CuFe Ltd
ABN: 31 112 731 638

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

The information in this report, given to ASX under Listing Rule 4.2A, should be read in conjunction with CuFe Ltd's most recent annual financial report.

CONTENTS

CORPORATE DIRECTORY

Australian Business Number	31 112 731 638	
Country of Incorporation	Australia	
Board of Directors	Antony Sage Mark Hancock Nicholas Sage Scott Meacock	Executive Chairman Executive Director Non-Executive Director Non-Executive Director
Company Secretary	Catherine Grant-Edwards Melissa Chapman	
Principal Administrative Office and Registered Office	Unit 3, 32 Harrogate Street West Leederville, WA 6007	
	Telephone:	+61 (08) 6181 9793
Share Registry	Link Market Services Level 12, QV1 Building 250 St Georges Terrace Perth WA 6000	
	Telephone:	1300 554 474 (within Australia) +61 (8) 9211 6670 (overseas)
	Email:	info@linkmarketservices.com.au
	Website:	www.linkmarketservices.com.au
Auditors	Stantons Level 2, 40 Kings Park Road West Perth, WA 6005	
ASX	CuFe Ltd's fully paid ordinary shares are quoted on the Official List of ASX (ASX Codes: CUF and CUFO).	

DIRECTOR'S REPORT

The directors of CuFe Ltd (**CUF**, the **Company** or the **Group**) submit their report for the half-year ended 31 December 2022.

DIRECTORS

The names of CUF's directors in office during the half-year and as at the date of this report are as follows:

Antony Sage (Executive Chairman)
Mark Hancock (Executive Director)
Nicholas Sage (Non-Executive Director)
Scott Meacock (Non-Executive Director) (Appointed 5 December 2022)

All directors were in office for the entire period unless otherwise stated.

REVIEW AND RESULTS OF OPERATIONS

CUF is an Australian mining and mineral exploration company which holds, or has rights or interests in, various tenements prospective for copper, iron ore, gold and base metals located in Western Australia and the Northern Territory. The Company's main focus is its iron ore assets in Western Australia (JWD Iron Ore Project) and the Northern Territory (Yarram Iron Ore Project), and the Tennant Creek Copper Project in the Northern Territory. The remaining projects are all subject to various joint venture agreements under which CUF does not have operational control.

CORPORATE

Financial Results

The Group recorded a net loss after tax for the period of $6,978,255 (31 December 2021: net loss after tax $39,069). This loss included significant non-cash items, being amortisation and depreciation of $2,330,795 and iron ore inventory net realisable value write off of $600,537. Exploration and evaluation expenditure of $735,172 was incurred during the period and recorded through profit of loss.

Annual General Meeting

The Company's Annual General Meeting was held on 30 November 2022 (**AGM**). All resolutions put to the meeting were passed via a poll.

Board Change

Mr Scott Meacock was appointed as a Non-Executive Director effective 5 December 2022. Mr Meacock holds a Bachelor of Laws (LLB) degree and a Bachelor of Commerce (BComm) degree from the University of Western Australia and has a wealth of experience as external counsel acting in, and advising on, complex corporate and commercial law transactions and disputes for clients in a wide range of industry sectors including natural resources and financial services. Mr Meacock currently serves as the Chief Executive Officer and General Counsel of the Gold Valley Group, the Company's major shareholder and therefore is not considered by the Board to be an independent director.

Shares issued

During the period the Company issued the following shares:

- 7,500,000 shares issued upon exercise of unlisted options exercisable at $0.03 expiring 31 August 2022, raising $225,000

Options issued

During the period the Company issued the following options:

- 14,250,000 unlisted options exercisable at $0.027 expiring 7 September 2024 with vesting conditions issued pursuant to the Company's Employee Securities Incentive Plan (**ESIP**) (ESIP approved by shareholders at the July 2021 EGM)
- 20,000,000 unlisted options exercisable at $0.027 expiring 7 September 2024 with vesting conditions issued to directors (or their nominees) following receipt of shareholder approval at the AGM

Options exercised

The following options were exercised during the period:

- 7,500,000 unlisted options exercisable at $0.03 expiring 31 August 2022

Options lapsed or expired

During the period, the following options lapsed or expired:

- 5,000,000 unlisted options exercisable at $0.04 expiring 31 August 2023 lapsed
- 2,000,000 unlisted options exercisable at $0.06 expiring 30 June 2023 lapsed
- 5,500,000 unlisted options exercisable at $0.027 expiring 7 September 2024 lapsed
- 16,500,000 unlisted options exercisable at $0.03 expired on 31 August 2022
- 1,000,000 unlisted options exercisable at $0.074 expired on 31 December 2022

PROJECTS

The Company holds, or has rights or interests in, various tenements prospective for copper, iron ore, gold and base metals located in Western Australia and the Northern Territory. The Company's main focus is its iron ore assets in Western Australia (JWD Iron Ore Project) and the Northern Territory (Yarram Iron Ore Project), and development of the recently acquired Tennant Creek Copper Project in the Northern Territory. The remaining projects are all subject to various joint venture agreements for which the Company does not have operational control.

JWD Iron Ore Project - Wiluna Iron JV (60%) (Western Australia)[1]

During the period iron ore prices continued their rapid fall which had commenced in the prior period, decreasing from USD120 at 30 June 2022 to reach a floor of USD79.50 on 31 October 2022. While the Company had some hedging in place to provide price protection this expired in October it didn't cover all tonnes produced and some of the gain on the hedges had been booked in prior periods via mark to market calculation, resulting in an operating loss for this period. In response to this the Company commenced slowing down mining activities from September and formally suspended in October.

The Company has continued to look at ways to reduce costs which have been adversely impacted by escalation in diesel costs, which have a significant impact on the operating costs given the long road haul for JWD material to port which totals some 800km. Labour, consumables and freight have also remained elevated over the period.

In addition to waiting for iron ore prices to improve the Company has redesigned the JWD short term mine plan to minimise strip ratio by focusing on a smaller pit, with less waste moved. The cost reductions arising from this, along with freight and road haulage costs reducing as fuel prices retrace somewhat have reduced the breakeven level for JWD operations. Improved iron ore pricing, which had recovered to USD117.35 by 31 December 2022 allowed the Company to announce a restart of operations post period end.

[1] Amounts referred to in this section of the Directors' Report are stated at 100% of the amounts recorded in by the JWD JV. In accordance with its accounting policy in respect of the joint operation, CUF takes up its 60% share of assets, liabilities and results of the JWD JV in the Group's consolidated financial statements presented in this half-year report.

Operations Summary [1]

Production metrics (100%)	Measure	H1 FY23	H1 FY22	Variance %
Total material moved	BCM	339,703	223,075	52%
Ore mined	wmt	213,382	313,455	(32%)
Ore processed	wmt	228,237	216,745	5%
Ore hauled to port	wmt	175,146	141,824	23%
Ore shipped	wmt	**214,224**	**119,804**	**79%**
Lump	wmt	200,636	119,804	67%
Fines	wmt	13,588	-	-
Inventory				
ROM	wmt	81,868	58,316	40%
Site Finished Product	wmt	1,995	4,688	(57%)
Port	wmt	-	21,633	(100%)
Revenue (FOB)	US$/wmt	$85.66	$100.56	(15%)
Revenue (FOB) Lump	US$/wmt	$86.31	$100.56	(14%)
Revenue (FOB) Fines	US$/wmt	$76.01	-	-
Revenue (FOB)	A$/wmt	$126.74	$138.78	(9%)
Realised Hedging Gains	A$/wmt	$41.41	$65.53	(37%)
Total Revenue	A$/wmt	$168.16	$204.31	(18%)
C1 Costs ($/wmt by Activity)	A$/wmt	$138.77	$130.92	(6%)

Yarram Project – Yarram Iron JV (50%) (Northern Territory)

The Company holds a 50% interest in Gold Valley Iron and Manganese Pty Ltd, the owner of the iron ore rights over the Yarram project, located some 110km from Darwin Port.

Key activities over the period comprised a drilling program of 24 holes, collection of bulk samples of low grade ore to test its ability to be upgraded, fauna studies to support the approvals process and engagement with the Traditional Owners which included group meetings held on country.

Post period end the Company announced its maiden inferred resource at Yarram of 12.7Mt at 55.4%Fe, including a high grade component of 5.6Mt at 60.4%. Refer to ASX announcement dated 28 February 2023 for full details.

Tennant Creek Mining Rights (Northern Territory)

The Company owns a 60% interest in copper / gold assets which have been the subject of historical mining at Tennant Creek in the Northern Territory.

The initial focus of the project centred around an open pit cut-back to the existing Orlando open pit, with follow-up exploration activities also planned across the wider project area. The project has an existing resource, which was updated to be JORC 2012 compliant during the period (refer ASX announcement dated 26 July 2022). The key activities for the period were a drilling program which included RC drilling, diamond drilling and 2 cased water holes and a metallurgical testwork program.

The drilling program confirmed the presence of high grade copper and gold in the Orlando open pit and provided valuable data to support an updated mineral resource for Orlando (which is currently in progress), core for further metallurgical testwork and monitoring data to assist in environmental approvals. Refer ASX announcement dated 10 October 2022 for details.

The metallurgical testwork was conducted primarily to test the floatation response of copper oxide ore sourced from historical drill core and provided encouraging results at a "sighter" or first pass level. Refer to ASX announcement dated 23 September 2022 for details.

Bryah Basin Joint Venture Projects - CUF 20% rights

CUF, via its wholly owned subsidiary Jackson Minerals Pty Limited (**Jackson Minerals**), has a 20% interest in tenements covering an area of 804 km² in the Bryah Basin proximal to Sandfire Resources NL (ASX: **SFR**) Doolgunna Project and DeGrussa copper gold mine.

The Bryah Basin Project tenements are subject to joint ventures and farm-ins with Billabong Gold Pty Ltd (**Billabong**), Alchemy Resources (Three Rivers) Ltd (ASX: **ALY**), Auris Minerals Ltd (ASX: **AUR**) and SFR. SFR have advised during the period that they intend to withdraw with from the JV with effect from January 2023 as part of the rationalisation of their assets in the region.

Morck Well Project - AUR/SFR/CUF- E51/1033, E52/1613, E52/1672

The Morck Well project is located in the eastern part of the Bryah Basin and contains approximately 40km strike length of the Narracoota Volcanic Formation. The northern boundary of Morck Well is adjacent to SFR's DeGrussa-Doolgunna exploration tenements. CUF holds a 20% interest in all minerals in three exploration licences (E51/1033, E52/1613 and E52/1672) within AUR's Morck Well JV project.

Peak Hill Project Base Metals Rights – ALY/IGO/CUF - E52/1668, E52/1678, E52/1722 and E52/1730

The Peak Hill project covers approximately 45km strike of the Narracoota Volcanic Formation sequence in the Bryah Basin and is proximal to SFR's Doolgunna Project and the Monty mine.

ALY has entered into a formal joint venture with SFR (refer to ASX: ALY 23 September 2019 for relevant information and diagrams). SFR has earned a 70% interest in base metals rights, excluding iron ore rights, in relation to whole area of E52/1722 and parts of E52/1668, E52/1678 and E52/1730. CUF holds its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

Peak Hill Project All Mineral Rights - ALY/Billabong/CUF - E52/1668, E52/1678, E52/1730, P52/1538, P52/1539

Billabong, through an assignment of interests from NST, entered into a Farm-In and Joint Venture agreement with ALY (refer to ASX:ALY 24 February 2015), in regard to parts of E52/1668, E52/1678, E52/1730 (excluding those parts being farmed into by SFR) and also to earn an 80% interest in the whole of E52/1852. CUF retains its 20% free carried interests in all minerals to decision to mine, via wholly owned subsidiary Jackson Minerals.

Mt Ida Iron Ore Project - Mt Ida Gold

Mt Ida Iron Ore Project is approximately 80km northwest of the operational railway at Menzies, which offers access to existing port facilities at Esperance. The Project area covers part of the Mt Ida - Mt Bevan banded iron formation, which is currently being explored and evaluated by Jupiter Mines Limited and Legacy Iron Ore Limited.

The Mt Ida Iron Ore Project (**Mt Ida Iron Project**) provides CUF the rights to explore and mine for iron ore on exploration license E29/640 and mining leases M29/2, M29/165 and M29/422 held by Mt Ida Gold Pty Ltd, covering approximately 120km^2 in the emerging Yilgarn Iron Province. The rights give provision for CUF to retain revenue from any iron ore product it mines from the tenure. CUF has no registered interest in these tenements.

Competent Person Statement

The information in this report that relates to Exploration Results and data that was used to compile the Mineral Resource estimates at Yarram is based on, and fairly represents, information which has been compiled by Siobhán Sweeney is a Member of the Australasian Institute of Geoscientists and a full-time employee of CuFe. Siobhán Sweeney has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Siobhán Sweeney consents to the inclusion in this report of the matters based on his information in the form and context in which they appear.

Events after the balance date

JWD Mining Operations Recommencement

On 20 January 2023 the Company announced that, following improvement in iron ore prices, it had initiated a restart of mining operations at JWD.

USD Loan Arrangement

To assist in funding the working capital associated with the ramp up of activity the Company has negotiated a USD$2,000,000 prepayment facility with its JWD offtake partner Glencore International AG (**Glencore**).

Binding agreement entered to increase to 100% ownership of JWD Iron Ore Rights

On 22 February 2023 the Company announced that it has entered a binding agreement (**Agreement**) with entities associated with its major shareholder, Gold Valley Group (**GVG**) to acquire the remaining 40% joint venture interest in the JWD Iron Ore Project and to restructure various other obligations that exist between the parties with respect to the Tennant Creek Joint Venture and the Yarram Joint Venture.

Key terms of the Agreement includes the following:

- CUF to increase its interest in the iron rights over the JWD iron ore mine from 60% to 100% via the issue of 150 million CUF shares and refunding the historical GVG cash contributions;
- CUF exercises its right to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of $2.25m to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project;
- Yarram milestone payments of $1.5m re-structured to defer majority of remaining milestone payment until decision to mine rather than on announcement of indicated resource; and
- Transaction is subject to Shareholder approval, Independent Expert's recommendation and other third party consents.

Refer to ASX Announcement dated 22 February 2023 for further details.

Maiden Yarram JORC Mineral Resource

On 28 February 2023 the company reported a significant maiden JORC 2012 Inferred Mineral Resource for its 50% owned Yarram Iron Ore Project in the Batchelor region of the Northern Territory, of 12.7 Million tonnes at 55.4 % Fe, 7.26 % SiO_2, 5.16% Al_2O_3 and 0.2% P. Refer ASX Announcement dated 28 February 2023 for further details.

There have been no other events subsequent to 31 December 2022 and up to the date of this report that would materially affect the operations of the Group or its state of affairs which have not otherwise been disclosed in this financial report.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires CuFe Ltd's auditors, Stantons, to provide the directors with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration follows and forms part of the Directors report.

Signed in accordance with a resolution of the Directors.

Antony Sage
Executive Chairman
Perth

14 March 2023

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

14 March 2023

Board of Directors
CuFe Limited
32 Harrogate Street
WEST LEEDERVILLE, WA 6007

Dear Sirs

RE: CUFE LIMITED

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Cufe Limited.

As Audit Director for the review of the consolidated financial statements of CuFe 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:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Samir T Tirodkar
Director

Consolidated Statement of Comprehensive Income
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 $	31 December 2021 $
Revenue from continuing operations			
Revenue	3(a)	16,726,896	10,170,183
Cost of sales	3(d)	(20,906,188)	(11,677,071)
Gross profit/(loss)		(4,179,292)	(1,506,888)
Interest income	3(b)	32,099	24,241
Other income	3(c)	2,063,456	5,352,751
Exploration and evaluation expenditure		(735,172)	(187,769)
Employee benefits expense and director remuneration	3(e)	(272,404)	(466,644)
Finance costs		(145,793)	(266,867)
Legal costs		(11,462)	(69,087)
Share-based payments expense	19	(31,142)	(613,000)
Amortisation and depreciation expense		(2,330,795)	(1,301,696)
Accounting and audit fees		(171,426)	(104,333)
Consultancy fees		(28,062)	(119,058)
Compliance costs		(59,448)	(157,656)
Other expenses	3(f)	(682,586)	(414,299)
Share of net losses of joint venture accounted for using the equity method	12	(426,228)	(208,764)
(Loss) before income tax		(6,978,255)	(39,069)
Income tax expense		-	-
(Loss) after income tax		(6,978,255)	(39,069)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss		-	-
Other comprehensive income / (loss) for the period		-	-
Total comprehensive (loss) for the period		(6,978,255)	(39,069)
(Loss) / earnings per share from attributable to the ordinary equity holders of the parent			
-basic (loss) / earnings for the period (cents per share)		(0.72)	(0.005)
-diluted (loss) / earnings for the period (cents per share)		(0.72)	(0.005)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2022

	Note	31 December 2022 $	30 June 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,910,824	7,193,910
Restricted cash	5	469,242	469,242
Inventory	6	1,491,185	4,568,168
Trade and other receivables	7	3,426,987	4,621,391
Other assets		102,756	177,485
Financial assets	8	110,377	3,405,067
Total Current Assets		8,511,371	20,435,263
Non-current Assets			
Mine properties and development costs	9	3,189,770	5,331,936
Exploration assets	10	8,866,852	8,866,852
Plant and equipment		22,238	22,900
Right of use assets	11	148,275	328,955
Investments accounted for using the equity method	12	2,573,124	2,999,352
Total Non-current Assets		14,800,259	17,549,995
TOTAL ASSETS		23,311,630	37,985,258
LIABILITIES			
Current Liabilities			
Trade and other payables	13	4,894,457	11,147,544
Interest-bearing borrowings	14	-	1,304,510
Lease liability	15	126,294	276,852
Provisions	16	131,208	131,208
Total Current Liabilities		5,151,959	12,860,114
Non-current Liabilities			
Provisions	16	262,277	505,637
Total Non-current liabilities		262,277	505,637
TOTAL LIABILITIES		5,414,236	13,365,751
NET ASSETS		17,897,394	24,619,507
EQUITY			
Contributed equity	17	58,847,052	58,622,052
Accumulated losses		(45,227,066)	(38,248,811)
Reserves	18	4,277,408	4,246,266
TOTAL EQUITY		17,897,394	24,619,507

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Receipts from customers		16,011,535	9,517,238
Payments to suppliers and employees		(22,410,764)	(13,887,756)
Interest received		32,099	24,241
Payments for exploration and evaluation costs		(1,102,473)	(156,335)
Payment of interest and other finance costs		(106,797)	(224,097)
Income taxes paid		-	(78,896)
Reimbursement of funds from JV partner		-	500,000
Net cash flows from/(used in) operating activities		(7,576,400)	(4,305,605)
Cash flows from investing activities			
Receipts from commodity collar/swaps transactions closed		5,573,660	4,143,425
Purchase of exploration assets		-	(3,491,619)
Purchase of plant and equipment		(3,706)	(3,606)
Payment for right to mine (allocated to capitalised mine development)		-	(1,080,000)
Payments for capitalised mine development		(3,582)	(736,294)
Refund of advance payment upon DTM of JWD Project		-	250,000
Refund of consideration paid to acquire additional 9% interest in JWD Project		-	1,000,000
Investment in joint venture		(754,476)	(378,239)
Proceeds from sale of exploration assets		-	575,000
Transfer of funds to security deposit		-	(180,000)
Transfer of funds to restricted cash		-	(360,000)
Net cash flows from/(used in) from investing activities		4,811,896	(261,333)
Cash flows from financing activities			
Proceeds from shares issued (net of costs)	17	-	4,592,562
Proceeds from exercise of options	17	225,000	355,000
Proceeds from borrowings		7,190,101	6,117,156
Repayment of borrowings		(8,773,104)	(4,141,407)
Principal payments on lease liabilities		(160,579)	(186,760)
Net cash flows from/(used in) financing activities		(1,518,582)	6,736,551
Net (decrease)/increase in cash and cash equivalents		(4,283,086)	2,169,613
Cash and cash equivalents at beginning of period		7,193,910	5,830,848
Cash and cash equivalents at end of period	4	2,910,824	8,000,461

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Contributed equity $	Accumulated losses $	Share-based payments reserve $	Other reserve $	Total $
At 1 July 2022	58,622,052	(38,248,811)	4,362,697	(116,431)	24,619,507
Loss for the period	-	(6,978,255)	-	-	(6,978,255)
Other comprehensive income	-	-	-	-	-
	-	(6,978,255)	-	-	(6,978,255)
Transactions with owners in their capacity as owners					
Shares issued (Exercise of Options)	225,000	-	-	-	225,000
Share-based payments	-	-	31,142	-	31,142
At 31 December 2022	58,847,052	(45,227,066)	4,393,839	(116,431)	17,897,394
At 1 July 2021	48,172,188	(38,083,896)	2,861,702	-	12,949,994
Loss for the period	-	(39,069)	-	-	(39,069)
Other comprehensive income	-	-	-	-	-
	-	(39,069)	-	-	(39,069)
Transactions with owners in their capacity as owners					
Shares issued net of costs (Placement)	4,592,562	-	-	-	4,592,562
Shares issued (Exercise of Options)	355,000	-	-	-	355,000
Shares issued (JWD Project - DTM)	250,000	-	-	-	250,000
Shares issued (JWD Project - Additional 9% interest)	2,500,000	-	-	-	2,500,000
Shares issued (Tennant Creek acquisition)	2,550,000	-	-	-	2,550,000
Options issued (Tennant Creek acquisition)	-	-	715,500	-	715,500
Options issued (Lead Manager to Placement)	(222,698)	-	222,698	-	-
Share-based payments	-	-	613,000	-	613,000
Change in interest in Joint Operation (JWD Project)	-	-	-	(116,431)	(116,431)
At 31 December 2021	58,197,052	(38,122,965)	4,412,900	(116,431)	24,370,556

The accompanying notes form part of these financial statements

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) General information

The half-year financial report for the period ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 14 March 2023.

CuFe Ltd is a limited company incorporated and domiciled in Australia whose shares are publicly traded.

(b) Statement of Compliance

These 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*.

The half-year 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.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by CuFe Ltd during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

(c) Basis of preparation

The half-year financial 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.

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

(d) Adoption of new and revised standards

Standards and Interpretations applicable to 31 December 2022

In the half-year ended 31 December 2022, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the half-year reporting periods beginning on or after 1 July 2022. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2022 with no material impact on the amounts or disclosures included in the financial report.

(e) Significant accounting judgments and key estimates

The preparation of the half-year financial report requires management to make judgments, 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 half-year financial 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 consolidated financial report for the year ended 30 June 2022.

(f) Going concern

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

The Group has recorded a loss before income tax of $6,978,255 for the half year ended 31 December 2022. At balance date as at 31 December, the group had cash and cash equivalents of $2,910,824 and a net working capital surplus of $2,890,170 (excluding restricted cash). During the half year, the Group recorded net cash outflows from operations of $7,576,400, net cash inflows from investing activities of $4,811,896 and net cash outflows from financing activities of $1,518, 582, resulting in net decrease in cash and cash equivalents of $4,283,086.

Additional funding may be necessary for the Group to continue its planned exploration activities associated with its projects in the next 12 months, including expenditure and commitments associated with the Company's existing projects (Yarram Project, Tennant Creek Project, and JWD Project).

The ability of the Group to continue as a going concern is dependent on it being able to either generate sufficient cashflow from operations or successfully raise additional funding in the next 12 months, to pursue its current strategy. At the date of this report, the directors are satisfied there are reasonable grounds to believe that the Group will be able to continue its planned operations and the Group will be able to meet its obligations as and when they fall due because the Directors are confident that the Group will be able to obtain the additional funding required either through a further capital raising, continued support from its existing shareholders, and through realisation of value upon sale of product from the JWD Project.

Should the Group not achieve the matters set out above, there is uncertainty whether the Group would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classification of liabilities that might be necessary should the Group not be able to continue as a going concern.

2 SEGMENT INFORMATION

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. The Group has one segment being mining and exploration activities in Australia.

3 REVENUE, INCOME AND EXPENSES

	31 December 2022 $	31 December 2021 $
(a) Revenue from continuing operations		
Iron ore sales	16,726,896	10,170,183
(b) Interest income		
Bank interest	32,099	4,103
Other interest earned	-	20,138
	32,099	24,241
(c) Other income		
Management fee income (JV)	24,000	24,900
Tenement management fee	-	6,755
Rental recharges income/(reversal)	11,287	(9,025)
Gain on sale of tenements	-	325,000
Realised gain on commodity collar/swap contracts	5,322,858	4,710,486
Unrealised gain on financial asset - commodity collar/swap contracts (FVPL)	(3,324,521)	178,292
Unrealised gain/loss of financial asset – investment (FVPL)	29,832	116,343
	2,063,456	5,352,751
(d) Cost of sales		
Royalty expense	(1,712,146)	(1,014,890)
Mining and processing	(5,198,591)	(3,685,099)
Haulage	(7,989,086)	(6,506,484)
Port	(1,670,141)	(1,499,592)
Sales commission	(436,900)	(203,712)
Salaries, wages and other employee benefits	(296,124)	(241,915)
Inventory movement	(3,036,864)	2,050,952
Other operating costs	(566,336)	(576,331)
	(20,906,188)	(11,677,071)

	31 December 2022 $	31 December 2021 $
(e) Employment benefits and director remuneration		
Directors' fees	(225,727)	(225,000)
Salaries, wages and other employee benefits	(46,677)	(241,644)
	(272,404)	(466,644)
(f) Other expenses		
Promotional and investor relations	(19,390)	(5,000)
Occupancy costs	(37,725)	(24,874)
Insurance costs	(61,793)	(105,471)
Stamp duty	-	(138,104)
Other	(563,678)	(140,850)
	(682,586)	(414,299)

4 CASH AND CASH EQUIVALENTS

	31 December 2022 $	30 June 2022 $
Cash and cash equivalents		
Cash at bank	2,910,824	7,193,910

5 RESTRICTED CASH

	31 December 2022 $	30 June 2022 $
Restricted cash	469,242	469,242

6 INVENTORY

	31 December 2022 $	30 June 2022 $
Diesel fuel	74,494	114,614
Work In Progress Run of Mine	1,334,568	1,399,933
Finished Goods Site	82,123	365,360
Finished Goods Port	-	2,688,261
	1,491,185	4,568,168

7 TRADE AND OTHER RECEIVABLES

	31 December 2022 $	30 June 2022 $
Trade receivables	1,439,173	46,735
Net GST receivable	218,834	1,632,318
Accrued interest receivable	4,054	-
Deposits	209,657	209,657
Other receivable (a)	1,083,155	2,632,181
Called sum receivable from joint operation partner	234,000	-
Tax receivable	126,317	100,500
Other receivables	111,797	-
	3,426,987	4,621,391

(a) Relates to an amount receivable in respect of the Wiluna Iron Joint Operation, including an advance of $1,083,155 (30 June 2022: $2,628,181) and management fees receivable of nil (30 June 2022: $4,000). The Wiluna Iron JV is accounted for as a joint operation. In accordance with the Group's accounting policy, the Group recognises its share of the joint operation's assets and liabilities. The advance amount of $1,083,155 shown in the consolidated financial statements reflects $2,707,887 (being 100% of the advance receivable by CuFe Ltd from Wiluna Iron Joint Venture) less $1,624,732 (being elimination of the 60% share of the advance payable from Wiluna Iron Joint Venture to CuFe Ltd). The advance arises in respect of JWD-related expenses which have been recharged from CuFe Ltd to Wiluna Iron Joint Venture during the period.

(b) None of the receivables are past due and/or impaired.

8 FINANCIAL ASSETS

	31 December 2022 $	30 June 2022 $
Fair value through profit or loss – equity investment	110,377	80,545
Fair value through profit or loss – commodity collars/swaps	-	3,324,522
	110,377	3,405,067

9 MINE PROPERTIES AND DEVELOPMENT COSTS

	31 December 2022 $	30 June 2022 $
Acquisition and capitalised costs - Wiluna Iron JV	7,713,963	7,710,381
Accumulated Amortisation - Wiluna Iron JV	(4,524,193)	(2,378,445)
	3,189,770	5,331,936
Movements		
Carrying value at beginning of period	5,331,936	2,892,656
Milestone consideration (refunded) in cash (decision to mine)	-	(230,000)
Milestone consideration paid in shares (decision to mine)	-	250,000
Consideration paid in shares (additional 9% interest)	-	2,500,000
Transfer prepaid royalty to Wiluna Iron Joint Venture	-	(225,000)
Expenditure incurred	3,582	2,522,725
Amortisation	(2,145,748)	(2,378,445)
Closing value at end of year	3,189,770	5,331,936

10 EXPLORATION ASSETS

	31 December 2022 $	30 June 2022 $
Acquisition cost – Tenements pursuant to Tennant Creek Transaction	8,866,852	8,866,852

(a) On 9 December 2021, the Company acquired a 60% interest in copper / gold assets which have been the subject of historical mining at Tennant Creek in the Northern Territory from Gecko Mining Company Pty Ltd (**GMC**) (**Tennant Creek Acquisition**). CUF and GMC have formed an unincorporated joint venture in respect of the Tennant Creek Project tenements, with CUF as manager of the joint venture. CUF will pay the first $10,000,000 of joint venture expenditure incurred.

11 RIGHT OF USE ASSETS

	31 December 2022 $	30 June 2022 $
Cost	716,827	716,827
Accumulated amortisation	(568,552)	(387,872)
	148,275	328,955
Movements in Right of Use Assets		
Balance as at beginning of period	328,955	-
Recognition of right of use asset at inception of lease (a)	-	716,827
Amortisation of right of use assets	(180,680)	(387,872)
Balance at end of period	148,275	328,955

(a) The Group has entered into a lease agreement for camp room hire and facilities located near to the JWD Project site. The period of the lease expires 31 May 2023.

12 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Reconciliation of carrying amount of investments accounted for using the equity method

	31 December 2022 $	30 June 2022 $
Investments accounted for using the equity method - Yarram Iron JV	2,573,124	2,999,352
Movement in Investment		
Balance at beginning of period	2,999,352	3,266,230
Share of profit/(loss) of joint venture	(426,228)	(266,878)
Balance at end of period	2,573,124	2,999,352

13 TRADE AND OTHER PAYABLES

	31 December 2022 $	30 June 2022 $
Trade payables (a)	3,510,782	8,832,717
Employee related liabilities	173,637	159,825
Subscription funds payable	-	677,352
Other payables and accruals (b)	1,210,038	1,477,650
	4,894,457	11,147,544

(a) Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Other payables are non-interest bearing and have varying terms.

14 INTEREST-BEARING BORROWINGS

	31 December 2022 $	30 June 2022 $
USD Loan – Principal (a)	-	1,298,737
USD Loan – Interest (a)	-	5,773
	-	1,304,510
Movements in borrowings		
Balance at beginning of period	1,304,510	-
Receipt of loan funds	7,190,101	9,551,504
Interest accrued	135,773	321,997
Repayment of principal loan	(8,773,104)	(8,456,839)
Payment of interest	(135,773)	(319,647)
FX revaluation	278,493	207,495
	-	1,304,510

(a) As announced 12 January 2022, the agreement has been restructured to allow drawdowns of up to USD$3,000,000 against stock held at port, to assist the Company in management of working capital as required as Operator of the JWD JV (**Stock Finance Facility**).

15 LEASE LIABILITY

	31 December 2022 $	30 June 2022 $
Current		
Right of use lease liability	126,294	276,852

16 PROVISIONS

	31 December 2022 $	30 June 2022 $
Current		
Provision for demobilisation – JWD Project (a)	131,208	131,208
	131,208	131,208
Non-current		
Provision for rehabilitation – JWD Project (b)	111,684	351,684
Provision for demobilisation – JWD Project	150,593	153,953
	262,277	505,637
Total	393,485	636,845

(a) The current provision for demobilisation is an amount of $131,208 (30 June 2022: $131,208) reflects the Group's 60% share of a total $218,680 (30 June 2022: $218,680) amount which may be due at end of the camp lease (refer to note 11(a)).

(b) The provision for rehabilitation of $111,684 (30 June 2022: $351,684) recorded in the statement of financial position reflects the Group's 60% share of the total $186,140 (30 June 2022: $586,140) provision for rehabilitation of Wiluna Iron JV (accounted for as a joint operation in accordance with the Group's accounting policy). The provision for rehabilitation of $186,140 of Wiluna Iron JV has been calculated using the Rehabilitation Estimate Calculation pursuant to the *Mining Rehabilitation Fund Regulations 2013* based on an estimate of area of disturbance (calculated at $986,140), less $800,000 (project to date) which has been prepaid to the mining lease's registered owner GWR Group Ltd pursuant to the iron ore rights agreement.

17 CONTRIBUTED EQUITY

	31 December 2022 $	30 June 2022 $
Ordinary shares		
Issued and fully paid	58,847,052	58,622,052

	31 December 2022 Number of Shares	31 December 2022 $	30 June 2022 Number of Shares	30 June 2022 $
Movements in ordinary shares on issue				
Balance at beginning of period	958,612,365	58,622,052	699,445,024	48,172,188
Shares issued - milestone shares (Wiluna JWD DTM)	-	-	4,807,692	250,000
Shares issued - consideration (Wiluna JWD additional 9% interest)	-	-	43,859,649	2,500,000
Shares issued - completion shares (Tennant Creek Transaction)	-	-	85,000,000	2,550,000
Shares issued - completion shares (Tennant Creek Transaction)	-	-	12,500,000	425,000
Shares issued - Placement at $0.050 per share	-	-	100,000,000	5,000,000
Shares issued – exercise of options	7,500,000	225,000	13,000,000	355,000
Share issue costs - options issued to Lead Manager to Placement	-	-	-	(222,698)
Share issue costs - cash	-	-	-	(407,438)
Balance at end of period	966,112,365	58,847,052	958,612,365	58,622,052

18 RESERVES

	31 December 2022 $	30 June 2022 $
Share-based payments reserve	4,393,839	4,362,697
Other equity reserve	(116,431)	(116,431)
	4,277,408	4,246,266
Movements in reserve		
Balance at the beginning of the period	4,362,697	2,861,702
Share-based payments made during the year (refer note 19)	31,142	1,500,995
Balance at the end of the period	4,393,839	4,362,697

19 SHARE-BASED PAYMENTS

(a) Total costs arising from share-based payment transactions recognised during the period were as follows:

	31 December 2022 $	31 December 2021 $
Share-based payments expensed through profit and loss:		
Options (i)	31,142	613,000
	31,142	613,000
Share-based payments – included in statement of financial position:		
Share based payments - shares (capitalised mine development)	-	2,750,000
Share-based payments - shares (exploration assets)	-	2,550,000
Share-based payments - options (exploration assets)	-	715,500
	-	6,015,500
Share-based payments recognised through equity:		
Options	-	222,698
	-	222,698
Sub-total share-based payments – Options	31,142	1,551,198
Sub-total share-based payments – Shares	-	5,300,000
Total share-based payments	31,142	6,851,198

(i) During the period, the Company issued or granted the following options:
- 20,000,000 unlisted options exercisable at $0.027 expiring 7 September 2024 with vesting conditions issued to Directors Mr Tony Sage (10,000,000 options), Mr Mark Hancock (10,000,000 options) (or their nominees) (**Director Options**); and
- 14,250,000 unlisted options exercisable at $0.027 expiring 7 September 2024 issued pursuant to the Company's Employee Securities Incentive Plan (**ESIP**) (ESIP approved by shareholders at the July 2021 EGM) (**ESIP Options**).

(b) Fair value of options issued or granted

The fair value of unlisted options issued or granted during the period has been determined using a Black-Scholes option pricing model. The following table lists the inputs to the model:

	Director Options*	ESIP Options
Expiry date	7 September 2024	7 September 2024
Valuation date	30 November 2022	7 September 2022
Dividend yield (%)	Nil	Nil
Expected volatility (%)	93%	86%
Risk free interest rate (%)	3.19%	3.25%
Exercise price ($)	$0.027	$0.027
Discount (%)	Nil	Nil
Expected life of options (years)	1.77	2.00
Share price at grant date ($)	$0.014	$0.020
Value per option ($)	$0.0043	$0.0078

* Proposed issue of Director Options (subject to receipt of shareholder approval) was initially announced 8 September 2022. Shareholder approval was received at the Company's annual general meeting held 30 November 2022 (grant date).

20 RELATED PARTY INFORMATION

Transactions with directors, director related entities and other related parties

During the period, an aggregate amount of $44,259 (31 December 2021: $300) was paid or payable to Cyclone Metals Limited (**Cyclone Metals**) for reimbursement of IT costs. At 31 December 2022, $44,259 was payable to Cyclone Metals (30 June 2022: $nil). Mr Antony Sage is a director of Cyclone Metals.

During the period, an aggregate amount of $1,000 (31 December 2021: $2,600) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of corporate costs. At 31 December 2022, nil was payable to European Lithium (30 June 2022: $nil). Mr Antony Sage is non-executive chairman of European Lithium.

During the period, an aggregate amount of $71,675 (31 December 2021: $61,500) was paid or payable to Okewood Pty Ltd (**Okewood**) for rent, corporate box sponsorship and other corporate costs. At 31 December 2022, nil was payable to Okewood (30 June 2022: nil). Mr Antony Sage is a director of Okewood.

During the period, an amount of $475,369 (31 December 2021: nil) was paid or payable to Gold Valley Iron Ore Pty Ltd (a substantial shareholder of the Company) (**GVIO**) for royalty payments following their purchase of the rights of GWR Group over the JWD deposit (reflecting the Group's 60% share of the total $792,282 royalty expenses). At 31 December 2022, $94,387 was payable to GVIO (30 June 2022: nil).

Options issued to directors or director related entities

Following receipt of shareholder approval at the Company's Annual General Meeting, a total of 20,000,000 unlisted options were issued to directors (or their nominees) (being the **Director Options**). Refer note 19(a)(i) for further details.

Significant shareholders

At 31 December 2022, the GVIO and its associates (**Gold Valley Group**) held a significant interest of 19.68% of CUF. Mr Scott Meacock currently serves as Chief Executive Officer and General Counsel of the Gold Valley Group.

At 31 December 2022, Cyclone Metals held a significant interest of 15.13% of CUF (30 June 2022: 15.25%). Mr Antony Sage is a director of Cyclone Metals.

21 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's objective regarding financial risk management is to ensure the effective management of business risks crucial to the financial integrity of the business without affecting the ability of the Group to operate efficiently or execute its business plans and strategies.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and has the responsibility for designing and operating processes that ensure the effective management of all significant financial risks to the business. The Board may delegate specific responsibilities as appropriate.

Capital risk management

The Group's capital base comprises its ordinary shareholders equity, which was $17,897,394 at 31 December 2022 (30 June 2022: $24,619,507). The Group manages its capital to ensure that the entities in the Group will be able to continue to meet its working capital requirements and operate as a going concern while seeking to maximise the return to stakeholders.

In making its decisions to adjust its capital structure, either through new share issues or consideration of debt, the Group considers not only its short-term working capital needs but also its long-term operational and strategic objectives. The Board continually monitors the capital requirements of the Group.

The Group is not subject to any externally imposed capital requirements.

Financial instrument risk exposure and management

The Group's principal financial instruments comprise cash and cash equivalents, trade and other receivables, financial assets held for trading, trade and other payables, borrowings, and lease liabilities.

The main purpose of these financial instruments is to manage short term cash flows for the Group's operations.

The Group also enters into derivative transactions, including commodity collar options and iron ore swaps. The purpose of these financial instruments is to manage the commodity price risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are foreign currency risk, commodity price risk, interest rate risk, credit risk, and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

Market risks

Market risk is the risk that changes in market prices will affect the Group's income or the value of its holdings of financial instruments. At 31 December 2022, the Group was exposed to market risks in the form of foreign currency, commodity price, and interest rate risk.

Foreign currency risk

The Group is exposed to the risk of adverse movement in the AUD compared to the USD as its iron ore sales receipts and borrowings are denominated in USD.

At balance date, the Group's exposure to foreign currency risks on financial assets and financial liabilities, are as follows:

	31 December 2022 $	**30 June 2022 $**
Financial assets		
Cash and cash equivalents	1,205,920	43,900
Trade and other receivables	512,399	-
Financial liabilities		
Trade and other payables	(769,922)	(203,480)
Interest-bearing loans and borrowings	-	(1,304,510)
	948,397	(1,464,090)

The net exposure in USD at balance date is USD$646,466 (net asset) (30 June 2022: USD$1,008,944 (net liability)).

Commodity price risk

The Group's operations are exposed to commodity price risk as the Group sells iron ore to its customers. The majority of the Group's sales revenue is derived under an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**) (refer 'Credit Risk' below for further details). The pricing mechanism in these contracts reflect market-based index pricing terms.

During the period, the Group entered into commodity collar option and swap contracts in relation to dry metric tonnes ("dmt") of iron ore, with maturity dates spread over the period. The contracts provided floor price protection in relation to sales from the JWD Project. This hedging strategy resulted in realised gains of $8,871,430 (CUF's 60% share: $5,322,858) being recognised in the half-year ended 31 December 2022 (closed positions) (31 December 2021: $7,850,810 (CUF's 60% share: $4,710,486)).

At 31 December 2022 there were no open contracts. At 30 June 2022, a series of contracts remained open (settlement dates between July to October 2022) with a fair value of $5,540,869 (CUF's 60% share: $3,324,521). The fair value of open contracts is recognised in the balance sheet as a financial asset and the marked-to-market unrealised gain is recognised in the profit or loss during the period.

Interest rate risk

The Group's exposure to market interest rates relates primarily to the Group's cash and cash equivalents, term deposits and borrowings.

At balance date, the Group's maximum exposure to interest rate risks on financial assets and financial liabilities was as follows:

31 December 2022	**Range of effective interest rates %**	**Carrying amount $**	**Variable interest rate $**	**Fixed interest rate $**	**Total $**
Financial assets					
Cash and cash equivalents	0 – 0.16%	2,910,824	2,910,824	-	2,910,824
Restricted cash (term deposits)	1.98%	469,242	-	469,242	469,242
Financial liabilities					
Loans and borrowings	12%	-	-	-	-
		3,380,066	2,910,824	469,242	3,380,066

30 June 2022					
Financial assets					
Cash and cash equivalents	0 – 0.16%	7,193,910	7,193,910	-	7,193,910
Restricted cash (term deposits)	0.25%	469,242	-	469,242	469,242
Financial liabilities					
Loans and borrowings	12%	(1,298,737)	-	(1,298,737)	(1,298,737)
		6,364,415	7,193,910	(829,495)	6,364,415

The following table details the effect on profit and other comprehensive income after tax of a 0.25% change in interest rates, in absolute terms in respect of those financial instruments exposed to variable interest rates:

	Profit/(loss) (Higher)/Lower		**Equity Higher/(Lower)**	
	31 December 2022 $	**30 June 2022 $**	**31 December 2022 $**	**30 June 2022 $**
+0.25% (25 basis points)	7,277	17,985	-	-
-0.25% (25 basis points)	(7,277)	(17,985)	-	-

The sensitivity analysis of the Group's exposure to Australian variable interest rates at balance date has been determined based on exposures at balance sheet date. A positive number indicates an increase in profit and equity.

Credit risk

Credit risk arises from the financial assets of the Group, including comprise cash and cash equivalents and trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The Company, via its wholly owned subsidiary Wiluna Fe Pty Ltd, entered an exclusive offtake agreement with Glencore, for 100% of the JWD product (iron ore lumps and fines) over the life of CUF's operations at the mine, subject to GWR Group Ltd's existing right to elect to purchase up to 50,000 tonnes of fines product at the mine gate. The Group minimises concentrations of credit risk in relation to trade receivables by use of advance payments and letters of credit which effectively protect at least 90% of the estimated receivable amount at the time of sale. The Board are of the opinion that the credit risk arising as a result of the concentration of the Group's receivables is more than offset by the benefits gained under the offtake arrangement.

For cash balances held with bank or financial institutions, only independently rated parties with a minimum rate of 'AA' are accepted.

The Group trades only with recognised and creditworthy third parties.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. Other than the cash balance with a AA credited bank, there are no other significant concentrations of credit risk within the Group.

Liquidity risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group's objective is to ensure that it will always have sufficient liquidity to meet its liabilities through ensuring it has sufficient cash reserves to meet its ongoing working capital and long-term operational and strategic objectives. The Group manages liquidity risk by maintaining adequate borrowing facilities and monitoring forecast and actual cash flows on an ongoing basis.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 6 months	**6-12 months**	**1-5 years**	**Over 5 years**	**Total contractual cash flows**	**Carrying amount of liabilities**
	$	**$**	**$**	**$**	**$**	**$**
31 December 2022						
Trade and other payables	4,804,221	-	-	-	4,804,221	4,804,221
Employee leave liabilities	90,236	-	-	-	90,236	90,236
Provision for demob	131,208	-	-	-	131,208	131,208
Lease liabilities	131,780	-	-	-	131,780	131,780
	5,157,445	-	-	-	5,157,445	5,157,445
30 June 2022						
Trade and other payables	10,391,989	-	-	-	10,391,989	10,391,989
Subscription funds payable	-	-	-	677,352	677,352	677,352
Employee leave liabilities	78,204	-	-	-	78,204	78,204
Provision for demob	-	131,208	-	-	131,208	131,208
Lease liabilities	160,579	131,780	-	-	292,359	292,359
Loans and borrowings	1,304,510	-	-	-	1,304,510	1,304,510
	11,935,282	262,988	-	677,352	12,875,622	12,878,622

Fair value

All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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 (i.e. derived from prices).

Level 3: inputs for the asset or liability that is not based on observable market data (unobservable inputs).

	Carrying Amount		**Fair Value**	
		Level 1	**Level 2**	**Level 3**
	$	**$**	**$**	**$**
31 December 2022				
Equity investment	110,377	110,377	-	-
Commodity collars/swaps	-	-	-	-
	110,377	110,377	-	-
30 June 2022				
Equity investment	80,545	80,545	-	-
Commodity collars/swaps	3,324,522	-	3,324,522	-
	3,405,067	80,545	3,324,522	-

22 COMMITMENTS AND CONTINGENCIES

Commitments

Office Rental Commitments

As disclosed in the 2022 Annual Report, the Group has entered into a 12-month lease with Okewood for office premises for a lease term expiring 31 March 2023.

Commitments of CUF in relation to the Tennant Creek Project (in which CUF has a 60% interest)

Pursuant to the terms of the Tennant Creek Acquisition, CUF is to sole fund the Tennant Creek joint venture activities for the first $10,000,000 expended by the joint venture following settlement which is not time bound. GMC is not required to contribute to the joint venture expenditure until after that $10,000,000 expenditure has been met, regardless of when a decision to mine is made. Noting that $1,842,130 has been spent to 31 December 2022, the remaining commitment at 31 December 2022 is $8,157,870.

Commitments in relation to Wiluna Iron JV (in which CUF has a 60% interest)

Various operating agreements have been entered into in relation to the Wiluna Iron JV. Certain operating agreements include terms which constitute commitments, summarised as follows:

- Port Access and Services Agreement for Geraldton Port has been entered into with Mid West Ports Authority. The current term of the agreement expires 30 June 2023 and can be extended for a further on year period at the Company's election.
- Licence Agreement Geraldton Port has been entered into with Geraldton Bulk Handling Pty Ltd. The current term of the agreement expires 30 June 2023. The licence fee is only payable for each day product is stored at the shed facility.
- Haulage contract has been entered into with David Campbell Transport Pty Ltd. The current term of the contract expires 4 July 2024, unless terminated. The contract includes a 14 day termination clause for financial hardship.
- Mining Services Agreement has been entered into with Big Yellow Mining Pty Ltd. The current term of the agreement expires 31 January 2024, unless terminated. The contract includes a 14 day termination clause for financial hardship.
- Agreement with Main Roads WA to fund the upgrade of the intersection where the trucks enter the Goldfields Highway from the JWD mine access road.

Contractual commitments at 31 December 2022 are as follows (amounts shown as 100% of the commitment of the Wiluna Iron JV):

	31 December 2022 $	30 June 2022 $
Up to 1 year	2,519,940	3,731,124
Between 1 and 5 years	-	-
Later than 5 years	-	-
	2,519,940	3,731,124

Contingencies

Contingent Liabilities of Wiluna Iron JV (in which CUF has a 60% interest)

Mining Rights Agreement

The 2021 Annual Report disclosed additional payments that were required by the JV to satisfy the underlying Mining Rights Agreement, as follows:

- Should the Wiluna Iron JV elect to exercise its option to extract a further 2.7Mt from the JWD deposit, an amount of $4,250,000 will be payable;
- Royalties are payable to GWR Group on the basis of iron ore price and to a third party; and
- $3.50 per tonne for each tonne sold in excess of 3Mt.

During the year ended 30 June 2022, the Company (via its subsidiary Wiluna FE Pty Ltd as Operator and 60% equity interest holder in the JV) entered into a variation with GWR Group Ltd on the JWD Mining

Rights Agreement whereby rather than having to pay the above-mentioned $4,250,000 by mid-January 2022 to secure the right to export a further 2.7MT of iron ore from the deposit, the JV pays $1,800,000 to secure the right to export 1.2MT; the material to be transported from the JWD tenements by than 30 June 2024 (**MRA Variation**). Executing the variation provided flexibility to both parties in light of the volatile iron ore market experienced during the period.

Further, pursuant to the MRA Variation, the JV can then export additional tonnes of iron ore on the following terms:

- 900,000T upon payment of $2,250,000 by not later than 30 June 2024, with tonnes to be exported by 30 June 2026; and
- 900,000T upon payment of $2,700,000 by not later than 30 June 2026, with the tonnes to be exported by the 10th anniversary of the original MRA.

Contingent Liabilities of CUF in respect to the Yarram Transaction

A milestone payment will be payable by CUF to Gold Valley Brown Stone Pty Ltd if the Company discovers a JORC indicated resource of greater than 3MT with greater than 60% Fe, as follows:

- $1,500,000 cash; or
- at CUF's election, $500,000 in cash and $1,000,000 in CUF shares (calculated as 10-day VWAP upon announcement of Milestone Resource).

At 31 December 2022 there were no other contingent liabilities or contingent assets.

23 EVENTS AFTER THE BALANCE DATE

JWD Mining Operations Recommencement

On 20 January 2023 the Company announced that, following improvement in iron ore prices, it had initiated a restart of mining operations at JWD.

USD Loan Arrangement

To assist in funding the working capital associated with the ramp up of activity the Company has negotiated a USD$2,000,000 prepayment facility with its JWD offtake partner Glencore International AG (**Glencore**).

Binding agreement entered to increase to 100% ownership of JWD Iron Ore Rights

On 22 February 2023 the Company announced that it has entered a binding agreement (**Agreement**) with entities associated with its major shareholder, Gold Valley Group (**GVG**) to acquire the remaining 40% joint venture interest in the JWD Iron Ore Project and to restructure various other obligations that exist between the parties with respect to the Tennant Creek Joint Venture and the Yarram Joint Venture.

Key terms of the Agreement includes the following:

- CUF to increase its interest in the iron rights over the JWD iron ore mine from 60% to 100% via the issue of 150 million CUF shares and refunding the historical cash contributions;
- CUF exercises its right to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of $2.25m to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project;
- Yarram milestone payments of $1.5m re-structured to defer majority of remaining milestone payment until decision to mine rather than on announcement of indicated resource; and
- Transaction is subject to Shareholder approval, Independent Expert's recommendation and other third party consents.

Refer to ASX Announcement dated 22 February 2023 for further details.

In accordance with a resolution of the directors of CuFe Ltd, I state that in the opinion of the directors:

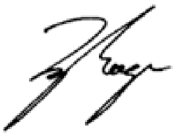
(a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view the financial position as at 31 December 2022 and the performance for the half-year ended on that date; and

(ii) complying with Accounting Standards *AASB 134 Interim Financial Reporting* and *Corporations Regulations 2001*; and

(b) subject to the matters described in note 1(f) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Antony Sage
Executive Chairman
Perth

14 March 2023

Stantons

PO Box 1908
West Perth WA 6872
Australia

Level 2, 40 Kings Park Road
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CUFE LIMITED

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of CuFe Limited ('the Company') and its controlled entities ('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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising 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 accompanying half-year financial report of CuFe Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of CuFe Limited's 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 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.

We confirm that the independence declaration required by the *Corporations Act 2001* has been given to the directors of the Company on 14 March 2023.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 (f) in the financial report which describes the basis of preparation of the financial report as a going concern.

The Group had recorded a loss before income tax of $6,978,255 for the half year ended 31 December 2022. At balance date as at 31 December, the group had cash and cash equivalents of $2,910,824 and a net working capital surplus of $2,890,170 (excluding restricted cash). During the half year, the Group recorded a net cash outflow from operations of $7,576,400, net cash inflow from investing activities of $4,811,896 and net cash outflows from financing activities of $1,518, 582, resulting in net decrease in cash and cash equivalents of $4,283,086.

The Group's ability to continue as a going concern and pay its debts as and when they fall due is dependent on its being able to either generate sufficient cashflow from operations or successfully raise additional funding in the next 12 months, to pursue its current strategy as described in Note 1 (f).

Should the Group not achieve the matters set out above, it may cast significant doubt on the Group's ability to pay its debts as and when fall due or realise the assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report to continue as a going concern.

Our opinion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

The directors of CuFe 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 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 Company'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.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

Samir T Tirodkar

Director

West Perth, Western Australia
14 March 2023

+61 (8) 6181 9793

ir@cufe.com.au

cufe.com.au