

Terra Uranium Limited

ACN 650 774 253

Interim Report - 31 December 2022

Terra Uranium Limited
Corporate directory
31 December 2022

Directors	Andrew Vigar Dr. Darryl Clark (appointed 12 May 2022) Dr. Kylie Prendergast (appointed 23 May 2022) Troy Boisjoli (appointed 24 June 2022) Doug Engdahl (appointed 07 July 2022) Niv Dagan (resigned 26 July 2022)
Company secretary	Nova Taylor
Registered office	Level 5 126 Phillip Street Sydney NSW 2000
Principal place of business	Level 5 126 Phillip Street Sydney NSW 2000
Auditor	BDO Audit (WA) Pty Ltd Level 9, Mia Yellagonga Tower 2 5 Spring Street Perth WA 6000
Solicitors	Steinepreis Paganin Lawyers & Consultants Level 4, The Read Buildings 16 Milligan Street Perth WA 6000

Terra Uranium Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Terra Uranium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Terra Uranium Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Andrew Vigar	Executive Director
Darryl Clark	Non-Executive Director (appointed 12 May 2022, resigned 28 January 2023)
Dr. Kylie Prendergast	Non-Executive Director (appointed 23 May 2022)
Troy Boisjoli	Non-Executive Director (appointed 24 June 2022)
Doug Engdahl	Non-Executive Director (appointed 07 July 2022)
Niv Dagan	Executive Director (resigned 26 July 2022)

Principal activities

The Company was formed for the purpose of exploring and developing a portfolio of high-quality market sustaining uranium assets with a primary focus on Canada's premier Athabasca Basin. The Company is targeting discovery of tier one uranium deposits close to existing production infrastructure to play a role in a clean carbon free economy.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

Highlights During the Period

Exploration Permits on all Terra Uranium's projects were granted on December 18th 2022 for 3 years by the Saskatchewan Government, covering trail building, base camp construction at Pasfield Lake, ground geophysics, and drilling. During the year field work commenced on Terra Uranium's maiden exploration program focused on discovery of major uranium deposits under cover. Prospecting, Ambient Noise Tomography (ANT), winter trail building and Pasfield Camp construction activities were completed or are underway. For the upcoming year, drilling contractors and rigs have been secured.

Geotech Systems was contracted during September 2022 to undertake airborne geophysical surveying utilising ZTEM and VTEM over all projects and commenced on the 3rd of October. 3,855 line-km of ZTEM and 149 line-km of VTEM Surveys were completed in the reporting period, and subsequently the remaining 1,351 line-km of VTEM Surveying was completed on February 19th, 2023. As a result of these surveys multiple strong conductors were confirmed at the Hawkrock, Parker and Pasfield sites.

The Group continues to expand its claims tenements, with an additional five claims totaling 23,353.17 hectares in new 100% held mineral exploration titles at the Pasfield Lake site.

On top of this, Terra Uranium has continued to grow the Saskatoon based exploration teams' expertise and proficiency across all areas of the business.

Operations Update

ESG

Terra Uranium continued to engage with both indigenous and stakeholder groups in good faith as part of preparation for an expanded northern winter exploration program.

Permitting

Three permits were granted for low impact airborne geophysics and prospecting, reclamation of historical abandoned exploration camps, and project exploration (trail building, base camp construction, ground geophysics, and drilling).

Geoscience

The Group continued to evolve earth models as historical data and modern data from Terra Uranium's captures continues.

Geophysics

The Group Completed airborne geophysical surveying utilising both ZTEM and VTEM methods. Terra Uranium also investigated and proved Ambient Noise Tomography (ANT) is a valuable geophysical data layer in the Athabasca Basin. The Group also completed geophysical inversion on historical Pasfield VTEM, modern ZTEM and magnetic surveys. As a result of these surveys, strong conductors were confirmed and co-incident with multiple geophysical data layers

Geochemistry

The Group were able to duplicate historical anomalous uranium grab samples on all projects in the period. The historical Pasfield helium anomaly was classified with a maximum of 1,000 times greater than background. This classification signifies significant uranium decay within the anomaly.

Drilling

In the period Reverse Circulation (RC) and diamond drill (DD) rigs were secured for 2023. Subsequently, Reverse Circulation (RC) commenced on February 19th 2023.

Logistics

The Group commenced trail building, historical camp reclamation, and camp construction site preparation in the period. Subsequently, 120 km of winter trail and camp construction was complete on February 19th 2023.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On the 18th of January 2023 Terra Uranium announced that two further mineral claims had been purchased to the West of the Pasfield Project. In connection with this purchase there were 195,000 fully paid ordinary shares issued by the company at a price of \$0.30 per share.

On the 25th of January 2023 Terra Uranium announced an issue of free bonus options to all shareholders. This issue took the form of 1 Option for each 2 shares held as of the Record Date of 2 February 2023. A total of 25 million of these options were issued with an exercise price of \$0.30 per Option, with expiry date of 6 September 2025.

On the 28th of January 2023 Non - Executive Director Dr. Darryl Clark announced his decision to resign from the Board of Directors of Terra Uranium. Dr. Clark has joined another company active in the Athabasca region, as VP Exploration and remaining on the board of Terra Uranium would pose an obvious risk of creating conflicts of interest. As such, he made the decision to resign from Terra Uranium to avoid such a situation from eventuating.

Following the procurement of Reverse Circulation (RC) and Diamond Drill (DD) rigs in the period, reverse circulation drilling commenced on February 19th 2023. In association with this work, camp construction and site preparation works commenced in the period. By the 19th of February, 120km of winter trail and construction had been completed.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Company secretary

Nova Taylor (appointed 10 February 2022)

Ms Taylor has completed a Bachelor of Laws from Deakin University. She has over seven years' experience working as a company secretary for various ASX listed companies.

Auditor's independence declaration

A copy of the auditor's independence declaration is set out immediately after this directors' report.

Auditor

BDO Audit (WA) Pty Ltd is in office in accordance with Australian Accounting Standards.

Terra Uranium Limited
Directors' report
31 December 2022

This report is made in accordance with a resolution of directors.

On behalf of the directors



Andrew Vigar
Executive Director

15 March 2023

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF TERRA URANIUM LIMITED

As lead auditor for the review of Terra Uranium Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Terra Uranium Limited and the entity it controlled during the period.



Jarrad Prue
Director

BDO Audit (WA) Pty Ltd

Perth, 15 March 2023

Terra Uranium Limited

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General information

The financial statements cover Terra Uranium Limited as a consolidated entity consisting of Terra Uranium Limited and the entities it controlled at the end of, or during the half-year. The financial statements are presented in Australian dollars, which is Terra Uranium Limited's functional and presentation currency.

Terra Uranium Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5
126 Phillip Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 March 2023.

Terra Uranium Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Expenses			
Audit fees		(27,175)	(5,200)
Consulting & accounting fees		(15,983)	(65,623)
Legal fees		(14,796)	(14,682)
IPO expenses		(16,729)	(32,184)
Employee benefits expense		(188,478)	-
Share-based payments expense	12	(550,000)	(200,000)
Other administration and corporate expenses		(184,087)	(16)
Marketing		(31,555)	-
Loss before income tax expense		(1,028,803)	(317,705)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Terra Uranium Limited		(1,028,803)	(317,705)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(82,324)	-
Other comprehensive income for the half-year, net of tax		(82,324)	-
Total comprehensive income for the half-year attributable to the owners of Terra Uranium Limited		<u>(1,111,127)</u>	<u>(317,705)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Terra Uranium Limited
Consolidated statement of financial position
As at 31 December 2022

		Consolidated	
	Note	31 Dec 2022	30 Jun 2022
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		5,013,357	109,159
Trade and other receivables	4	74,296	13,670
Prepayments	5	76,927	161,235
Total current assets		<u>5,164,580</u>	<u>284,064</u>
Non-current assets			
Exploration and evaluation	6	<u>1,428,016</u>	<u>191,588</u>
Total non-current assets		<u>1,428,016</u>	<u>191,588</u>
Total assets		<u>6,592,596</u>	<u>475,652</u>
Liabilities			
Current liabilities			
Trade and other payables	7	255,048	254,097
Provisions		<u>10,935</u>	<u>-</u>
Total current liabilities		<u>265,983</u>	<u>254,097</u>
Total liabilities		<u>265,983</u>	<u>254,097</u>
Net assets		<u>6,326,613</u>	<u>221,555</u>
Equity			
Issued capital	8	7,486,485	820,300
Reserves		467,350	(326)
Accumulated losses		<u>(1,627,222)</u>	<u>(598,419)</u>
Total equity		<u>6,326,613</u>	<u>221,555</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Terra Uranium Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2022

	Issued capital \$	Accumulated losses \$	Total equity \$
Consolidated			
Balance at 1 July 2021	300	(12,074)	(11,774)
Loss after income tax expense for the half-year	-	(317,705)	(317,705)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year	-	(317,705)	(317,705)
<i>Transactions with owners in their capacity as owners:</i>			
Contributions of equity, net of transaction costs	500,000	-	500,000
Share-based payments (note 12)	200,000	-	200,000
Balance at 31 December 2021	<u>700,300</u>	<u>(329,779)</u>	<u>370,521</u>

	Issued capital \$	Foreign Currency Reserve \$	Share Based Payment Reserve \$	Accumulated losses \$	Total equity \$
Consolidated					
Balance at 1 July 2022	820,300	(326)	-	(598,419)	221,555
Loss after income tax expense for the half-year	-	-	-	(1,028,803)	(1,028,803)
Other comprehensive income for the half-year, net of tax	-	(82,324)	-	-	(82,324)
Total comprehensive income for the half-year	-	(82,324)	-	(1,028,803)	(1,111,127)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 8)	6,666,185	-	-	-	6,666,185
Share-based payments (note 12)	-	-	550,000	-	550,000
Balance at 31 December 2022	<u>7,486,485</u>	<u>(82,650)</u>	<u>550,000</u>	<u>(1,627,222)</u>	<u>6,326,613</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Terra Uranium Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2022

		Consolidated	
	Note	31 Dec 2022	31 Dec 2021
		\$	\$
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(782,894)	-
Net cash used in operating activities	14	(782,894)	-
Cash flows from investing activities			
Payments for exploration and evaluation		(1,250,330)	-
Net cash used in investing activities		(1,250,330)	-
Cash flows from financing activities			
Proceeds from issue of shares		7,500,000	-
Share issue transaction costs		(562,579)	-
Net cash from financing activities		6,937,421	-
Net increase in cash and cash equivalents		4,904,197	-
Cash and cash equivalents at the beginning of the financial half-year		109,160	-
Cash and cash equivalents at the end of the financial half-year		<u>5,013,357</u>	<u>-</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard 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 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the period ended 30 June 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Exploration and evaluation assets

Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Acquisitions of Assets

Assets that are acquired are measured at the acquisition date at their costs of acquisition. The acquisition date is determined to be the date on which the acquirer obtains controls of the asset. This is generally taken to be the closing date of the sale, or the date when the economic benefits of ownership of the asset have been transferred to the acquirer. The costs of acquisition are the total expenses incurred in acquiring the asset or group of assets under question.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the period ended 31 December 2022 the company recorded a loss of \$1,028,803 and has \$782,894 net cash outflows from operating activities. The company has \$5,013,357 cash or cash equivalents and a net working capital of \$4,898,597 as at 31 December 2022.

The \$7.5 million funds raised in September 2022 during the Initial Public Offering ('IPO') are sufficient to support the Group operations and going concern based on cashflow forecasts.

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

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 various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Share-based payment transactions

The consolidated entity 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.

Initial Public Offering ('IPO') Costs

In connection with the IPO, the consolidated entity incurred costs, which are treated as follows:

- incremental costs that are directly attributable to issued new shares are deducted from equity (net of any income tax benefit);
- incremental costs that are directly attributable to shares that have not yet been issued are recorded as prepaid share issue costs and are to be deducted from equity upon share issue;
- costs that relate to the ASX listing, or are otherwise not incremental and directly attributable to issuing new shares, are recorded as an expense in the consolidated statement of profit or loss and other comprehensive income.
- costs that relate to both share issuance and listing are allocated between those functions based on the proportion of new shares issued to the total number of new and existing shares listed.

Exploration and evaluation costs

Exploration and evaluation costs have been capitalised on the basis that the consolidated entity will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into one operating segment: mineral exploration in Canada. This operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. Accordingly under the management approach outlined only one operating segment has been identified and no further disclosures are required.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Note 4. Trade and other receivables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
GST receivable	74,296	13,670

Terra Uranium Limited
Notes to the consolidated financial statements
31 December 2022

Note 5. Prepayments

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current assets</i>		
Prepayments	<u>76,927</u>	<u>161,235</u>

Prepayments in the prior period primarily related to share issue costs paid from the monies held in the Trust Account (note 4) for legal fees and independent geologists reports for the new shares to be issued with the planned IPO. The amount was transferred to costs of share issue once the shares were issued as part of the IPO in August 2022. Prepayments in the current period primarily relate to amounts paid in advance for satellite mapping models of the mining area which have not yet commenced.

Note 6. Exploration and evaluation

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Non-current assets</i>		
Exploration and evaluation - at cost	<u>1,428,016</u>	<u>191,588</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	E&E Projects	Total
	\$	\$
Balance at 1 July 2022	191,588	191,588
Additions to E&E Projects	<u>1,236,428</u>	<u>1,236,428</u>
Balance at 31 December 2022	<u>1,428,016</u>	<u>1,428,016</u>

Note 7. Trade and other payables

	Consolidated	
	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current liabilities</i>		
Trade payables	195,633	216,231
Accrued expenses	<u>59,415</u>	<u>37,866</u>
	<u>255,048</u>	<u>254,097</u>

Note 8. Issued capital

	Consolidated			
	31 Dec 2022	30 Jun 2022	31 Dec 2022	30 Jun 2022
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>49,000,000</u>	<u>11,500,000</u>	<u>7,486,485</u>	<u>820,300</u>

Terra Uranium Limited
Notes to the consolidated financial statements
31 December 2022

Note 8. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 July 2022	11,500,000		820,300
Initial Public Offering	07 September 2022	37,500,000	\$0.2000	7,500,000
Share issue costs	07 September 2022	-	\$0.0000	(833,815)
Balance	31 December 2022	<u>49,000,000</u>		<u>7,486,485</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 9. Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Commitments and contingencies

There were no commitments or contingent liabilities which would require disclosure at the end of the period. This is in line with the 30 June 2022 full year financial statements.

Note 11. Related party transactions

The following transactions occurred with related parties:

	Consolidated 31 Dec 2022 \$
Payment for goods and services:	
Payment to Mike McClelland for prospectivity and business consulting services in relation to projects	64,581
Other transactions:	
1,000,000 ordinary share options issued to A Vigar (a director) as a share based payment for services	110,000
1,000,000 ordinary shares issued to M McClelland (President of Terra Uranium Canada Limited) as a share based payment for services	110,000
750,000 ordinary share options issued to D Clark (a director) as a share based payment for services	82,500
750,000 ordinary share options issued to D Engdahl (a director) as a share based payment for services	82,500
750,000 ordinary share options issued to K Prendergast (a director) as a share based payment for services	82,500
750,000 ordinary share options issued to T Boisjoli (a director) as a share based payment for services	82,500

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 12. Share-based payments

During the period 5,000,000 options were issued to the Directors of the company for their services. These options are exercisable at \$0.30 with an expiry date of 3 years from issue. The details of these options are detailed below:

Terra Uranium Limited
Notes to the consolidated financial statements
31 December 2022

Note 12. Share-based payments (continued)

Share-based payment expense				
Description	Date	Shares	Issue Price	\$
Equity share based payment issued to A Vigar as consideration for advisory	07/09/2022	1,000,000	\$0.11	110,000
Equity share based payment issued to M McClelland as consideration for advisory	07/09/2022	1,000,000	\$0.11	110,000
Equity share based payment issued to D Clark as consideration for advisory	07/09/2022	750,000	\$0.11	82,500
Equity share based payment issued to D Engdahl as consideration for advisory	07/09/2022	750,000	\$0.11	82,500
Equity share based payment issued to K Prendergast as consideration for advisory	07/09/2022	750,000	\$0.11	82,500
Equity share based payment issued to T Boisjoli as consideration for advisory	01/01/2015	750,000	\$0.11	82,500
Total share-based payment expense		5,000,000		550,000

The assumptions used for the options valuation are as follows:

Number of Instruments	5,000,000
Underlying Share Price	\$0.20
Exercise Share Price	\$0.30
Expected Volatility	100%
Life of the Options	3 years
Expected Dividends	Nil
Risk Free Rate	3.00%
Value per Instrument	\$0.110
Value per tranche	\$550,000

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to directors and employees as part of their fees and remuneration, and external service providers for goods and services provided.

Equity-settled transactions are awards of shares, or options over shares, that are provided to directors and employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 13. Events after the reporting period

On the 18th of January 2023 Terra Uranium announced that two further mineral claims had been purchased to the West of the Pasfield Project. In connection with this purchase there were 195,000 fully paid ordinary shares issued by the company at a price of \$0.30 per share.

On the 25th of January 2023 Terra Uranium announced an issue of free bonus options to all shareholders. This issue took the form of 1 Option for each 2 shares held as of the Record Date of 2 February 2023. A total of 25 million of these options were issued with an exercise price of \$0.30 per Option, with expiry date of 6 September 2025.

On the 28th of January 2023 Non - Executive Director Dr. Darryl Clark announced his decision to resign from the Board of Directors of Terra Uranium. Dr. Clark has joined another company active in the Athabasca region, as VP Exploration and remaining on the board of Terra Uranium would pose an obvious risk of creating conflicts of interest. As such, he made the decision to resign from Terra Uranium to avoid such a situation from eventuating.

Terra Uranium Limited
Notes to the consolidated financial statements
31 December 2022

Note 13. Events after the reporting period (continued)

Following the procurement of Reverse Circulation (RC) and Diamond Drill (DD) rigs in the period, reverse circulation drilling commenced on February 19th 2023. In association with this work, camp construction and site preparation works commenced in the period. By the 19th of February, 120km of winter trail and construction had been completed.

No other matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 14. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 31 Dec 2022 \$
Loss after income tax expense for the half-year	(1,028,803)
Adjustments for:	
Share-based payments	440,000
Foreign exchange differences	(82,324)
Change in operating assets and liabilities:	
(Increase)/decrease in trade and other receivables	(60,626)
(Increase)/decrease in prepayments	(76,927)
Increase/(decrease) in trade and other payables	<u>25,786</u>
Net cash used in operating activities	<u><u>(782,894)</u></u>

Terra Uranium Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Andrew Vigar
Executive Director

15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Terra Uranium Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Terra Uranium Limited (the Company) and its subsidiary (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, 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 the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

The directors of the company 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 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 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.

BDO Audit (WA) Pty Ltd

A handwritten signature in dark ink. The signature consists of the letters 'BDO' in a large, stylized font, followed by a cursive signature that appears to read 'J Prue'.

Jarrad Prue

Director

Perth

15 March 2023