



TAITON RESOURCES
LIMITED

ABN 41 062 284 084

Half-Year Financial Report for the period ended
31 December 2022

CORPORATE DIRECTORY

DIRECTORS:	Datuk Siak Wei Low Noel Kok Jin Ong Chee Cheong (David) Low Mark Strizek Florence Drummond
COMPANY SECRETARY:	Ian Gregory
REGISTERED OFFICE:	Level 13, 200 Queen Street Melbourne, VIC 3000 Tel: +61 (3) 8648 6431 Fax: +61 (3) 8648 6480
AUDITORS:	William Buck Level 20, 181 William Street, Melbourne Victoria 3000
SHARE REGISTRY:	Automic Group Level 2, 267 St Georges Terrace PERTH WA 6000 Tel: 1300 288 664 (within Australia) Int: +61 (2) 96985414
STOCK EXCHANGE LISTING:	Australian Securities Exchange (Home Exchange: Perth, Western Australia) Code: T88
COMPANY WEBSITE:	www.taiton.com.au

This Half-Year Financial Report covers the consolidated entity comprising Taiton Resources Limited ("Company") and its subsidiaries ("Group"). The functional currency and presentation currency of the Company is Australian Dollars.

A description of the Group's operations and its principal activities are included in the Review of Operations in the Directors' Report. The Directors' Report has not been reviewed by the auditors.

DIRECTORS' REPORT

The directors present the financial report of Taiton Resources Limited ("**Taiton**", "**Parent Entity**" or "**Company**") and its controlled entities ("Group") for the half-year ended 31 December 2022.

In order to comply with the provisions of the *Corporations Act 2001*, the directors' report is as follows:

DIRECTORS

The names of the directors of the Company who held office during the half-year are:

Datuk Siak Wei Low

Noel Kok Jin Ong

David Chee Cheong Low

Mark Strizek (appointed 23 September 2022)

Florence Drummond (appointed 23 September 2022)

PRINCIPAL ACTIVITIES

The principal activities of the Group during the period were the exploration and evaluation of mineral tenements at the Highway Project, Challenger West Project, both in South Australia, and Lake Barlee Project in Western Australia. The Company is an early-stage mineral exploration and development company focused on gold and other commodities within its projects.

OPERATING RESULTS

The consolidated loss after tax for the Group amounted to \$983,485 (2021 Profit: \$657,053).

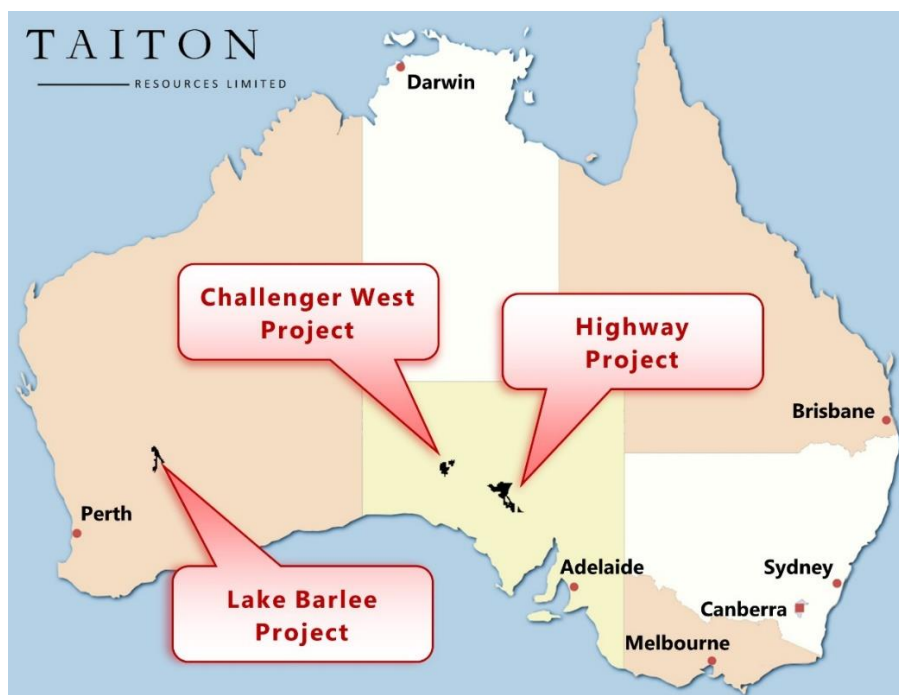
REVIEW OF OPERATIONS

The exploration activities were mainly focussed at the Highway Project commencing with an agreement for a detailed heritage survey. A contractor has been selected to conduct and complete an induced polarization (IP), resistivity and magnetotelluric (MT) surveys for the Merino and Angus Prospects within the Highway Project.

The Company was granted Exploration Licence EL6857, located approximately 90km east northeast of Tarcoola in South Australia, following its Application Licence Application ELA 2022/00039, for an area of 914 sq.km.

The Company completed its acquisition of EL6658 and EL6706 (formerly ELA 2020/00206 and ELA 2021/00013 respectively) at the Highway Project by the issue of 2 million Taiton shares to the vendor on listing on the Australian Securities Exchange (ASX).

DIRECTORS' REPORT



During the period, the Company received \$7,004,000 (before costs) pursuant to the issue of 35,020,002 Shares at \$0.20 per share under the Initial Public Offering (IPO) prospectus dated 23 September 2022, and was subsequently listed on the ASX on 19 December 2022.

Pursuant to the IPO, the Company issued 13,100,000 shares at \$0.10 each for the conversion of loan debt into equity.

During the period, the following unquoted securities were also issued on 12 December 2022:

- (a) 6,000,000 Performance Rights were issued to directors and management, in accordance with shareholder approval at the Company general meeting on 5 August 2022, exercisable on the achievement of certain milestones, expiring 5 years from the date of issue,
- (b) 5,600,000 options were issued to directors and management in accordance with shareholder approval at the Company general meeting on 5 August 2022, exercisable for \$0.25 each, expiring 2 years from the date of issue.
- (c) 518,771 options were issued to the Lead Manager of the IPO, exercisable for \$0.25 each, expiring 4 years from the date of issue.
- (d) 3,000,000 options were issued to the Underwriters of the IPO, exercisable for \$0.25 each, expiring 4 years from the date of issue.
- (e) 3,142,397 free attaching options were issued to priority shareholders pursuant to the IPO, exercisable for \$0.25 each, expiring 4 years from the date of issue.

The Group's cash and cash equivalents as at 31 December 2022 were \$6,449,369 (30 June 2022: \$321,718).

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 19th December 2022, the Company was admitted to the Official List of ASX. The Company raised \$7,004,000 from the issue of 35,020,002 shares at an issue price of \$0.20 per share in the IPO.

There have been no other significant changes in the state of affairs of the Group during or since the end of the financial period.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL HALF YEAR

No matters or circumstance have arisen since 31 December 2022 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the state of affairs in subsequent financial years.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's activities are subject to various environmental laws and regulations under the relevant government's legislation. Full compliance with these laws and regulations is regarded as a minimum standard for the Group to achieve.

Instances of environmental non-compliance by an operation are identified either by internal compliance audits or inspections by relevant government authorities.

There have been no significant known breaches by the Group during the financial year.

AUDITOR'S INDEPENDENCE DECLARATION

In accordance with the *Corporations Act 2001 section 307C* the auditors of the Company, William Buck, have provided a signed auditor's independence declaration to the directors in relation to the half-year ended 31 December 2022. This declaration is attached to and forms part of this report.

Signed as approved and authorised for issue by the Board of Directors.



Datuk Siak Wei Low
Chairman
14 March 2023

DIRECTORS' DECLARATION

The directors of Taiton Resources Limited declare that:

- (a) in their opinion the accompanying financial statements and notes of the Group;
 - i) give a true and fair view of the financial position as at 31 December 2022 and the performance for the half-year ended on that date of the Group; and
 - ii) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
- b) in their 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 approval of the Board of Directors and is signed for and on behalf of the directors by:



Datuk Siak Wei Low
Chairman
14 March 2023

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF TAITON RESOURCES
LIMITED**

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 14 March 2023

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

	Note	31 December 2022 \$	31 December 2021 \$
Interest Income		3,687	26
Debt waiver		-	821,302
Corporate and administrative expenses	9	(282,926)	(52,411)
Depreciation expenses		(7,328)	(1,149)
Financing costs		(54,940)	(110,715)
Share-based payments expense	8	(530,140)	-
IPO transaction costs		(111,838)	-
(Loss)/Profit before income tax (expense)/benefit		(983,485)	657,053
Income tax (expense)/benefit		-	-
(Loss)/ Profit after income tax (expense)/benefit		(983,485)	657,053
Other comprehensive income for the half-year		-	-
TOTAL COMPREHENSIVE (Loss)/ Profit for the half-year		(983,485)	657,053
Basic and Diluted (Loss)/earnings per share (cents per share)	10	(3.49)	10.75

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022 \$	30 June 2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,449,369	321,718
Trade and other receivables		13,912	12,165
Prepayments		28,214	-
TOTAL CURRENT ASSETS		6,491,495	333,883
NON-CURRENT ASSETS			
Property, plant, and equipment		62,591	57,770
Capitalised exploration and evaluation	3	1,103,281	524,272
TOTAL NON-CURRENT ASSETS		1,165,872	582,042
TOTAL ASSETS		7,657,367	915,925
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		180,806	87,320
Other creditors	4	300,000	-
Accrued interest payable	6	169,602	114,662
Borrowings	5	-	1,260,000
TOTAL CURRENT LIABILITIES		650,408	1,461,982
TOTAL LIABILITIES		650,408	1,461,982
NET ASSETS/LIABILITIES		7,006,959	(546,057)
EQUITY			
Issued capital	7	44,177,486	36,689,571
Share-based payment reserve	8	966,468	-
Accumulated losses		(38,136,995)	(37,235,628)
TOTAL EQUITY		7,006,959	(546,057)

The accompanying condensed notes form part of this financial report

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 December 2022	31 December 2021
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(257,692)	(72,497)
Interest received	3,687	26
NET CASH USED IN OPERATING ACTIVITIES	(254,005)	(72,471)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,149)	(13,094)
Payments for capitalised exploration and evaluation	(163,762)	(122,277)
NET CASH USED IN INVESTING ACTIVITIES	(175,911)	(135,371)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	7,004,000	-
Transaction costs of issue of shares	(496,433)	-
Proceeds from borrowings	100,000	-
Repayment of borrowings	(50,000)	-
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	6,557,567	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,127,651	(207,842)
Cash and cash equivalents at beginning of period	321,718	584,848
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6,449,369	377,006

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022**

Half-Year to 31 December 2022	Issued Capital	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
AT 1 JULY 2022	36,689,571	-	(37,235,628)	(546,057)
LOSS FOR THE PERIOD AFTER INCOME TAX EXPENSE	-	-	(983,485)	(983,485)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	-	-	(983,485)	(983,485)
CONTRIBUTIONS OF EQUITY, NET OF TRANSACTION COSTS (NOTE 7)	8,006,361	-	-	8,006,361
ADJUSTMENT-TRANSFER OF IPO TRANSACTION COSTS FROM PRIOR PERIOD PREVIOUSLY EXPENSED	(82,118)	-	82,118	-
SHARE-BASED PAYMENT ISSUE OF PERFORMANCE RIGHTS TO DIRECTORS AND MANAGEMENT (NOTE 8)	-	44,060	-	44,060
SHARE-BASED PAYMENT ISSUE OF OPTIONS TO DIRECTORS AND MANAGEMENT (NOTE 8)	-	486,080	-	486,080
SHARE-BASED PAYMENT ISSUE OF OPTIONS TO LEAD MANAGER AND UNDERWRITERS (NOTE 8)	(436,328)	436,328	-	-
AT 31 DECEMBER 2022	44,177,486	966,468	(38,136,995)	7,006,959

HALF-YEAR TO 31 DECEMBER 2021	Share Capital	Share-based Payment Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
AT 1 JULY 2021	35,166,571	-	(38,465,578)	(3,299,007)
PROFIT FOR THE PERIOD	-	-	657,053	657,053
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-	-	657,053	657,053
AT 31 DECEMBER 2021	35,166,571	-	(37,808,525)	(2,641,954)

The accompanying condensed notes form part of this financial report

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

NOTE 1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

Corporate Information

The Financial Report of Taiton Resources Limited ACN 062 284 084 ("Taiton", "Parent Entity" or "Company") and its controlled entity ("Group") for the half year ended 31 December 2022 was authorised for issue in accordance with board of directors resolution dated 13 March 2023.

Taiton Resources Limited is a for-profit company limited by shares incorporated in Australia. The nature of the operations and principal activities for the Group are described in the Directors' Report.

Basis of preparation

This general purpose financial report for the half-year ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 Interim Financial Reporting.

The half-year financial report does not include all notes of the type normally included within the annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and the corresponding period.

Leases

Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

New, revised or amending Accounting Standards and Interpretations adopted.

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. None of these are expected to have a significant effect on the consolidated financial statements.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation were the same as those applied to the annual financial report as at and for the year ended 30th June 2022.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Any service or non-market performance condition is not reflected in the grant-date fair value of the share based payment. Instead, an estimate is made of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied. Subsequent to initial recognition and measurement, the estimate of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied is revised during the vesting period.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 3. CAPITALISED EXPLORATION AND EVALUATION	Half-Year to 31 December 2022	Year to 30 June 2022
	\$	\$
Carrying amount at the beginning of the period	524,272	99,710
Addition/(Reduction):		
Acquisition of Highway and Challenger Projects	-	105,998
Completion of acquisition of Highway Project		
- Vendor shares issued (a)	400,000	-
Capitalised exploration and evaluation expenditure	179,009	318,564
Balance at end of period	\$1,103,281	\$524,272

- (a) On 5 June 2021, the Company acquired 2 Exploration License Applications (ELA 2020/00206 & ELA 2021/00013) in South Australia for a total cash consideration of \$100,000 and 2 million shares on Taiton's listing on the ASX. The aforesaid 2 million shares at \$400,000 were issued on 13 December 2022 on the company's ASX listing and reflected as capitalised exploration and evaluation costs.

NOTE 4. OTHER CREDITORS

	31 December 2022	30 June 2022
	\$	\$
Underwriters fees payable		
- To entity related to Director	70,000	-
- To Third Party	230,000	-
	\$300,000	-

AsiaPacific Businesslink Sdn Bhd, an entity related to the Chairman, acted as one of the underwriters to the IPO and was paid a total of \$120,000 in fees.

NOTE 5. BORROWINGS

	31 December 2022	30 June 2022
	\$	\$
Loan from entity related to Director	-	1,010,000
Loan from Third Party	-	250,000
	-	\$1,260,000

AsiaPacific Businesslink Sdn Bhd, an entity related to the Chairman, converted its loans of \$1,010,000 into new Taiton shares at \$0.10 per share, as part of the total loan debt conversion of \$1,310,000 into shares on the Company's listing on the ASX.

NOTE 6. ACCRUED INTEREST PAYABLE

	31 December 2022	30 June 2022
To entity related to Director	154,688	111,938
To Third Party	14,914	2,724
	\$169,602	\$114,662

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 7. ISSUED CAPITAL

	31 December 2022		30 June 2022	
	Number of Shares	\$	Number of Shares	\$
Ordinary shares	73,009,544	44,177,486	22,889,542	36,689,571

Movements in ordinary share capital:

<u>Details</u>	<u>Date</u>	<u>Shares</u>	<u>Issue price</u>	<u>\$</u>
Balance	1 July 2022	22,889,542		36,689,571
Issue of shares-IPO capital raising	12 December 2022	35,020,002	\$0.20	7,004,000
Transaction costs of capital	-	-	-	(1,226,085)
Issue of shares to complete acquisition of Highway tenements	12 December 2022	2,000,000	\$0.20	400,000
Conversion of loans to shares	12 December 2022	13,100,000	\$0.10	1,310,000
Balance at end of period		73,009,544		\$44,177,486

OPTIONS TO PURCHASE ORDINARY SHARES

	31 December 2022	30 June 2022
	Options	Options
Balance at 1 July	-	-
Issue of Directors and management options	5,600,000	-
Issue of Lead manager options	518,771	-
Issue of underwriters options	3,000,000	-
Issue of shareholders options	3,142,397	-
Balance at the end of the period	12,261,168	-

PERFORMANCE RIGHTS

	31 December 2022	30 June 2022
	Rights	Rights
Balance at 1 July	-	-
Issue of performance rights – Executive Incentive Plan	6,000,000	-
Balance at the end of the period	6,000,000	-

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 7. ISSUED CAPITAL (CONT'D)

During the period, the following unquoted securities were issued:

- (a) 6,000,000 Performance Rights were issued to directors and management, in accordance with shareholder approval at the Company general meeting on 5 August 2022, exercisable on the achievement of certain milestones, expiring 5 years from the date of issue.
- (b) 5,600,000 options were issued to directors and management in accordance with shareholder approval at the Company general meeting on 5 August 2022, exercisable for \$0.25 each, expiring 2 years from the date of issue.
- (c) 518,771 options were issued to the Lead Manager of the IPO, exercisable for \$0.25 each, expiring 4 years from the date of issue.
- (d) 3,000,000 options were issued to the Underwriters of the IPO, exercisable for \$0.25 each, expiring 4 years from the date of issue.
- (e) 3,142,397 free attaching options were issued to priority shareholders pursuant to the IPO, exercisable for \$0.25 each, expiring 4 years from the date of issue. There is no fair value due to the nature of being free attaching options.

NOTE 8. SHARE-BASED PAYMENT RESERVE

	31 December 2022	30 June 2022
	\$	\$
Share-based payment reserve	966,468	-
	\$966,468	-

Movement in reserve during the current financial half-year are set out below:

	<u>Date</u>	<u>\$</u>	<u>Balance \$</u>
Balance at 1 July 2022	-	-	-
Performance Rights issued to directors and management	12 December 2022	44,060	44,060
Options issued to directors and management	12 December 2022	486,080	530,140
Options issued to Lead manager	12 December 2022	64,328	594,468
Options issued to Underwriters	12 December 2022	372,000	966,468
Balance at the end of the period			\$966,468

Share-based payments in relation to unquoted securities during the period ended 31 December 2022 were recognised as follows:

- (a) \$530,140 was recognized as share-based payment expense in the consolidated statement of profit and loss; and
- (b) \$436,328 was recognized as costs of capital raising in the consolidated statement of changes in equity.

For the unquoted securities granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date are as follows:

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 8. SHARE-BASED PAYMENT RESERVE (CONT'D)

The 2-year Life Options have a \$0.0868 value per option and the 4-year Life Options have a \$0.1240 value per option using a Black- Scholes Options Pricing Methodology of valuing options.

The Table below outlines the model inputs used for the valuation of the options.

Model Input	2-year Life Options	4-year Life Options
Exercise Price	\$0.25	\$0.25
Option Life	2 years	4 years
Underlying share price	\$0.20	\$0.20
Expected price volatility	90%	90%
Expected Dividend Yield	Nil	Nil
Risk Free Rate	1.85%	1.85%

The weighted average exercise price of the options is \$0.25.

The 6,000,000 Performance Rights issued to directors and management (see Note 7) are unlisted, non-transferable and subject to vesting conditions linked to the market capitalisation performance of the company. The Performance Rights were issued on 12 December 2022 for nil consideration and each right entitles the holder to one fully paid ordinary share of the Company. The Performance Rights will vest in equal tranches subject to the Company's market capitalisation (calculated by multiplying the 20-day VWAP market price by the number of shares on issue) meeting or exceeding 150% (Tranche A) and 250% (Tranche B) of the market capitalisation value of the Company. Upon vesting, the Performance Rights are exercisable at a nil consideration price within 5 years of the issue date of the Performance Rights.

The fair value of the Performance Rights granted during the period was determined using a Geometric Brownian Motion model with a Monte Carlo simulation reduced by a discount on account of the reduced marketability.

The Table below outlines the model inputs used for the valuation of the Performance Rights.

Model Input	Tranche A	Tranche B
Market Capitalisation	150% (at VWAP target share price of \$0.30)	250% (at VWAP target share price of \$0.50)
Time to Expiry	5 years	5 years
Underlying share price	\$0.20	\$0.20
Expected price volatility	100%	100%
Risk Free Rate (5 year yield)	3.173%	3.173%
Non-Marketability Discount	10%	10%

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 8. SHARE-BASED PAYMENT RESERVE (CONT'D)

The Tranche A and Tranche B Performance Rights have a value of \$0.1454 and \$0.1368 per Right respectively.

The total of the Share-based payment is recognised over a period of 1 year from the date of issue of the Performance Rights as this is the expected length of the vesting period of the market conditions being achieved.

As a result, a total of \$44,060 was recognised in relation to Performance Rights as share-based payments in the Condensed Statement of Profit and Loss for the period ended 31 December 2022.

NOTE 9. CORPORATE AND ADMINISTRATIVE EXPENSES	Half-Year to 31 December 2022	Half-Year to 31 December 2021
	\$	\$
Investor relations and promotion	90,348	-
Listing and share registry costs	13,820	10,049
Legal and professional expenses	51,996	11,797
Employee benefit expenses	66,900	27,537
Other	59,862	3,058
	\$282,926	\$52,541

NOTE 10. LOSS PER SHARE	Half-Year to 31 December 2022	Half-Year to 31 December 2021
	\$	\$
Loss used in calculating basic and diluted loss per share	(983,485)	657,053
Weighted average number of shares used for basic and diluted loss per share	28,184,107	6,114,152
Basic and Diluted Loss per share (cents per share)	<u>(3.49)</u>	<u>10.75</u>

NOTE 11. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no events subsequent to the financial period end that have significantly affected, or may significantly affect the Group's operations, the results of those operations, or the state of affairs in subsequent financial years.

NOTE 12. SEGMENT REPORTING

During the period, the principal activity of the Group is in mineral exploration wholly within Australia, and the segment operations and results are the same as the Group results.

**CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE
HALF-YEAR ENDED 31 DECEMBER 2022**

NOTE 13. COMMITMENTS

a) Exploration tenements

As at 31 December 2022, the minimum expenditure due under the tenements held by the Group are as follows:

Within 1 Year	1-5 Year	>5 years
\$449,667	\$2,082,708	\$157,083

The directors consider that the planned minimum expenditure for tenements held is not a commitment on the basis that if these expenditures are not achieved, there is a possibility that the regulatory authority that has set out those required expenditures may rescind the right to explore those tenements areas. In the experience of the directors, even if this is to eventuate, the directors consider this possibility to be remote.

b) Lease- Rental Murdoch Property

The Company has leased a property on arm's length terms from the Managing Director at \$750 per week for a fixed 12-month period commencing 6 July 2022 and expiring on 5 July 2023. The total outstanding commitment is \$19,929.

Taiton Resources Limited Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of Taiton Resources Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 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 Group 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 Management for the Financial Report

The directors of Taiton 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 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.



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



J. C. Luckins
Director
Melbourne, 14 March 2023