



ACN 146 035 690

INTERIM FINANCIAL REPORT

For the six months ended 31 December 2023

CORPORATE DIRECTORY

DIRECTORS

Executive Director	Mr Siew Swan Ong
Executive Director/ CEO	Mr Brent Butler
Non-Executive Director	Mr Xu (Geoffrey) Han
Non-Executive Director	Mr Adam Buckler

COMPANY SECRETARY

Ms Karen Logan

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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SECURITIES EXCHANGE

ASX Limited
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152-158 St George's Terrace
Perth WA 6000

ASX Code: ACP

SHARE REGISTRY

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BANKER

National Australia Bank
Level 14
100 St George's Terrace
Perth WA 6000

AUDITOR

BDO Audit (WA) Pty Ltd
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Mia Yellagonga Tower 2
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Perth WA 6000
AUSTRALIA

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DIRECTORS' REPORT

The Directors present the interim financial report of Audalia Resources Limited (the **Company or Audalia**) for the half-year ended 31 December 2023 and the auditor's review report thereon:

DIRECTORS AND COMPANY SECRETARY

The Directors and Company Secretary of the Company at any time during or since the end of the interim period and until the date of this report are noted below.

Mr Siew Swan Ong (Executive Director)
Mr Brent Butler (Executive Director and CEO)
Mr Xu (Geoffrey) Han (Non-Executive Director)
Mr Adam Buckler (Non-Executive Director)
Ms Karen Logan (Company Secretary)

PRINCIPAL ACTIVITIES

During the half year, the principal continuing activity of the Company was mineral exploration and evaluation.

REVIEW OF ACTIVITIES

Audalia Resources Limited (ASX: **ACP**) is pleased to present its interim financial report for the six months ended 31 December 2023 to shareholders and provide some insight into the advancement the Company has made in its activities to date.

OVERVIEW

MEDCALF PROJECT

The Medcalf Project is a vanadium-titanium-iron project located some 470 kilometres south east of Perth near Lake Johnston, Western Australia. The Medcalf Project comprises of one granted exploration licence E63/1855, two miscellaneous licences L63/75 and L63/94 and two General Purpose licences G63/10 and G63/12 as well as mining lease M63/656. Together these licences cover a total area of 38 km².

The Medcalf Project lies in the southern end of the Archaean Lake Johnston greenstone belt. This greenstone belt is a narrow, north-northwest trending belt approximately 110 km in length. It is located near the south margin of the Yilgarn Craton, midway between the southern ends of the Norseman-Wiluna and the Forrestania-Southern Cross greenstone belts.

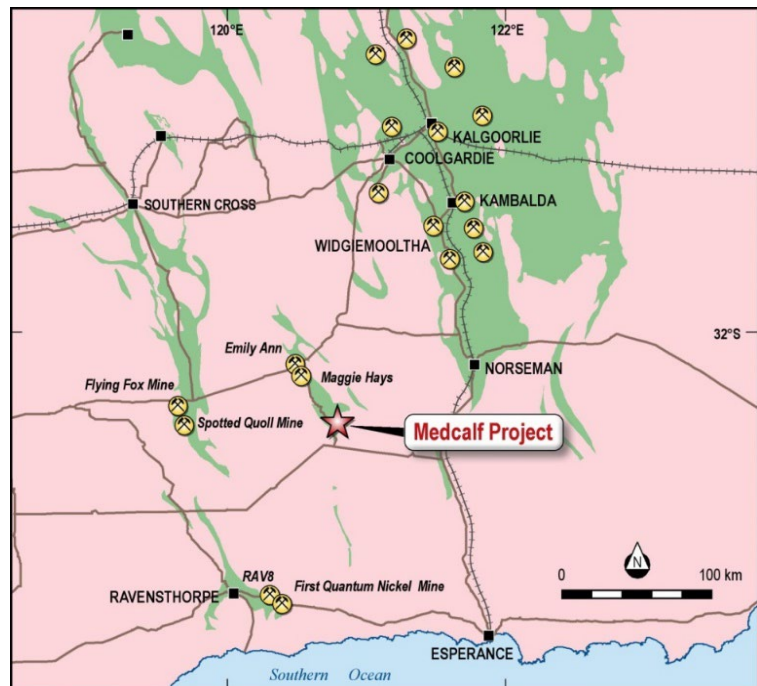


Figure 1: Medcalf Project - Location Map

DIRECTORS' REPORT

REVIEW OF ACTIVITIES (continued)

Activities conducted during the half year

During the last June quarter, the Company applied for three exploration licences within a 30km radius of the Medcalf Project to extend its ground holding by additional 142 km² (Figure 2).

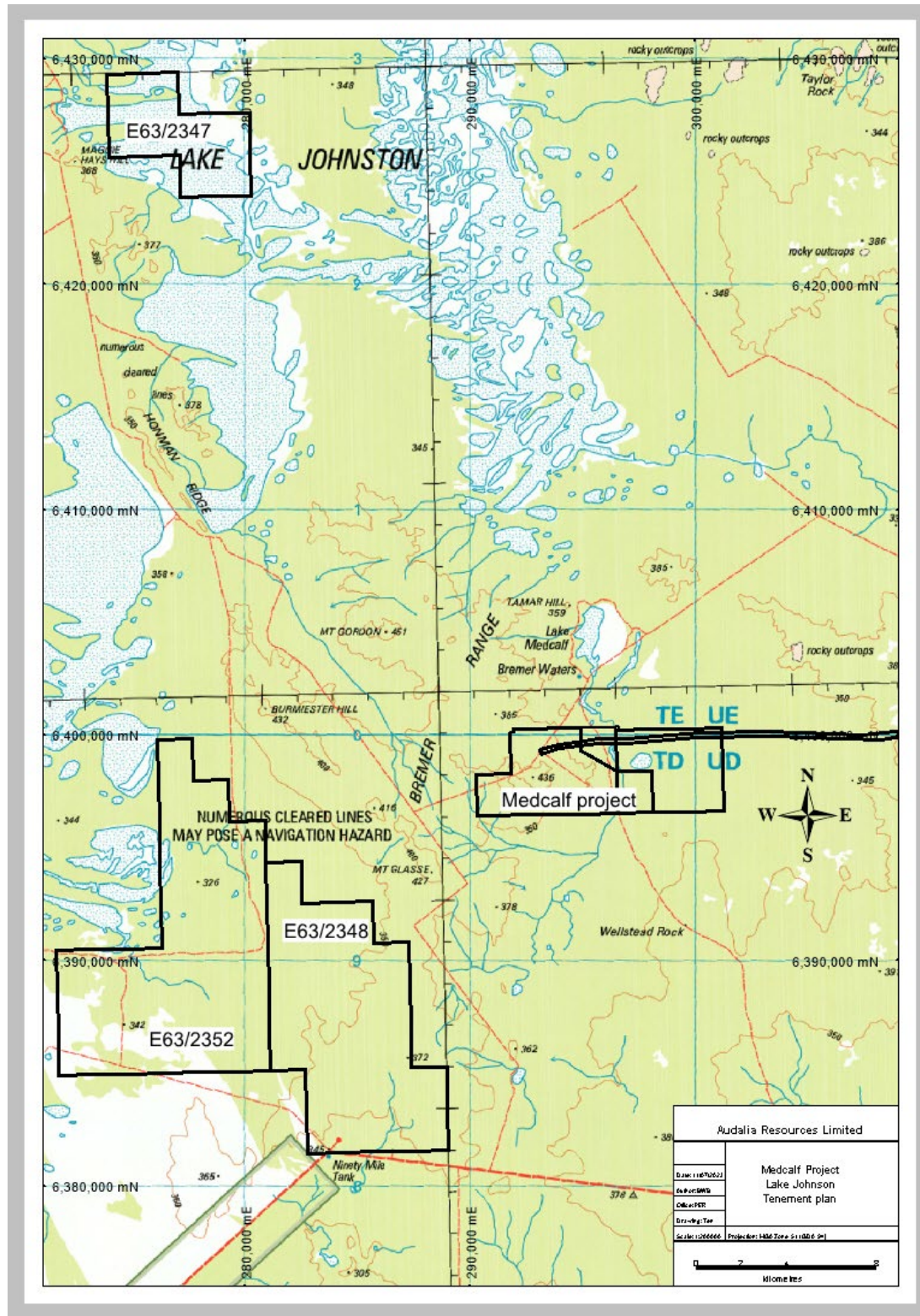


Figure 2: Medcalf Project – Tenement map

DIRECTORS' REPORT

REVIEW OF ACTIVITIES (continued)

Once granted, the Company plans to commence exploration activities whilst the Medcalf Project obtains the necessary permits to allow developing the project into production.

During the December quarter, a first pass soil sampling programme was completed on exploration licence E63/1855, the tenement to the east of mining lease M63/656.

The variable types of granites in the region give rise to the potential for lithium bearing pegmatites to be present. Exploration activities by other explorers in the area have identified lithium mineralisation.

The soil programme on E63/1855 was sampled on 200m by 50m spacings over the Geological Survey of Western Australia (GSWA) interpreted greenstone and granite bedrock geology (Figure 3).

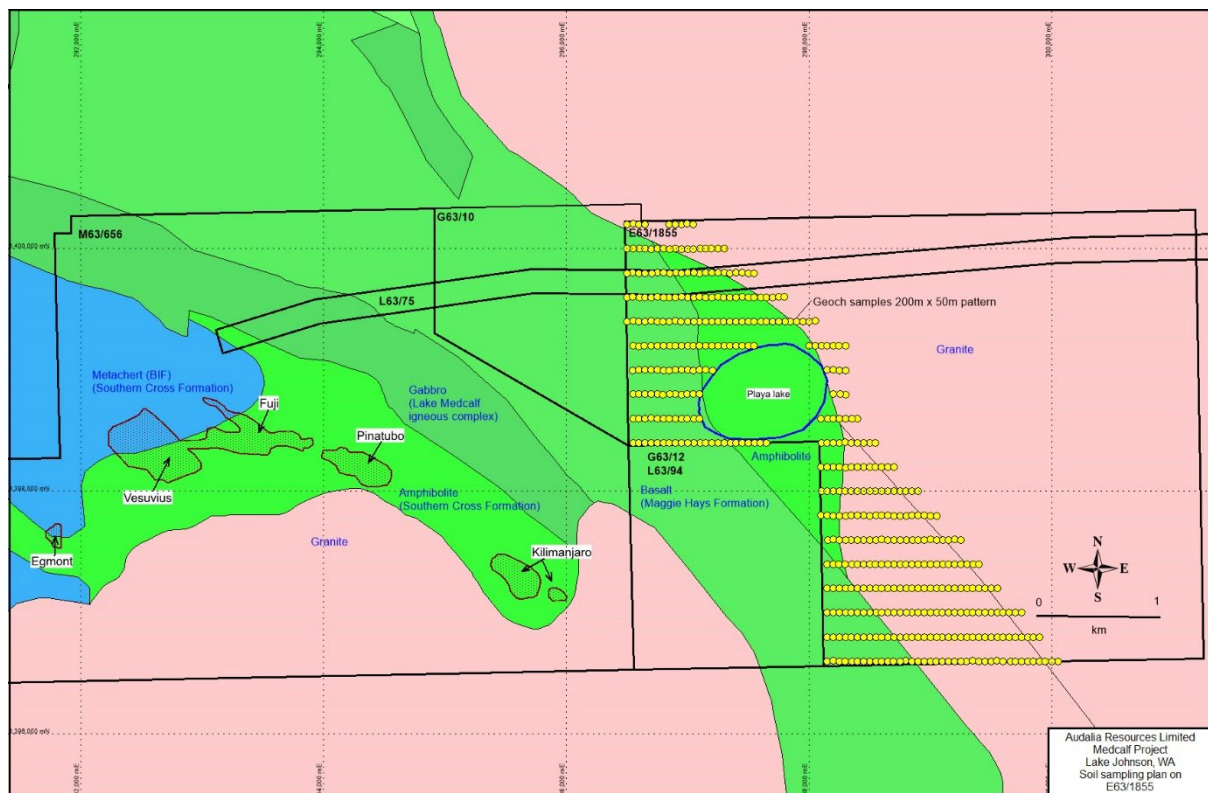


Figure 3: E63/1855 soil sampling programme.

The soil sampling technique used was to remove the top 10cm of surface material. A hole was dug with a small shovel up to a 20cm depth below the scraped surface to collect approximately 200 grams of sample. This sample was dry sieved at -200µm and placed in a numbered geochemical paper bag. The sample hole was then covered back over.

A total of 484 samples were collected including 14 duplicate samples and 14 standard samples. A portable X-ray fluorescence (pXRF) was used for the multi-element analyses by RSC Mining and Mineral Exploration in Perth.

The results from the soil sampling programme are expected to be reported in the March 2024 quarter.

DIRECTORS' REPORT

Environmental permitting update

The Company continued to engage with the Environmental Protection Agency (WA) regarding the Medcalf Project. Completion of the primary environmental approval process remains the immediate priority of the Company.

The Project is currently compliant with environmental, legal and permitting requirements.

Schedule of Tenements as at 31 December 2023

Projects	Licence Number	Registered Holder / Applicant	Status	Audalia's Interest
<u>Western Australia</u>				
Medcalf	M63/656	Audalia Resources Limited	Granted	100%
	E63/1855	Audalia Resources Limited	Granted	100%
	L63/75	Audalia Resources Limited	Granted	100%
	L63/94	Audalia Resources Limited	Granted	100%
	G63/10	Audalia Resources Limited	Granted	100%
	G63/12	Audalia Resources Limited	Granted	100%
	E63/1915	Audalia Resources Limited	Application	0%
	E63/2347	Audalia Resources Limited	Application	0%
	E63/2348	Audalia Resources Limited	Application	0%
	E63/2352	Audalia Resources Limited	Application	0%

Competent Person's Statement

The information in this report relates to the Exploration Results based on information compiled by Mr Brent Butler, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Butler has over 40 years' experience as a geologist and is CEO and Executive Director of Audalia. Mr Butler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking 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' (JORC Code). Mr Butler has provided his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS' REPORT

REVIEW OF ACTIVITIES (continued)

RESULTS

The Company incurred a loss of \$388,266 after income tax for the half-year (2022: \$397,132) which includes financing costs (interest expense) of \$198,498 (2022: \$211,105).

Audalia continues to assess all funding alternatives to ensure that the Company can continue exploration and evaluation activities and advance the next stage of approvals for the Medcalf Project.

The Board of Directors considers it appropriate to prepare the Company's interim financial report on a going concern basis as there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. These include the Company's ability to modify expenditure outlays, if required. The Directors also continue to assess funding alternatives to supplement its existing working capital and fund its ongoing exploration and evaluation work. Further details are set out in Note 1(a)(iii) to the Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the interim period not otherwise disclosed in this report and the interim financial report.

LIKELY DEVELOPMENTS

The Company's focus will be obtaining primary environmental approval for the Medcalf Project and will commence secondary approvals following a positive decision.

Planned exploration and activities

The Company's near-term objectives for the Medcalf Project include:

- Obtain primary and secondary approvals for mining;
- Develop the project for production; and
- Carry out a regional exploration programme.

ENVIRONMENTAL REGULATION

The Company's exploration and mining activities are governed by a range of environmental legislation and regulations including the *National Greenhouse and Energy Report Act 2007* and *Mining Act 1978*. As the Company is still in the assessment phase of its interests in exploration projects, Audalia is not yet subject to the public reporting requirements of environmental legislation and regulations. To the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no significant events after the end of the reporting period to the date of this report.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, BDO Audit (WA) Pty Ltd, to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Auditor's Independence Declaration is set out on page 9 and forms part of this directors' report for the half-year ended 31 December 2023.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "Brent Butler", followed by a period.

Brent Butler
CEO and Executive Director

Dated at Perth, Western Australia this 15 day of March 2024.

DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF AUDALIA RESOURCES LIMITED

As lead auditor for the review of Audalia Resources Limited for the half-year ended 31 December 2023, 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.



Neil Smith
Director

BDO Audit (WA) Pty Ltd
Perth
15 March 2024

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2023

	Notes	December 2023 \$	December 2022 \$
Revenue from continuing operations			
Other income		2,417	32
Expenses			
Financing costs (interest expense)		(198,498)	(211,105)
Exploration expenditure written off		(8,729)	-
Corporate and administration expenses		(183,456)	(186,059)
Profit / (loss) before income tax expense		(388,266)	(397,132)
Income tax (expense) / benefit		-	-
Net profit / (loss) for the half year		(388,266)	(397,132)
Other comprehensive income			
Items that may be realised through profit and loss		-	-
Items that may not be realised through profit and loss		-	-
Other comprehensive income for the half year net of tax		-	-
Total comprehensive income for the half year, net of tax			
Owners of Audalia Resources Limited		(388,266)	(397,132)
Loss per share attributed to the owners of the Company			
Basic and diluted loss per share (cents per share)	7	(0.06)	(0.06)

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2023

	Notes	December 2023 \$	June 2023 \$
ASSETS			
Current Assets			
Cash and cash equivalents	3	11,094	410,820
Receivables and other financial assets		45,998	49,266
Other assets		60,844	12,312
Total current assets		117,936	472,398
Non-Current Assets			
Plant and equipment		1,103	1,651
Investments		50,000	50,000
Exploration and evaluation expenditure	2	11,963,531	11,634,410
Total non-current assets		12,014,634	11,686,061
TOTAL ASSETS		12,132,570	12,158,459
LIABILITIES			
Current Liabilities			
Trade and other payables	4	1,165,358	3,727,795
Employee benefits obligations		88,018	84,495
Borrowings	5	-	5,328,183
Total current liabilities		1,253,376	9,140,473
Non-Current Liabilities			
Other payables	4	2,905,833	-
Employee benefits obligations		16,700	16,000
Borrowings	5	5,342,941	-
Total non-current liabilities		8,265,474	16,000
TOTAL LIABILITIES		9,518,850	9,156,473
NET ASSETS		2,613,720	3,001,986
EQUITY			
Issued capital	6	11,828,277	11,828,277
Reserves		10,000	10,000
Accumulated losses	8	(9,224,557)	(8,836,291)
TOTAL EQUITY		2,613,720	3,001,986

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2023

	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2023	11,828,277	(8,836,291)	10,000	3,001,986
Loss for the half year	-	(388,266)	-	(388,266)
<i>Total comprehensive income/(loss) for the half year</i>	11,828,277	(9,224,557)	10,000	2,613,720
<i>Transactions with Shareholders in their capacity as shareholders</i>				
Issue of shares	-	-	-	-
Transaction costs for shares issued	-	-	-	-
Balance at 31 December 2023	11,828,277	(9,224,557)	10,000	2,613,720

	Issued capital \$	Accumulated losses \$	Reserves \$	Total equity \$
Balance at 1 July 2022	11,828,277	(7,934,501)	10,000	3,903,776
Loss for the half year	-	(397,132)	-	(397,132)
<i>Total comprehensive income/(loss) for the half year</i>	11,828,277	(8,331,633)	10,000	3,506,644
<i>Transactions with Shareholders in their capacity as shareholders</i>				
Issue of shares	-	-	-	-
Transaction costs for shares issued	-	-	-	-
Balance at 31 December 2022	11,828,277	(8,331,633)	10,000	3,506,644

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
for the half year ended 31 December 2023

	Notes	December 2023 \$	December 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(178,247)	(168,200)
Interest paid		-	-
Interest received		2,076	92
Net cash outflows from operating activities		<u>(176,171)</u>	<u>(168,108)</u>
Cash flows from investing activities			
Payments for exploration expenditure		(323,555)	(413,271)
Proceeds from R&D incentives for exploration and evaluation		-	-
Net cash outflows from investing activities		<u>(323,555)</u>	<u>(413,271)</u>
Cash flows from financing activities			
Proceeds from issue of shares		-	-
Proceeds of borrowings		100,000	420,000
Net cash inflows from financing activities		<u>100,000</u>	<u>420,000</u>
Net movement in cash flows for the period		(399,726)	(161,379)
Cash and cash equivalents at the beginning of the period		410,820	201,293
Cash and cash equivalents at end of half year	3	<u>11,094</u>	<u>39,914</u>

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

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Audalia Resources Limited (the **Company**) is a company domiciled in Australia. Audalia Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The interim financial report for six months ended 31 December 2023 were authorised for issue in accordance with a resolution of directors on 15 March 2024.

The nature of the operations and principal activities of the Company are described in the Director's Report above.

(a) Basis of preparation

The principle accounting policies adopted for the preparation of interim financial report are set out below. These accounting policies have been applied consistently to all periods presented unless otherwise stated.

(i) Statement of compliance

This interim financial report for the half-year reporting period ended 31 December 2023 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the any public announcements made by Audalia Resources Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

(ii) Basis of measurement and reporting convention

This interim financial report has been prepared on the accruals basis and the historical cost basis except for financial assets and liabilities measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

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

(iii) Going concern

The going concern concept relates to the assessment of the Company's ability to continue its operations (and pay its debts when they fall due) for the next 12 months from the date when the directors sign the interim financial report without the need to raise money from issuing shares or increasing the current level of its borrowings. The interim financial report has been prepared on a going concern basis.

The Company incurred a loss after tax of \$388,266 (2022: \$397,132) for the half-year ended 31 December 2023. Total net cash outflows for the half-year ended 31 December 2023 was \$399,726 (2022: Outflows : \$161,379), which was a result of net cash outflows of \$499,726 (2022 : \$581,379) from operating and investing activities and \$100,000 (2022: \$420,000) net cash inflows from financing activities. The Company has a working capital deficiency of \$1,135,440 (2023: \$8,668,075) at balance date.

The Directors have prepared an estimated cash flow forecast for the period to June 2025 to determine if the Company may require additional funding during this period. The cash flow forecast includes a number of assumptions regarding exploration activity and funding requirements which have not yet been finalised. This results in a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern.

The Directors have made an assessment on whether it is reasonable to assume that the Company will be able to continue its normal operations based on the following factors and judgements:

- The Company had access to cash reserves of \$11,094 as at 31 December 2023 (30 June 2023: \$410,820).
- The Company has \$520,000 unused financing facilities available with Mr Siew Swan Ong as at 31 December 2023. The loan is unsecured, provided with 5% interest per annum and has a maturity date on 31 July 2025.
- The directors' fees, salary and superannuation are not required to be paid until at such time that sufficient funds are raised and such repayment will not adversely affect the ability of the Company to meet its liability as and when they fall due. The Company will continue to accrue the directors' fees, salary and superannuation.
- The maturity date of the borrowings has been renegotiated to be more than 12 months after the reporting date and will not be requested until the funds of the Company permit repayment.
- The Company has the ability to adjust its exploration expenditure subject to results of its exploration activities.
- The Directors are of the view that the Company will require an additional capital raise or debt funding and has the ability to raise further capital or secure additional funding to enable the Company to meet its funding requirements for the above period.
- The Directors anticipate continuous support of the Company's major shareholders and lenders to continue with the advancement of the Medcalf Project.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Should the Company not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements. The interim financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

(b) Adoption of new and revised accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of new or amended standards which became applicable for the current reporting period. The Company has not early adopted any standards in this report.

(c) New accounting standards and interpretations that are not yet mandatory

The Directors have also reviewed all Standards and Interpretations issued and not yet adopted for the interim period ended 31 December 2023. As a result of this review, the Directors have determined that there is no material impact of the standards and Interpretations on issue not yet adopted by the Company.

(d) Segment reporting

The Company's segments have remained consistent during the reporting periods (refer Note 7).

	December 2023 \$	June 2023 \$
2. EXPLORATION AND EVALUATION ASSETS		
Exploration, evaluation and development costs carried forward in respect of areas of interest	<u>11,963,531</u>	<u>11,634,410</u>
Reconciliation – Medcalf		
Carrying amount at the beginning of the period	11,634,410	11,577,655
Additions to the exploration and evaluation asset	329,121	520,478
Less: R&D tax incentive received	-	(463,723)
Carrying amount at end of the period	<u>11,963,531</u>	<u>11,634,410</u>
3. CASH AND CASH EQUIVALENTS		
(a) Cash and cash equivalents		
Cash at bank and in hand	<u>11,094</u>	<u>410,820</u>
Total cash and cash equivalents	<u>11,094</u>	<u>410,820</u>
(b) Cash at bank and on hand		
Cash on hand is non-interest bearing. Cash at bank bear interest rates between 0.01% and 0.50% (30 June 2023: 0.00% and 0.50%).		
4. TRADE AND OTHER PAYABLES		
Current liabilities (debts payable within 12 months)		
Trade creditors	246,197	238,816
Other payables and accruals ²	919,161	866,885
Interest payable ¹	-	2,622,094
	<u>1,165,358</u>	<u>3,727,795</u>
Non-Current liabilities (debts payable beyond 12 months)		
Interest payable ¹	<u>2,905,833</u>	-
	<u>2,905,833</u>	-

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

4. TRADE AND OTHER PAYABLES (CONTINUED)

- The amount relates to the unpaid interest on borrowings as at period end. Refer to Note 5 for details of the repayment period for borrowings.

Due to the short-term nature of current payables, the carrying amount of trade and other payables approximates their fair value. The fair value of the non-current payables has been assessed, taking into account the time value of money and the carrying value is not considered to be materially different to its fair value.

- Includes \$700,000 and \$79,994 amount accrued on directors' salaries and fees respectively as at 31 December 2023.

5. BORROWINGS

	December 2023 \$	June 2023 \$
Current		
Borrowings – (payable within one year - unsecured)	-	5,328,183
	-	5,328,183
Non-current		
Borrowings – (payable after one year - unsecured)	5,342,941	-
	5,342,941	-
Facilities		
Amount used	5,480,000	5,380,000
Amount unused	520,000	120,000
Total facilities	6,000,000	5,500,000

Terms of the borrowings:

Loan from private investors - \$3,000,000

The \$2 million loan is at interest rate of 8% and \$1 million loan is at interest rate of 10%, are unsecured, and not subject to any covenants. These loan facilities are both compounded daily and interest payable at the end of the loan term. On 14 September 2023, the Company further announced the extension of the repayment dates from 31 January 2024 to 31 July 2025.

Loan from Mr Siew Swan Ong - \$2,342,941

i. Interest-free loan facility \$1 million - \$862,941

On 16 June 2020, the Company negotiated access to an interest-free loan facility of up to \$500,000 from a director, Mr Siew Swan Ong. On 28 September 2020, the Company has further negotiated an access to an additional interest-free loan facility of up to \$500,000 from Mr Siew Swan Ong. As at 31 December 2023, the Company has fully drawn down \$1,000,000 (30 June 2023: \$1,000,000) from the loan facility. On 26 October 2022, the Company re-negotiated the extension of the repayment dates of the loan facilities from 31 January 2023 to 31 January 2024. On 14 September 2023, the Company further announced the extension of the repayment dates from 31 January 2024 to 31 July 2025.

AASB 9 requires loans that carry no interest to be measured at fair value using prevailing market rate of interest for a similar instrument. As at 31 December 2023, the total fair value of both loans advanced by Mr Siew Swan Ong was \$862,941 (30 June 2023: \$905,340). The notional interest will be unwound over the loan period, resulting to an ending balance of \$1,000,000 at loan maturity date of 31 July 2025.

ii. Interest payable loan facility \$2.0 million - \$1,480,000

The Company negotiated access to an additional loan facility of up to \$1,000,000 and \$500,000 from Mr Siew Swan Ong on 29 October 2021 and 26 October 2022 respectively. On 14 September 2023, the Company has further negotiated access to additional loan facility of \$500,000 from Mr Siew Swan Ong. These loan facilities are unsecured, provided on 5% interest per annum, accruing on daily basis and payable on the repayment date of 31 July 2025, which may be extended on the same terms by mutual agreement. As at 31 December 2023, the Company has drawn down \$1,480,000 (30 June 2023: \$1,380,000) from the loan facility.

Fair value estimation

The Directors consider that the carrying amount of the \$3 million and \$1,480,000 financial liabilities maturing on 31 July 2025 respectively approximates their fair values as the impact of any time value of money would be immaterial.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

6. EQUITY

	December 2023 Number	December 2023 \$	June 2023 Number	June 2023 \$
Ordinary shares				
Balance at the beginning of the period	692,136,191	11,828,277	692,136,191	11,828,277
Share issue costs	-	-	-	-
Balance as at end of the period	692,136,191	11,828,277	692,136,191	11,828,277

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

7. LOSS PER SHARE

The calculation of basic loss per share as at 31 December 2023 was based on the loss attributable to ordinary shareholders of \$388,266 (2022: loss of \$397,132) and a weighted average number of ordinary shares outstanding during the year of 692,136,191 (2022: 692,136,191) shares.

	December 2023 \$	December 2022 \$
Loss attributable to ordinary shareholders	(388,266)	(397,132)
	Numbers	Numbers
Weighted average number of ordinary shares	692,136,191	692,136,191
	Cents per share	Cents per share
Basic and diluted loss per share	(0.06)	(0.06)
	December 2023 \$	June 2023 \$

8. ACCUMULATED LOSSES

Accumulated losses at the beginning of the period	(8,836,291)	(7,934,501)
Net loss for the period	(388,266)	(901,790)
Accumulated losses at the end of the period	(9,224,557)	(8,836,291)

9. SEGMENT REPORTING

	Mineral Exploration \$	Corporate Admin \$	Company \$
Half Year ended 31 December 2023			
Segment Revenue	-	2,417	2,417
Significant expenses within the loss			
Interest expenses	-	(198,498)	(198,498)
Depreciation and amortisation	-	(249)	(249)
Exploration expenditure written off	-	(8,729)	(8,729)
Segment net operating profit/(loss) after tax	-	(388,266)	(388,266)

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

9. SEGMENT REPORTING (CONTINUED)

	Mineral Exploration \$	Corporate Admin \$	Company \$
Half Year ended 31 December 2022			
Segment Revenue	-	32	32
Significant expenses within the loss			
Interest expenses	-	(211,105)	(211,105)
Depreciation and amortisation	-	(378)	(378)
Segment net operating profit/(loss) after tax	-	(397,132)	(397,132)
Segment assets			
At 31 December 2023	12,013,531	119,039	12,132,570
At 30 June 2023	11,685,562	472,897	12,158,459
Segment liabilities			
At 31 December 2023	(421,344)	(9,097,506)	(9,518,850)
At 30 June 2023	(390,959)	(8,765,514)	(9,156,473)

The Company does not have additional assets, liabilities, revenue or expenses outside the segments reported above.

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel (those individuals that direct the Company)

The Company's key management personnel for the period 1 July 2023 to 31 December 2023 were:

Mr Brent Butler
Mr Geoffrey Han
Mr Siew Swan Ong
Mr Adam Buckler

The Company may enter into agreements for services rendered with these individuals (or an entity that is associated with the individuals).

Two entities associated with the directors have consulting agreements in place which have resulted in transactions between the Company and those entities during the period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the period relating to key management personnel and their related parties has been set out below:

		Transaction Value		Outstanding balance	
		December 2023	December 2022	December 2023	June 2023
Director / executive	Transaction	\$	\$	\$	\$
Mr B Butler ¹	Consulting Services	60,000	70,000	20,000	20,000
Mr X Han ²	Consulting Services	3,515	2,850	3,515	3,363

Notes in relation to the table of related party transactions:

1. A company associated with Mr Butler, World Technical Services Group Pty Ltd, provides geological consulting services in connection with the operations of the Company. Terms for such services are based on market rates, and amounts are payable on a monthly basis.
2. A company associated with Mr Han, HQ Tech Pty Ltd, provides engineering consulting services in connection with the operations of the Company. The fees disclosed are for the period since Mr Han commenced as a director of the company. Terms for such services are based on market rates, and amounts are payable on a monthly basis.

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

10. RELATED PARTY TRANSACTIONS (CONTINUED)

There are no other related party transactions (other than directors' fees and director's salaries) to be disclosed in the interim financial report. The total amount owed to the directors for salaries and superannuation as at 31 December 2023 which remain unpaid are \$700,000 and \$68,300 respectively (which forms part of the other creditors and accrued balance) (30 June 2023: \$660,000 and \$63,900).

As at 31 December 2023, the Company has fully drawdown interest free loan facility of \$1,000,000 from a director, Siew Swan Ong, to meet its working capital requirements.

The Company negotiated access to an additional loan facility of up to \$1,000,000 and \$500,000 from Mr Siew Swan Ong on 29 October 2021 and 26 October 2022 respectively. On 14 September 2023, the Company has further negotiated access to additional loan facility of \$500,000 from Mr Siew Swan Ong. These loan facilities are unsecured, provided on 5% interest per annum, accruing on daily basis and payable on the repayment date of 31 July 2025, which may be extended on the same terms by mutual agreement. As at 31 December 2023, the Company has drawn down \$1,480,000 (30 June 2023: \$1,380,000) from the loan facility.

	December 2023 \$	June 2023 \$
11. COMMITMENTS		
<u>Exploration commitments</u>		
Within one year	203,570	106,416
After one year but not more than five years	1,014,000	829,200
Over five years	1,455,616	1,479,413
	2,673,186	2,415,029

The Company has certain obligations to perform minimum exploration work on tenements held. These obligations may vary over time, depending on the Company's exploration programme and priorities. These obligations are also subject to variations by application or can reduce by entering into joint venture arrangements or alternatively by relinquishing the tenements. As at the reporting date, total exploration expenditure commitments of the Company which have not been provided for in the interim financial report is listed above. The table has been presented assuming the Company's full minimum expenditure commitments are payable over the specified period but adjusted for costs incurred to date in the within one year category.

Remuneration commitments

The term of the employment agreement and consultancy agreement with the executive Directors were not renewed. Accordingly, the Company no longer has remuneration commitments under long-term employment contracts at reporting date.

12. EVENTS SUBSEQUENT TO BALANCE DATE

There have been no significant events after the end of the reporting period to the date of this report.

DIRECTORS' DECLARATION

In the opinion of the directors of Audalia Resources Limited:

- (a) the financial statements and notes set out on pages 10 to 19 are in accordance with the *Corporations Act 2001* (Cth), including:
 - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to section 303(5) of the *Corporations Act 2001*.

A handwritten signature in black ink, appearing to read "B. Butler".

Brent Butler
Executive Director and CEO

Dated at Perth, Western Australia this 15 day of March 2024.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Audalia Resources Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Audalia Resources Limited (the Company), which comprises the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Company's financial position as at 31 December 2023 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.

Material uncertainty relating to going concern

We draw attention to Note 1(a)(iii) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 gives a true and fair view 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 2023 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



Neil Smith
Director

Perth, 15 March 2024