

19 October 2023

ASX Listings Advisor
ASX
Level 40, Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Scarlett,

Yari Minerals Limited (“YAR”): Half year report - Query

Yari Minerals Limited (“YAR” or the “Company”) refers to the letter dated and received on 13 October 2023 and annotates its responses under each request.

Request for information

In light of the information contained in the Half-Year Report and the Auditor’s Report, and the application of the Listing Rules [detailed in requisition letter], please respond to each of the following questions:

1. Is YAR able to confirm that in the Directors’ Opinion, the Half-Year Report:

- (a) comply with the Accounting Standards and interpretations issued by the Australian Accounting Standard Board (AASB) (“Accounting Standards”); and

Confirmed.

- (b) give a true and fair view of YAR’s financial position as at 30 June 2023 and of its performance for the half year ended on that date?

Confirmed.

2. Please explain the basis for, and the factors considered by the Directors, to satisfy themselves that the amounts recorded for inventory and trade payables for Minera Latin American Zinc S.A.P.I de C.V (“MLAZ”) whom the Group disposed of, were accurate as at the disposal date.

YAR managed the accounting records for MLAZ up to the sale date of 3 April 2023, with full visibility in managing the accounting records for inventory and trade payables of MLAZ. The Directors in their enquiries/consultation with management of YAR were able to form an opinion that these amounts were accurate at the date of disposal

3. What evidence was provided to the Auditor to assess the amounts recorded for inventory and trade payables in respect of MLAZ?

The purchaser of MLAZ provided the Auditor with access to the amounts recorded for inventory and trade payables in respect of MLAZ as at the sale date of 3 April 2023, including a warehouse inventory list and trade payables ledger.

4. Please explain why the Auditor has been unable to, as a consequence, obtain sufficient appropriate evidence to verify the amounts recorded for inventory, trade payables, and net assets? Your response should note any judgements, assumptions and estimates used to arrive at the values recorded which led to the qualified conclusion.

The auditor was not able to obtain sufficient audit evidence as required under the Auditing Standards in relation to the following:

- *Warehouse inventory - Although the Auditor was provided with access to the amounts recorded for inventory by the purchaser of MLAZ, the Auditor was unable to attend a warehouse inventory stocktake on the sale date of 3 April 2023 and was unable to perform procedures to obtain sufficient, appropriate audit evidence with respect to the related assertions in the financial statements;*
 - *Trade payables - Although the Auditor was provided with access to the amounts recorded as trade payables by the purchase of MLAZ, the Auditor issued trade creditor confirmations to a certain number of selected trade creditors. In the sample of trade creditors selected, the Auditor was unable to obtain sufficient, appropriate audit evidence in the form of valid invoices or external creditor confirmations of some of the balances recorded. YAR also queried the validity of some of these trade creditors.*
5. What steps does YAR intend to take to obtain an unmodified audit opinion with regards to its future financial statements?

YAR intends to resolve and finalise the working capital adjustment in relation to the disposal of MLAZ prior the completion of its next financial statements for the year ended 31 December 2023.

6. Commenting specifically on the qualified conclusion, does the board consider that YAR has a sound system of risk management and internal control which is operating effectively?

The Directors confirm that YAR has a sound system of risk management and internal controls. The qualified conclusion only relates to a very specific matter related to the disposal of MLAZ.

7. What enquiries did the Board make of management to satisfy itself that the financial records of YAR have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of YAR?

The Directors have reviewed the matters related to the disposal of MLAZ and in particular the working capital adjustment on the disposal of MLAZ.

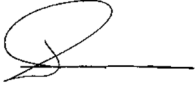
8. Please confirm that YAR is complying with the Listing Rules and, in particular, Listing Rule 3.1.

YAR confirms it is complying with the Listing Rules and in particular, Listing Rule 3.1.

9. Please confirm that YAR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of YAR with delegated authority from the board to respond to ASX on disclosure matters.

This letter has been authorised and approved by the Directors of YAR.

Yours sincerely



Rudolf Tieleman
Company Secretary



13 October 2023

Reference: 82017

Mr Rudolph Tieleman
Company Secretary
Yari Minerals Limited
4/420 Bagot Road
Subiaco WA 6008

By email

Dear Mr Tieleman

Yari Minerals Limited ('YAR'): Half-year report - Query

ASX refers to the following:

- A. YAR's half-year report for the half-year ended 30 June 2023 lodged with ASX Market Announcements Platform and released on 13 September 2023 ('Half-Year Report').
- B. ASX notes that the Independent Auditor's Report attached to the Half-Year Report ('Auditor's Report') contains a qualified conclusion:

"During the period, the Group disposed of its subsidiary Minera Latin American Zinc S.A.P.I de C.V. ('MLAZ'). We were unable to obtain sufficient, appropriate evidence in relation to the amounts recorded as inventory in the above subsidiary as at disposal date. In addition, we were unable to obtain evidence to verify certain amounts recorded as trade payables in the subsidiary as at disposal date. As a consequence of the above factors, we were unable to obtain sufficient, appropriate evidence in relation to the net assets of MLAZ at disposal date and therefore the gain on disposal and the profit from discontinued operations of MLAZ as disclosed in Note 7 to the interim financial report."

- C. Listing Rule 19.11A which states:

19.11A If a listing rule requires an entity to give ASX +accounts, the following rules apply.

- (a) The +accounts must be prepared to Australian accounting standards. If the entity is a +foreign entity the +accounts may be prepared to other standards agreed by ASX.*
- (b) If the listing rule requires +accounts to be reviewed, the review must be conducted in accordance with Australian auditing standards. If the entity is a +foreign entity, the review may be conducted in accordance with other standards agreed by ASX. Unless the listing rule says an independent accountant may conduct the review, it must be conducted by a registered company auditor (or, if the entity is a +foreign entity, an overseas equivalent of a registered company auditor).*
- (c) If there is a +directors' declaration that relates to the +accounts, the +directors' declaration must be given to ASX with the +accounts.*
- (d) If there is a +directors' report that relates to the period covered by the +accounts, the +directors' report must be given to ASX with the +accounts.*

Request for information

In light of the information contained in the Half-Year Report and the Auditor's Report, and the application of the Listing Rules stated above, please respond to each of the following questions:

1. Is YAR able to confirm that in the Directors' Opinion the Half-Year Report:
 - (a) comply with the Accounting Standards and interpretations issued by the Australian Accounting Standard Board (AASB) ('Accounting Standards'); and
 - (b) give a true and fair view of YAR's financial position as at 30 June 2023 and of its performance for the half year ended on that date?
2. Please explain the basis for, and the factors considered by, the Directors to satisfy themselves that the amounts recorded for inventory and trade payables for Minera Latin American Zinc S.A.P.I de C.V ('MLAZ') whom the Group disposed of, were accurate as at the disposal date.
3. What evidence was provided to the Auditor to assess the amounts recorded for inventory and trade payables in respect of MLAZ?
4. Please explain why the Auditor has been unable to, as a consequence, obtain sufficient appropriate evidence to verify the amounts recorded for inventory, trade payables, and net assets? Your response should note any judgements, assumptions and estimates used to arrive at the values recorded which led to the qualified conclusion.
5. What steps does YAR intend to take to obtain an unmodified audit opinion with regards to its future financial statements?
6. Commenting specifically on the qualified conclusion, does the board consider that YAR has a sound system of risk management and internal control which is operating effectively?
7. What enquiries did the Board make of management to satisfy itself that the financial records of YAR have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of YAR?
8. Please confirm that YAR is complying with the Listing Rules and, in particular, Listing Rule 3.1.
9. Please confirm that YAR's responses to the questions above have been authorised and approved under its published continuous disclosure policy or otherwise by its board or an officer of YAR with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **2:00 PM AWST Thursday, 19 October 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, YAR's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require YAR to request a trading halt immediately.

Your response should be sent to me by e-mail at ListingsCompliancePerth@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in YAR's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in YAR's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to YAR's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that YAR's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

ASX reserves the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under Listing Rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Scarlette
Adviser, Listings Compliance

CC: Anthony Italiano, Managing Director, Yari Minerals Limited