CuFe Ltd
ABN: 31 112 731 638

HALF-YEAR REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

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.

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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).	

DIRECTOR'S REPORT

The directors of CuFe Ltd (**CUF**, the **Company** or the **Group**) submit their report for the half-year ended 31 December 2023.

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)

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

REVIEW AND RESULTS OF OPERATIONS

CORPORATE

Completion of JWD Iron Ore Project Restructure Transaction

On 22 February 2022, the Company announced that it had 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 (**Restructure Transaction**).

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 150,000,000 CUF shares and refunding the historical GVG cash contributions (being $1.71m at completion) (**Cash Consideration**);

- The effective date for the transaction and determining the Cash Consideration is deemed to be 1 January 2023. The amount payable to Gold Valley Iron Ore Pty Ltd (an entity associated with GVG) (**GVIO**) will be adjusted by cash paid by GVIO offset by amounts paid to GVIO under the JWD Joint Venture, subsequent to the effective date and prior to completion of the transaction (**Net Called Sums Amount**);

- The Cash Consideration will be payable via monthly instalments following completion. For each month following the settlement date where the amount of net profits (of the JWD Iron Ore Project) is a positive number, the Company must pay GVIO a cash payment in immediately available funds equal to 100% of the net profits for that month (unless a payment calculated for any given month would exceed $500,000, in which case the maximum payable for any given month will be $500,000) (**Monthly Cash Payment**) until such time as the aggregate amount of the Monthly Cash Payments paid to GVIO is equal to the Net Called Sums Amount;

- CUF exercises its right to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of $2,225,000 to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project; and

- Yarram milestone payment of $1,500,000 re-structured such that:
    - the Company has agreed to carry the next $500,000 of GVG's joint venture costs contribution under the Yarram Joint Venture; and
    - the $1,000,000 payable to GVG in cash or shares at the Company's election is deferred until a decision to mine is made rather than on announcement of indicated resource.

Refer to ASX Announcements dated 22 February 2023, 11 May 2023 and 4 September 2023 for further details.

Shareholder approval required in respect of the Restructure Transaction was received at the Company's General Meeting held 24 July 2023.

Completion of the Restructure Transaction settled on 1 September 2023.

Upon completion, the Company now holds:

- 100% interest in the JWD iron ore mine;
- 55% interest in the Tennant Creek project; and
- 50% interest in the Yarram Iron Ore Project.

Acquisition of West Arunta (Niobium) and Tambourah (Lithium) Exploration Tenure

On 11 July 2023 the Company announced it had entered an agreement to acquire two exploration tenements:

- E80/5925 located in the West Arunta region, approximately 620km south of Kununurra is considered prospective for carbonatite hosted REE including niobium; and
- P45/3061 located in the Tambourah region of the Pilbara, approximately 90km south of Pilgangoora and Wodgina Lithium Operations and is considered prospective for lithium.

Consideration payable for the acquisition was 30,000,000 shares. The tenement acquisition was completed on 7 August 2023.

Agreement to acquire rights to lithium and rare earth related minerals – Tenement Rights M15/1893

On 23 June 2023 the Company announced it had entered into an agreement to acquire rights to lithium and rare earth related minerals over M15/1893, covering approximately 7.4km^2 of ground, located 30km south of Mineral Resources Mt Marion Mine. Tenement M15/1893 is approximately 48km SSE of the township of Coolgardie, within the Southern Yilgarn Lithium Belt that includes the known spodumene deposits and projects such as the Bald Hill Mine, the Mt Marion Mine, the Pioneer Dome Project, Manna Lithium Project and the West Spargoville Project - Marquee Resources. The area over which the M15/1893 is located is 2km south and along strike of the E15/1495 (acquired by the Company on 6 June 2023). The addition of this tenure gives CuFe over 12km of strike length exposure to a 30km corridor that is proven to host Lithium-Caesium-Tantalum (LCT) bearing pegmatites.

Under the terms of the agreement, CuFe acquires rights to lithium and rare earth related minerals over M15/1893 (a mining lease which is presently under application pending finalisation of native title negotiations) and in return CuFe assigns rights to gold on its tenement E15/1495. The parties each assume the obligations to pay the E15/1495 Milestone Payment to the previous owner in the event production occurs in the future from the tenure and a 1% gross sales royalty.

The tenement rights acquisition and assignment has not yet been completed.

Agreement to acquire MLN 15/1841

On 20 December 2023, the Company announced it had reached an agreement to purchase MLN15/1841 from private owner Mr A. Stehn. The MLN sits in a highly prospective trend and within a drill target area that CuFe intends to drill and explore. It has been mined through shallow surface workings for precious gems including tourmaline and beryl. The transaction involves a purchase price of $50,000 and a 1% sales royalty on material sourced from the lease. Completion occurred in March 2024.

Financial Results

The Group recorded a net loss after tax for the period of $6,937,013 (31 December 2022: net loss after tax $6,978,255). This loss included significant non-cash items, including amortisation and depreciation of $3,600,390 and an unrealised hedging loss based on a mark to market of outstanding positions of $4,513,291. Exploration and evaluation expenditure of $421,846 was incurred during the period and recorded through profit of loss.

Annual General Meeting

The Company's Annual General Meeting was held on 29 November 2023 (**AGM**). All resolutions put to the meeting were passed via a poll.

Shares issued

During the period the Company issued the following shares:

- 30,000,000 shares were issued 7 August 2023 for the acquisition of West Arunta (E80/5925) and Tambourah (P45/3061) exploration tenure; and
- 150,000,000 shares were issued on 1 September 2023 pursuant to the Restructure Transaction.

Options issued

During the period the Company issued the following options:

- 13,000,000 unlisted options at $0.02 expiring 7 August 2025 were issued under the Company's Employee Securities Incentive Plan (**ESIP**); and
- 15,000,000 unlisted options exercisable at $0.019 and expiring 29 November 2025 were issued to a director following receipt of shareholder approval at the AGM;

Options exercised

There were no options exercised during the period.

Options lapsed or expired

During the period, the following options lapsed or expired:

- 3,000,000 unlisted options exercisable at $0.04 lapsed on 31 August 2023;
- 5,000,000 unlisted options exercisable at $0.035 expired on 12 October 2023;
- 70,000,000 listed options (ASX:CUFO) exercisable at $0.06 expired on 24 November 2023; and
- 1,000,000 unlisted options exercisable at $0.02 lapsed on 31 December 2023.

PROJECTS

CUF is an Australian based mineral producer and explorer with holdings, or rights or interests in, various tenements prospective for iron ore copper, lithium, gold and rare earths located in Western Australia and the Northern Territory.

The Company's main focus is its mature iron ore assets in Western Australia (JWD Iron Ore Project) and the Northern Territory (Yarram Iron Ore Project) and copper asset (Tennant Creek Copper Project). During the period the Company has acquired further early stage exploration projects to broaden its portfolio. The Company also has various exploration projects in the Bryah Basin which are all subject to various joint venture agreements for which the Company does not have operational control.

JWD Iron Ore Project - Wiluna Iron Ore Project (100%) (Western Australia)[1]

The JWD mine operated continuously throughout the reporting period, with sales of 342,186 WMT for the period, an increase of 60% from the 214,224 in the comparative period. This included the sale of 105,961 WMT of fines product, up from 13,588 as stockpiles held on site became economic with improved iron ore prices, with the 62% index price rising from USD 111 to USD140.50 over the period.

The Company entered a new port agreement for Geraldton port with shed owner Fenix during the period which enabled it to export certain third parties' tonnes from the shed, with the increased throughput assisting in reducing the unit costs of port operations.

In December the Company elected to replace the crushing and screening contractor at JWD to improve throughput and reliability. This has caused some disruption to operations late December and early January as the change over occurred, but has resulted in improved throughput rates post the change.

To assist in managing price volatility the Company continued an active hedging program for iron ore price and foreign exchange. Given the price was in an upward trend the period a net loss was incurred on iron ore hedges which settled. A negative mark to market was also recorded on hedges outstanding at period end, based on the forward price applicable at period end. Subsequent to period end the iron ore price has reduced significantly and the negative mark to market has reversed and the hedge book is in a positive position at the date of this report.

[1] Amounts referred to in this section of the Directors' Report are stated at 100% of the amounts of the JWD Project (previously JWD JV). In accordance with its accounting policy in respect of the joint operation, up until completion of the Restructure Transaction on 1 September 2023, CUF has taken up its 60% share of assets, liabilities and results of the JWD JV in the Group's consolidated financial statements. Following completion of the Restructure Transaction on 1 September 2023, CUF consolidates its 100% interest.

Operations Summary

Production metrics (100%)	Measure	H1 FY24	H1 FY23	Variance %
Total material moved	BCM	608,012	339,703	79%
Ore mined	wmt	404,577	213,382	90%
Ore processed	wmt	380,535	228,237	67%
Ore hauled to port	wmt	330,926	175,146	89%
Ore shipped	wmt	**342,186**	**214,224**	**60%**
Lump	wmt	236,224	200,636	18%
Fines	wmt	105,961	13,588	680%
Inventory				
ROM	wmt	118,727	81,868	45%
Site Finished Product	wmt	4,128	1,995	107%
Port	wmt	16,497	-	-
Revenue (FOB)	US$/wmt	$108.54	$85.66	27%
Revenue (FOB) Lump	US$/wmt	$115.70	$86.31	34%
Revenue (FOB) Fines	US$/wmt	$92.50	$76.01	22%
Revenue (FOB)	A$/wmt	$161.72	$126.74	28%
Realised Hedging (losses)/gains	A$/wmt	($11.84)	$41.41	(129%)
Total Revenue	A$/wmt	$149.88	$168.16	(11%)
C1 Costs ($/wmt by Activity)	A$/wmt	$128.70	$138.77	7%

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 drilling PQ holes to provide core for geotechnical and metallurgical test programs. The drilling was successfully completed, with 6 holes for a total of 361m. Analysis and processing of metallurgical and geotechnical data gathered from program was conducted over the period. These programs will inform pit design and optimisations for Yarram feasibility assessment.

The Company has also completed fauna baseline studies to inform approval strategies going forward.

Tennant Creek Mining Rights (55%) (Northern Territory)

The Company owns a 55% (formerly 60%, refer to Restructure Transaction summary provided above) 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). Limited activity has been undertaken on the project as the focus for the exploration team for the period has been on the newly acquired North Dam project. Further work in planned in coming periods.

North Dam Lithium and Rare Earths Project – E 15/1495, M15/1893 (certain mineral rights), M15/1495

The Company has acquired the above tenure which is located approximately 30km south of the Mt Marion lithium mine. Since the acquisition extensive field work has been conducted, focusing on E15/1495 and this has identified a number of drill targets (refer ASX release dated 20 December 2023) targeting Lithium, Rare Earths and Niobium. An initial drill program is planned for the first half calendar 2024 once heritage approvals are finalised.

West Arunta Project – E80, 5925, E80/5950, E80/5990

The Company's West Arunta Project comprises three tenement applications which are being progressed through to grant pending finalisation of a Native Title agreement, discussions on which are advancing well.

The West Arunta is an emerging exploration province with a focus on Niobium and Copper, following the success of WA1 Resources Ltd and others.

Tambourah Project – P46/3061

The Tambourah Project comprises a single tenement in the Pilbara region which is considered prospective for lithium and gold and was acquired during the period.

An initial reconnaissance trip was undertaken by the Company's geologists, with a view to developing work plans. The tenement was successfully renewed during the period.

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**) former DeGrussa and Monty copper / gold mines.

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**).

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

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.

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

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 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 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

There have been no events subsequent to 31 December 2023 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

15 March 2024

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15 March 2024

Board of Directors
CuFe Limited
Unit 3, 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 2023, 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 Tirodkar
Director

Consolidated Statement of Comprehensive Income
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 $	31 December 2022 $
Revenue from continuing operations			
Revenue	3(a)	49,712,081	16,726,896
Cost of sales	3(d)	(44,355,409)	(20,906,188)
Gross profit/(loss)		5,356,672	(4,179,292)
Interest income	3(b)	32,360	32,099
Other income/(loss)	3(c)	(6,837,047)	2,063,456
Exploration and evaluation expenditure		(421,846)	(735,172)
Employee benefits expense and director remuneration	3(e)	(367,488)	(272,404)
Finance costs		(237,768)	(145,793)
Legal costs		(62,561)	(11,462)
Share-based payments expense	18	(150,802)	(31,142)
Amortisation and depreciation expense		(3,600,390)	(2,330,795)
Accounting and audit fees		(158,572)	(171,426)
Consultancy fees		(54,740)	(28,062)
Compliance costs		(74,461)	(59,448)
Other expenses	3(f)	(87,341)	(682,586)
Share of net losses of joint venture accounted for using the equity method	11	(273,029)	(426,228)
(Loss) before income tax		(6,937,013)	(6,978,255)
Income tax expense		-	-
(Loss) after income tax		(6,937,013)	(6,978,255)
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		(6,937,013)	(6,978,255)
(Loss) / earnings per share from attributable to the ordinary equity holders of the parent			
-basic (loss) / earnings for the period (cents per share)		(0.64)	(0.72)
-diluted (loss) / earnings for the period (cents per share)		(0.64)	(0.72)

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2023

	Note	31 December 2023 $	30 June 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	7,517,240	3,896,360
Restricted cash	5	360,000	360,000
Inventory	6	6,986,224	3,711,719
Trade and other receivables	7	6,332,627	3,040,933
Financial assets	8	156,616	318,818
Other assets		52,610	147,141
Total Current Assets		21,405,317	11,474,971
Non-current Assets			
Mine properties and development costs	9	5,856,836	1,793,658
Exploration assets	10	8,988,293	9,184,992
Plant and equipment		18,847	22,628
Investments accounted for using the equity method	11	2,629,219	2,409,727
Total Non-current Assets		17,493,195	13,411,005
TOTAL ASSETS		38,898,512	24,885,976
LIABILITIES			
Current Liabilities			
Trade and other payables	12	23,688,836	8,586,775
Interest-bearing borrowings	13	-	1,797,624
Financial liabilities	14	4,566,160	-
Provisions	15	291,639	131,208
Total Current Liabilities		28,546,635	10,515,607
Non-current Liabilities			
Provisions	15	1,216,429	566,189
Total Non-current liabilities		1,216,429	566,189
TOTAL LIABILITIES		29,763,064	11,081,796
NET ASSETS		9,135,448	13,804,180
EQUITY			
Contributed equity	16	61,457,052	58,847,052
Accumulated losses		(56,340,579)	(49,403,566)
Reserves	17	4,018,975	4,360,694
TOTAL EQUITY		9,135,448	13,804,180

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 $	31 December 2022 $
Cash flows from operating activities			
Receipts from customers		51,175,057	16,011,535
Payments to suppliers and employees		(42,554,960)	(22,410,764)
Interest received		32,360	32,099
Payments for exploration and evaluation costs		(437,929)	(1,102,473)
Payment of interest and other finance costs		(241,442)	(106,797)
Net cash flows from/(used in) operating activities		7,973,086	(7,576,400)
Cash flows from investing activities			
Receipts/(payments) on commodity collar/swaps transactions closed		(1,373,821)	5,573,660
Purchase of exploration assets		(32,205)	-
Purchase of plant and equipment		-	(3,706)
Payments for capitalised mine development		(409,301)	(3,582)
Cash acquired on acquisition of control (Restructure Transaction)	22(d)(i)	214,046	-
Payment of Cash Consideration	12(c)	(500,000)	-
Payment of stamp duty (Restructure Transaction)	22(d)	(314,248)	-
Investment in joint venture		(462,495)	(754,476)
Transfer of funds from security deposit		90,000	-
Transfer of funds to security deposit		(8,000)	-
Net cash flows from/(used in) from investing activities		(2,796,024)	4,811,896
Cash flows from financing activities			
Proceeds from exercise of options	16	-	225,000
Proceeds from interest-bearing borrowings		9,671,244	7,190,101
Repayment of interest-bearing borrowings		(11,227,426)	(8,773,104)
Principal payments on lease liabilities		-	(160,579)
Net cash flows from/(used in) financing activities		(1,556,182)	(1,518,582)
Net increase/(decrease) in cash and cash equivalents		3,620,880	(4,283,086)
Cash and cash equivalents at beginning of period		3,896,360	7,193,910
Cash and cash equivalents at end of period	4	7,517,240	2,910,824

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Contributed equity	Accumulated losses	Share-based payments reserve	Other reserve	Total
	$	$	$	$	$
At 1 July 2023	58,847,052	(49,403,566)	4,477,125	(116,431)	13,804,180
Loss for the period	-	(6,937,013)	-	-	(6,937,013)
Other comprehensive income	-	-	-	-	-
	-	(6,937,013)	-	-	(6,937,013)
Transactions with owners in their capacity as owners					
Shares issued (Restructure Transaction)	2,100,000	-	-	-	2,100,000
Shares issued (Acquisition of tenure)	510,000	-	-	-	510,000
Investment accounted for using the equity method	-	-	-	(492,521)	(492,521)
Share-based payments	-	-	150,802	-	150,802
At 31 December 2023	61,457,052	(56,340,579)	4,627,927	(608,952)	9,135,448

	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

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 2023 was authorised for issue in accordance with a resolution of the directors on 15 March 2024.

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 2023 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 2023

In the half-year ended 31 December 2023, 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 2023. As a result of this review, the Directors have applied all new and amended Standards and Interpretations that were effective as at 1 July 2023 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 2023.

(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 had recorded a loss before income tax of $6,937,013 for the half year ended 31 December 2023. At balance date as at 31 December 2023, the group had cash and cash equivalents of $7,517,240 and a net working capital deficit of $7,501,318 (excluding restricted cash). The loss before income tax and the working capital deficiency are impacted by $4,566,160 relating to mark to market iron ore hedges outstanding at 31 December 2023. At the date of this report the mark to market for the December positions has reversed by $6,988,054 following a reduction in the forward price curve. During the half year, the Group recorded net cash inflows from operations of $7,973,086, net cash outflows from investing activities of $2,796,024 and net cash outflows from financing activities of $1,556,182, resulting in net increase in cash and cash equivalents of $3,620,880.

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, JWD Project, and other exploration projects).

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 2023 $	31 December 2022 $
(a) Revenue from continuing operations		
Iron ore sales	49,712,081	16,726,896
(b) Interest income		
Bank interest	32,360	32,099
(c) Other income		
Marketing fee income	359,822	-
Gain on disposal of Tennant Creek project interest (refer note 22(d)(iii))	1,486,096	-
Management fee income (JV)	8,000	24,000
Rental recharges income/(reversal)	9,366	11,287
Realised gain/(loss) on commodity collar/swap contracts	(4,112,297)	5,322,858
Unrealised gain/(loss) on financial asset - commodity collar/swap contracts (FVPL)	(4,513,291)	(3,324,521)
Unrealised gain/(loss) on financial asset – foreign currency contracts (FVPL)	(82,201)	-
Unrealised gain/(loss) of financial asset – investment (FVPL)	7,458	29,832
	(6,837,047)	2,063,456

	31 December 2023 $	31 December 2022 $
(d) Cost of sales		
Royalty expense	(4,971,896)	(1,712,146)
Mining and processing	(12,710,683)	(5,198,591)
Haulage	(22,038,482)	(7,989,086)
Port	(3,590,097)	(1,670,141)
Sales commission	(1,030,105)	(436,900)
Salaries, wages and other employee benefits	(422,449)	(296,124)
Inventory movement	1,542,499	(3,036,864)
Other operating costs	(1,134,196)	(566,336)
	(44,355,409)	(20,906,188)
(e) Employment benefits and director remuneration		
Directors' fees	(231,306)	(225,727)
Salaries, wages and other employee benefits	(102,504)	(22,317)
Payroll tax	(33,678)	(24,360)
	(367,488)	(272,404)
(f) Other expenses		
Promotional and investor relations	(27,050)	(19,390)
Occupancy costs	(30,150)	(37,725)
Insurance costs	(47,136)	(61,793)
Other	16,995	(563,678)
	(87,341)	(682,586)

4 CASH AND CASH EQUIVALENTS

	31 December 2023 $	30 June 2023 $
Cash and cash equivalents		
Cash at bank	7,517,240	3,896,360

5 RESTRICTED CASH

	31 December 2023 $	30 June 2023 $
Restricted cash	360,000	360,000

6 INVENTORY

	31 December 2023 $	30 June 2023 $
Diesel fuel	176,717	70,844
Work In Progress Run of Mine	4,548,329	1,596,696
Finished Goods Site	202,130	176,696
Finished Goods Port	2,059,048	1,867,483
	6,986,224	3,711,719

7 TRADE AND OTHER RECEIVABLES

	31 December 2023 $	30 June 2023 $
Trade receivables (a)	5,242,924	373,129
Net GST receivable	899,882	956,879
Deposits	37,657	29,657
Other receivable	-	1,097,513
Other advance	-	431,591
Tax receivable	152,164	152,164
	6,332,627	3,040,933

(a) Includes $935,077 receivable from third party in respect of expenses associated with shared iron ore shipment arrangements.

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

8 FINANCIAL ASSETS

	31 December 2023 $	30 June 2023 $
Fair value through profit or loss (FVTPL) – equity investment	156,616	149,158
Fair value through profit or loss (FVTPL) – commodity collars/swaps	-	87,459
Fair value through profit or loss (FVTPL) – foreign currency contracts	-	82,201
	156,616	318,818

9 MINE PROPERTIES AND DEVELOPMENT COSTS

	31 December 2023 $	30 June 2023 $
Mine properties and development - Wiluna Iron Project	5,856,836	1,793,658
Movements		
Carrying value at beginning of period	1,793,658	5,331,936
Consideration shares (Restructure Transaction) (a)	2,100,000	-
Costs associated with acquiring controlling interest (a)	202,781	-
Arising on acquisition of controlling interest (allocated) (a)	1,414,736	-
Balance brought to account upon change of control (a)	634,584	-
Exercise of right to mine additional 900,000mt (b)	2,225,000	-
Stamp duty cost arising on exercise of right to mine additional 900,000mt (b)	111,467	-
Expenditure incurred	971,219	355,483
Amortisation	(3,596,609)	(3,893,761)
Closing value at end of period	5,856,836	1,793,658

(a) Refer note 22(d)(i).

(b) Refer note 22(d)(ii).

10 EXPLORATION ASSETS

	31 December 2023 $	30 June 2023 $
Acquisition cost – Tenements pursuant to Tennant Creek Transaction	8,127,948	8,866,852
Acquisition cost – North Dam Project	333,530	318,140
Acquisition cost - West Arunta and Tambourah	526,815	-
	8,988,293	9,184,992
Movements		
Carrying value at beginning of period	9,184,992	8,866,852
Consideration in cash (North Dam Project)	-	300,000
Other acquisition costs (North Dam Project)	15,390	18,140
Consideration in shares (West Arunta and Tambourah) (refer note 16)	510,000	-
Other acquisition costs (West Arunta and Tambourah)	16,815	-
Adjustment upon transfer of 5% of interest in project (Restructure Transaction) (refer note 22(d)(iii))	(738,904)	-
Closing value at end of period	8,988,293	9,184,992

11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

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

	31 December 2023 $	30 June 2023 $
Investments accounted for using the equity method - Yarram Iron JV	2,629,219	2,409,727
Movement in Investment		
Balance at beginning of period	2,409,727	2,999,352
Cost of investment (refer note 21 and note 22(d)(iv))	492,521	-
Share of profit/(loss) of joint venture	(273,029)	(589,625)
Balance at end of period	2,629,219	2,409,727

12 TRADE AND OTHER PAYABLES

	31 December 2023 $	30 June 2023 $
Trade payables (a)	14,907,366	5,935,523
Payable to third party (b)	2,472,462	-
Employee related liabilities	271,232	158,874
JWD Cash Contribution refundable to Gold Valley Group (c)	1,210,000	-
Other payables and accruals (d)	4,827,776	2,492,378
	23,688,836	8,586,775

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

(b) In respect of a shared shipment in late December 2023, the Company received a provisional payment from customer which included an amount of $2,472,462 in respect of iron ore tonnes of a third party.

(c) Upon completion of the Restructure Transaction, the amount payable to GVG was $1,710,000 (refer note 22(d)(i)). The cash contribution is payable via monthly instalments following Completion of the Restructure Transaction. For each month following the settlement date where the amount of net profits (of the JWD Iron Ore Project) is a positive number, the Company must pay GVIO a cash payment in immediately available funds equal to 100% of the net profits for that month (unless a payment calculated for any given month would exceed $500,000, in which case the maximum payable for any given month will be $500,000) (**Monthly Cash Payment**) until such time as the aggregate amount of the Monthly Cash Payments paid to GVIO is equal to $1,710,000. An amount of $500,000 has been settled during the period to 31 December 2023.

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

13 INTEREST-BEARING BORROWINGS

	31 December 2023 $	30 June 2023 $
USD Loan – Principal (a)	-	1,793,950
USD Loan – Interest (a)	-	3,674
	-	1,797,624
Movements in borrowings		
Balance at beginning of period	1,797,624	1,304,510
Receipt of loan funds	9,671,244	17,292,509
Interest accrued	237,768	346,647
Repayment of principal loan	(11,227,426)	(17,188,975)
Payment of interest	(237,768)	(346,647)
FX revaluation	(241,442)	389,580
	-	1,797,624

(a) Stock Finance Facility

As announced on 27 July 2021, the Company, via its wholly owned subsidiary Wiluna FE Pty Ltd, entered an exclusive offtake agreement with leading international trading house Glencore International AG (**Glencore**), for 100% of the JWD product (iron ore lumps and fines) over the life of CUF's operations at the mine, subject to GVIO's right (assigned by GWR Group Ltd (**GWR Group**) to GVIO in July 2022) to elect to purchase up to 50,000 tonnes of fines product at the mine gate.

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**).

The Stock Finance Facility has been utilised during the half-year period, and with all drawn amounts repaid at 31 December 2023.

Loan Facility

As announced 20 January 2023, to assist in funding the working capital associated with the ramp up of activity the Company negotiated a USD$2,000,000 prepayment facility with Glencore (**Loan Facility**), which was drawn down in January 2023. As at 30 June 2023, there remained USD$600,000 (A$903,787 equivalent) plus interest (A$3,674) owing under the Loan Facility. The Loan Facility was repaid in full during the half-year period to 31 December 2023.

14 FINANCIAL LIABILITIES

	31 December 2023 $	30 June 2023 $
Fair value through profit or loss – commodity collars/swaps	4,566,160	-

15 PROVISIONS

	31 December 2023 $	30 June 2023 $
Current		
Provision for rehabilitation – JWD Project (a)	291,639	-
Provision for demobilisation – JWD Project	-	131,208
	291,639	131,208
Non-current		
Provision for rehabilitation – JWD Project (a)	733,621	415,596
Provision for demobilisation – JWD Project	482,808	150,593
	1,216,429	566,189
Total	1,508,068	697,397

(a) *31 December 2023*

The provision for rehabilitation at 31 December 2023 of $1,025,260 relates to the Wiluna Iron Project and 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 $1,825,260), less $800,000 (project to date) which has been prepaid pursuant to an agreement.

30 June 2023

The provision for rehabilitation of $415,596 recorded in the statement of financial position at 30 June 2023 reflects the Group's 60% share of the total $692,660 provision for rehabilitation of Wiluna Iron Ore Project (then accounted for as a joint operation in accordance with the Group's accounting policy). The provision for rehabilitation of $692,660 of Wiluna Iron Ore Project 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 $1,492,660), less $800,000 (project to date) which has been prepaid pursuant to an agreement.

16 CONTRIBUTED EQUITY

	31 December 2023 $	30 June 2023 $
Ordinary shares		
Issued and fully paid	61,457,052	58,847,052

	31 December 2023 Number of Shares	31 December 2023 $	30 June 2023 Number of Shares	30 June 2023 $
Movements in ordinary shares on issue				
Balance at beginning of period	966,112,365	58,847,052	958,612,365	58,622,052
Shares issued – consideration (West Arunta and Tambourah) (refer note 10)	30,000,000	510,000		
Shares issued - consideration (Restructure Transaction) (refer note 22(d)(i))	150,000,000	2,100,000		
Shares issued – exercise of options	-	-	7,500,000	225,000
Balance at end of period	1,146,112,365	61,457,052	966,112,365	58,847,052

17 RESERVES

	31 December 2023 $	30 June 2023 $
Share-based payments reserve	4,627,927	4,477,125
Other equity reserve	(608,952)	(116,431)
	4,018,975	4,360,694
Movements in reserve		
Balance at the beginning of the period	4,477,125	4,362,697
Share-based payments made during the year (refer note 18)	150,802	114,428
Balance at the end of the period	4,627,927	4,477,125

18 SHARE-BASED PAYMENTS

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

	31 December 2023 $	31 December 2022 $
Share-based payments expensed through profit and loss:		
Options (i)	150,802	31,142
	150,802	31,142
Share-based payments – included in statement of financial position:		
Share based payments - shares (capitalised mine development) (ii)	2,100,000	-
Share-based payments - shares (exploration assets) (iii)	510,000	-
	2,610,000	-
Sub-total share-based payments – Options	150,802	31,142
Sub-total share-based payments – Shares	2,610,000	-
Total share-based payments	2,760,802	31,142

(i) During the period, the Company issued the following options:
- 13,000,000 unlisted options exercisable at $0.02 expiring 7 August 2025 with vesting conditions issued pursuant to the Company's Employee Securities Incentive Plan (**ESIP**) (**ESIP Options**), of which 1,000,000 lapsed during the period shortly after issue in accordance with the terms; and
- 15,000,000 unlisted options exercisable at $0.019 and expiring 29 November 2025 were issued to Director Mr Mark Hancock (or his nominee) following receipt of shareholder approval at the AGM (**Director Options**).

(ii) The Company issued 150,000,000 Shares valued at $2,100,000 pursuant to the Restructure Transaction (being the Consideration Shares). Refer note 22(a).

(iii) The Company issued 30,000,000 Shares valued at $510,000 as consideration for the acquisition of West Arunta and Tambourah tenure. Refer the Restructure Transaction (being the Consideration Shares). Refer note 10.

(b) Fair value of options issued

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

	ESIP Options	**Director Options**
Expiry date	7 August 2025	29 November 2025
Valuation date	7 August 2023	29 November 2023
Dividend yield (%)	Nil	Nil
Expected volatility (%)	100%	100%
Risk free interest rate (%)	3.90%	4.25%
Exercise price ($)	$0.020	$0.019
Discount (%)	Nil	Nil
Expected life of options (years)	2.0	2.0
Share price at grant date ($)	$0.014	$0.013
Value per option ($)	$0.0064	$0.0058

19 RELATED PARTY INFORMATION

Transactions with directors, director related entities and other related parties

During the period, an aggregate amount of $7,466 (31 December 2022: $44,259) was paid or payable to Cyclone Metals Limited (**Cyclone Metals**) for reimbursement of warehouse rental and IT costs. At 31 December 2023, nil was payable to Cyclone Metals (30 June 2023: $36,731 (plus GST)). Mr Antony Sage is a director of Cyclone Metals.

During the period, an aggregate amount of nil (31 December 2022: $1,000) was paid or payable to European Lithium Ltd (**European Lithium**) for reimbursement of corporate costs. At 31 December 2023, nil was payable to European Lithium (30 June 2023: nil). Mr Antony Sage is a director of European Lithium.

During the period, an aggregate amount of $30,150 (31 December 2022: $71,675) was paid or payable to Okewood Pty Ltd (**Okewood**) for office rent. At 31 December 2023, nil was payable to Okewood (30 June 2023: nil). Mr Antony Sage is a director of Okewood.

During the period, an amount of $1,079,704 (31 December 2022: $475,369) was paid or payable to Gold Valley Iron Ore Pty Ltd (a substantial shareholder of the Company) (**GVIO**) for royalty payments ($579,704) (reflecting the Group's 60% share of the total royalty expenses up to date of completion of the Restructure Transaction and 100% post completion) and payment of Cash Consideration pursuant to the Restructure Transaction ($500,000). At 31 December 2023, $101,672 was payable to GVIO in respect of royalties, and $1,210,000 was payable to GVIO in respect of the Cash Consideration payable under the Restructure Transaction (30 June 2023: nil).

Options issued to directors or director related entities

Following receipt of shareholder approval at the Company's Annual General Meeting, a total of 15,000,000 unlisted options were issued to a director (or his nominee) (being the **Director Options**). Refer note 18(a)(i) for further details.

Shares issued to substantial shareholder

Following receipt of shareholder approval at the Company's General Meeting, a total of 150,000,000 shares were issued to Gold Valley Group (**GVG**), being the consideration shares in respect of the Restructure Transaction.

Significant shareholders

At 31 December 2023, the GVIO and its associates (**Gold Valley Group**) held a significant interest of 29.39% of CUF (30 June 2023: 19.55%). Cufe Ltd director Mr Scott Meacock currently serves as Chief Executive Officer and General Counsel of the Gold Valley Group.

At 31 December 2023, Cyclone Metals held a significant interest of 12.75% of CUF (30 June 2023: 15.09%). Mr Antony Sage is a director of Cyclone Metals.

20 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 $9,135,448 at 31 December 2023 (30 June 2023: $13,804,180). 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, financial liabilities, 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 Group also enters into foreign currency forward contracts to manage its exposure to fluctuations in USD.

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 2023, 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 2023 $	**30 June 2023 $**
Financial assets		
Cash and cash equivalents	5,100,292	515,029
Trade and other receivables	1,855,828	205,577
Financial liabilities		
Trade and other payables	(3,073,775)	-
Interest-bearing loans and borrowings	-	(1,797,624)
Net asset/(liability)	3,882,345	(1,077,018)

The net exposure in USD at balance date is USD$2,642,129 (net asset) (30 June 2023: USD$715,003 (net liability)).

During the period, the Group entered into foreign currency forward contracts to manage its exposure to fluctuations in USD. There were no foreign currency forward contracts open at 31 December 2023.

Commodity price risk

The Group's operations are exposed to commodity price risk as the Group sells iron ore to its customers in USD. 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 loss of $4,112,297 being recognised in the half-year ended 31 December 2023 (closed positions) (31 December 2022: $8,871,430 realised gain (CUF's 60% share: $5,322,858)).

At 31 December 2023, a series of contracts remained open (settlement dates between January to September 2024) with a fair value of -$4,566,160 (liability). The fair value of open contracts is recognised in the balance sheet as a financial asset/(liability) and the marked-to-market unrealised gain/(loss) 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 2023	**Range of effective interest rates**	**Carrying amount**	**Variable interest rate**	**Fixed interest rate**	**Total**
	%	**$**	**$**	**$**	**$**
Financial assets					
Cash and cash equivalents	0 – 1.5%	7,517,240	7,517,240	-	7,517,240
Restricted cash (term deposits)	4.75%	360,000	-	360,000	360,000
Financial liabilities					
Loans and borrowings	12%	-	-	-	-
		7,877,240	7,517,240	360,000	7,877,240
30 June 2023					
Financial assets					
Cash and cash equivalents	0 – 0.16%	3,896,360	3,896,360	-	3,896,360
Restricted cash (term deposits)	0.25%	360,000	-	360,000	360,000
Financial liabilities					
Loans and borrowings	12%	(1,793,950)	-	(1,793,950)	(1,793,950)
		2,462,410	3,896,360	(1,433,950)	2,462,410

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 2023	**30 June 2023**	**31 December 2023**	**30 June 2023**
	$	**$**	**$**	**$**
+0.25% (25 basis points)	18,793	9,741	-	-
-0.25% (25 basis points)	(18,793)	(9,741)	-	-

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 GVIO's right (assigned by GWR Group Ltd to GVIO in July 2022) 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 or letters of credit. 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, receivable 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 2023						
Trade and other payables	22,478,836	-	-	-	22,478,836	22,478,836
Cash Consideration payable to Gold Valley Group	1,210,000	-	-	-	1,210,000	1,210,000
Commodity collars/swaps	4,400,118	166,042	-	-	4,566,160	4,566,160
	28,088,954	166,042	-	-	28,254,996	28,254,996
30 June 2023						
Trade and other payables	8,508,725	-	-	-	8,508,725	8,508,725
Subscription funds payable	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Loans and borrowings	1,797,624	-	-	-	1,797,624	1,797,624
	10,306,349	-	-	-	10,306,349	10,306,349

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 $	Level 1 $	Fair Value Level 2 $	Level 3 $
31 December 2023				
Financial assets				
Equity investment	156,616	156,616	-	-
Financial liabilities				
Commodity collars/swaps	(4,566,160)	-	(4,566,160)	-
Net asset / (liability)	(4,409,544)	156,616	(4,566,160)	-
30 June 2023				
Financial assets				
Equity investment	149,158	149,158	-	-
Commodity collars/swaps	87,459	-	87,459	-
USD forward contracts	82,201	-	82,201	-
Net asset / (liability)	318,818	149,158	169,660	-

21 COMMITMENTS AND CONTINGENCIES

Commitments

Office Rental Commitments

The Group has entered into a 12-month lease with Okewood for office premises for a lease term expiring 30 April 2024.

Commitments of CUF in relation to the Tennant Creek Project (in which CUF has a 55% 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. Gecko Mining Company Pty Ltd (a member of the Gold Valley Group) 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 $2,212,886 has been spent to 31 December 2023, the remaining commitment at 31 December 2023 is $7,787,114).

Commitments in relation to Wiluna Iron Project (100%)

Various operating agreements have been entered into in relation to the Wiluna Iron Project. 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 September 2024 and can be extended for a further on year period at the Company's election.
- Licence Agreement Geraldton Port has been entered into with Fenix Port Services Pty Ltd. The current term of the agreement expires 30 September 2024.
- 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.

- Haulage contract has been entered into with MGM Haulage 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 contract includes a 14 day termination clause for financial hardship.

Contractual commitments at 31 December 2023 are as follows (amounts shown as 100% of the commitment):

	31 December 2023 $	30 June 2023 $
Up to 1 year	3,525,223	629,912
Between 1 and 5 years	-	-
Later than 5 years	-	-
	3,525,223	629,912

Exploration Expenditure Commitments

To maintain rights to tenure to tenements, the Group is required to fulfil various minimum expenditure requirements up until expiry of licenses. The expected expenditure commitments with respect to the exploration grounds in Australia are as follows:

	31 December 2023 $	30 June 2023 $
Up to 1 year	210,180	136,859
Between 1 and 5 years	-	-
Later than 5 years	-	-
	210,180	136,859

Contingencies

Contingent Liabilities of Wiluna Iron Project (100%)

Mining Rights Agreement

The 2023 Annual Report disclosed that the Company (via its subsidiary Wiluna FE Pty Ltd as Operator and 60% equity interest holder in the JV at that time) had entered into a variation with GWR Group Ltd on the JWD Mining Rights Agreement (**MRA Variation**), pursuant to which the JV can export additional tonnes of iron ore on the following terms:

- 900,000T upon payment of $2,225,000 by not later than 30 June 2024, with tonnes to be exported by 30 June 2026 (**First Option**); 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 (**Second Option**).

As part of the Restructure Transaction which completed on 1 September 2023, the First Option has been exercised by the Company with payment settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project (refer note 22).

Contingent Liabilities of CUF in respect to the Yarram Transaction

The 2023 Annual Report disclosed that a milestone payment will be payable by CUF to Gold Valley Brown Stone Pty Ltd (**GVBS**) 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).

As part of the Restructure Transaction which completed on 1 September 2023, the Yarram milestone payment of $1.5m has been re-structured. This obligation has been restructured such that CuFe has agreed to carry the next $500k of GVBS's joint venture costs (**Next Carry**) under the Yarram Joint Venture and the $1m payable to GVBS in cash or shares at CuFe's election is deferred until a decision to mine is made on the Yarram Iron Project. At 31 December 2023, $492,521 (refer note 11(a) and note 22) of the Next Carry commitment has been met ($7,479 remaining).

At 31 December 2023 there were no other contingent liabilities or contingent assets.

22 RESTRUCTURE TRANSACTION

(a) Summary of Restructure Transaction

On 22 February 2022, the Company announced that it had 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 (**Restructure Transaction**).

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 150,000,000 CUF shares (**Consideration Shares**) and refunding the historical GVG cash contributions (being $1.71m (**Cash Consideration**);
- The effective date for the transaction and determining the Cash Consideration is deemed to be 1 January 2023. The amount payable to Gold Valley Iron Ore Pty Ltd (an entity associated with GVG) (**GVIO**) will be adjusted by cash paid by GVIO offset by amounts paid to GVIO under the JWD Joint Venture, subsequent to the effective date and prior to completion of the transaction (**Net Called Sums Amount**);
- The Cash Consideration will be payable via monthly instalments following completion. For each month following the settlement date where the amount of net profits (of the JWD Iron Ore Project) is a positive number, the Company must pay GVIO a cash payment in immediately available funds equal to 100% of the net profits for that month (unless a payment calculated for any given month would exceed $500,000, in which case the maximum payable for any given month will be $500,000) (**Monthly Cash Payment**) until such time as the aggregate amount of the Monthly Cash Payments paid to GVIO is equal to the Net Called Sums Amount;
- CUF exercises its right to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of $2,225,000 to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project; and
- Yarram milestone payment of $1,500,000 re-structured such that:
    - the Company has agreed to carry the next $500,000 of GVG's joint venture costs contribution under the Yarram Joint Venture (**Next Carry**); and
    - the $1,000,000 payable to GVG in cash or shares at the Company's election is deferred until a decision to mine is made rather than on announcement of indicated resource (**Yarram Contingent Liability**).

Refer to ASX Announcements dated 22 February 2023, 11 May 2023 and 4 September 2023 for further details.

Shareholder approval required in respect of the Restructure Transaction was received at the Company's General Meeting held 24 July 2023.

(b) Completion date

Completion of the Restructure Transaction settled on 1 September 2023 (**Completion**).

(c) Project interests following Completion

Upon completion, the Company now holds:

- 100% interest in the JWD iron ore mine;
- 55% interest in the Tennant Creek project; and
- 50% interest in the Yarram Iron Ore Project.

(d) Accounting for various components of the Restructure Transaction

(i) JWD Project (interest increases from 60% to 100%)

Prior to Completion, the Company's 60% interest in the JWD iron ore mine was accounted for as a Joint Operation (being the Wiluna Iron Joint Venture). Upon Completion, the Company's interest moved to 100% and forms part of the consolidated Group.

Consideration paid for the additional 40% interest is as follows:

	1 September 2023 $
Shares[1]	2,100,000
Costs (stamp duty)	202,781
Repayment of Cash Consideration (refer note 12(c))	1,710,000
Total	**4,012,781**

[1]Being 150,000,000 shares valued at $2,100,000 based on a share price of $0.014 per shares (being the share price on 24 July 2023; the date shareholder approval was received to proceed with the share issue; the substantive condition to Completion).

Assets and liabilities acquired at Completion:

	1 September 2023 $	**1 September 2023 $**	**1 September 2023 $**
	100%	*60%*	*40%^*
Cash and cash equivalents	535,116	321,070	214,046
Trade and other receivables	765,017	459,010	306,007
Inventory	4,186,525	2,511,915	1,674,610
Other assets	37,537	22,522	15,015
Mine properties & development costs	1,586,461	951,877	634,584
Trade and other payables	(5,210,167)	(3,126,100)	(2,084,067)
Provision for rehabilitation	(692,660)	(415,596)	(277,064)
Provision for demobilisation	(469,668)	(281,801)	(187,867)
Net Assets	738,161	442,897	295,264
Acquisition of control (allocated to mine properties & development costs) (refer note 9)*:*			
- Shares			2,100,000
- Costs (stamp duty)			202,781
- Arising on acquisition of controlling interest			1,414,736
Total			**3,717,517**

^ Balance brought to account upon change of control.

(ii) JWD Project (Exercise of right to mine additional 900,000mt)

Upon Completion, CUF as the 100% interest owner exercised the option to access a further 900,000mt of iron ore at the JWD resource, with the original exercise price of $2,225,000 to be settled via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project (refer note 22(d)(iii)).

The cost of $2,225,000 to access the right to mine an additional 900,000mt, together with stamp duty arising on the exercise of $111,467, has been capitalised within mine properties and development costs (refer note 9).

(iii) Tennant Creek Project (interest decreased from 60% to 55%)

As detailed above at note 22(d)(ii), CUF settled payment of the option exercise amount (being $2,225,000) via transfer of 5% of its joint venture interest in the Tennant Creek Copper Project. Directly prior to Completion, the carrying value of the Tennant Creek exploration assets was $8,866,852 (60% interest), translating to an implied value of $738,904 (5% interest). Upon Completion, the Group has derecognised $738,904 from exploration assets (refer note 10) and recorded a gain on disposal of 5% of its interest in exploration asset of $1,486,096 in its statement of comprehensive income (refer note 3(c)).

(iv) Yarram Iron Project

In respect of the re-structured Yarram milestone payments, the following is noted:

- At 31 December 2023, $492,521 of the Next Carry amount commitment has been met. This amount is reflected as a cost of investment accounted for using the equity method (refer note 11(a); and

- At 31 December 2023, the $1,000,000 payable to GVG in cash or shares at the Company's election deferred until a decision to mine is made is disclosed as a contingent liability (refer note 21).

23 EVENTS AFTER THE BALANCE DATE

There have been no events subsequent to 31 December 2023 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.

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 2023 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

15 March 2024

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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 2023, 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 to 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 2023 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 15 March 2024.

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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 $6,937,013 for the half year ended 31 December 2023. At balance date as at 31 December 2023, the group had cash and cash equivalents of $7,517,240 and a net working capital deficit of $7,501,318 (excluding restricted cash). During the half year, the Group recorded net cash inflows from operations of $7,973,086, net cash outflows from investing activities of $2,796,024 and net cash outflows from financing activities of $1,556,182, resulting in net increase in cash and cash equivalents of $3,620,880.

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

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15 March 2024

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