfeited during the period	-	-
Total performance shares held in reserve	140,000	2,500,000

Total Reserves	963,188	
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6. Segment information

Management has determined the operating segments based on the reports reviewed by the Board of the Directors that are used to make strategic decisions. The Company does not have any material operating segments with discrete financial information. The Company does not have any customers and all its assets and liabilities are primarily related to mining industry and are located within Western Australia. The Board of Directors review internal management reports on a regular basis that is consistent with the information provided in the statement of profit and loss and other comprehensive income, statement of financial position and statement of cashflows. As a result, no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

7. Other

7.1. Events occurring after the reporting period

On 04 January 2023, 5,675,000 shares were released from the escrow.

No other matter or circumstance has arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

7.2. Commitments and Contingencies

There were no other contingent liabilities as at 31 December 2022, or since that date and the date of this report.

Director's Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 12, are in accordance with the Corporations Act 2001 (Cth) and:
 - (a) comply with Accounting Standard AASB 134: *Interim Financial Reporting*; and
 - (b) give a true and fair view of the financial position as at 31 December 2022 and of the performance for the half-year ended on that date of the Company.
2. In the Director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to s303(5) of the Corporations Act 2001 (Cth) and is signed for and on behalf of the directors by:



Bred Hazelden
Managing Director
09 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF OD6 METALS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of OD6 Metals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2022, 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 OD6 Metals Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the OD6 Metals Limited financial position as at 31 December 2022 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 OD6 Metals 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 2022 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 this 9th day of March 2023
Perth, Western Australia

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 OD6 Metals Limited for the half year ended 31 December 2022, 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 this 9th day of March 2023
Perth, Western Australia