

# **ACDC METALS LIMITED AND CONTROLLED ENTITIES**

**ABN: 76 654 049 699**

**Financial Report For The Half-Year Ended  
31 December 2023**

# ACDC METALS LIMITED AND CONTROLLED ENTITIES



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## Financial Report For The Half-Year Ended 31 December 2023

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**ACDC METALS LIMITED  
CORPORATE DIRECTORY**



**Directors**

Andrew Shearer	Non-Executive Chair
Mark Saxon	Executive Director
Ivan Gerard Fairhall	Non-Executive Director
Richard Allan Boyce	Non-Executive Director

**Company Secretary**

Andrew John Draffin

**Registered Office**

Level 6  
111 Collins Street  
Melbourne Vic 3000

**Principal place of business**

Level 6  
111 Collins Street  
Melbourne Vic 3000

**Auditors**

Hall Chadwick WA Audit Pty Ltd  
283 Rokeby Road  
Subiaco WA 6008

**Legal Advisers**

Steinepreis Paganin  
Level 6  
99 William Street  
Melbourne Vic 3000

**Share registry**

Automic Group  
Suite 501  
477 Collins Street  
Melbourne Vic 3000

**Securities Exchange**

Australian Securities Exchange Limited  
525 Collins Street  
Melbourne Vic 3000

ASX Code: **ADC**

Dear Shareholders,

It is with pride that I report on what we have achieved since listing ACDC Metals Pty Ltd (ASX:ADC) just over a year ago. Our team, lead by CEO, Tom Davidson and Executive Director, Mark Saxon, have achieved a number of highlights, including building a very experienced team consisting of our Exploration Manager, Kent Balas and senior filed operations manager, Brendan Bell. The team has completed some 15,500m of drilling across our three projects. This has enabled us to deliver our maiden JORC compliant Resource at our Goschen Central Deposit. Across all three projects the mineralisation remains open in a number of directions. Drilling is currently ongoing at the Goschen Central and Watchem Projects. The definition of a JORC resource and adding additional tenements has added significant value to the ACDC project portfolio. On the Rare Earth front we continue to advance the Rare earth processing plant (REPP) project and have identified an immense potential for our ability to leverage off our exclusive proprietary technology to establish a rare earth business that is dovetailed in with our prospective mineral sands business. We have commenced localisation studies for the REPP project and also commenced the scoping study for the Goschen Central project. We remain encouraged by high level support from the South Australian and Victorian Governments.

In this challenging investment market, we continue to engage with investors on a number of fronts. Including presentations at a number of numerous investor conferences and forums, plus undertaken a number of investor roadshows. I encourage any of our supportive investors to reach out at anytime for an update on not just our operations but also the rare earth market as we have some of the global leaders in the sector within our company.

Looking ahead 2024 Promises to be an exciting year for ACDC Metals as we continue to deliver on what we outlined in our prospectus and we also continue to look at new opportunities as they become available and keep abreast of development within our sector.

Lastly, I would also like to thank my fellow Directors, our staff for their incredible efforts and our loyal investors in our first year, we have laid the foundations now it is time to build and grow.

Andrew Shearer  
Non-Executive Director and Chair

## ACDC METALS LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

Your directors of ACDC Metals Limited ("the Company") present their report on the consolidated entity ("Group"), consisting of ACDC Metals Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

### General Information

#### Directors

The following persons were directors of ACDC Metal Limited during or since the end of the half-year up to the date of this report:

Mr Mark Saxon  
Mr Andrew Shearer  
Mr Richard Boyce  
Mr Ivan Fairhall

Unless otherwise stated, all directors were in office for the period under review, and up to the date of this report.

### DIRECTORS' REPORT

In accordance with continuous disclosure requirements, it is recommended that this half-year report be read in conjunction with any public announcements lodged with the Australian Securities Exchange for the half-year.

#### Review of Operations

In the second half of CY2023 ACDC Metals continued to execute upon all work plans as per our Prospectus. Significantly, delivering a maiden JORC compliant mineral resource for the Goschen Central Project in November 2023. Additionally, aircore drilling at ACDC's Douglas Heavy Mineral Sands and REE Project delivered highly encouraging results showing potential for high grade material similar to Iluka's Douglas Mine HMS deposit.

ACDC Metals commenced Scoping Studies for the both the Goschen Central minerals sand project, and the rare earth element processing plant (REPP) project, with planned completion and release to the market by Q1 CY2024.

Additionally, with the FY24 budget approved by the ACDC Metals board, preparation for further drill programs were completed with the intent of starting in CY2024. The newly acquired tenements at Watchem North will be the focus of discovery stage drilling, whilst additional in-paddock drilling at Goschen Central will extend our understanding of a high-grade zone.

#### WATCHEM

##### High Grade Intervals at Watchem Project:

During the second half of 2023, ACDC Metals reported impressive drilling results from the Watchem project, situated in the Murray Basin of western Victoria, Australia. The outcome of drilling informed the planning and potential of the Watchem project.

The drill program consisting of 78 aircore drill holes spanning across the tenement, reported high-grade intervals with intervals greater than 8% Total Heavy Minerals (THM).

Significant intercepts include:

- 45m @ 2.01% THM from 0m, including 4.5m @ 4.69% from 13.5m in 23WAC046.
- 42m @ 1.77% THM from 4.5m including 3m @ 4.2% from 39m in 23WAC017.
- 16.5M @ 3.38% THM from 30m including 4.5m @ 6.91% from 36m in 23WAC014.
- 19.5m @ 2.79% THM from 31.5m including 1.5m @ 8.05% from 33m in 23WAC006.
- 19.5m @ 2.58% THM from 31.5m including 7.5m @ 3.58% from 36m in 23WAC005.
- 19.5m @ 2.39% THM from 28.5m including 9m @ 3.20% from 31.5m in 23WAC004.

These results are significant and indicate the potential of the Watchem Project for a heavy mineral sand discovery.

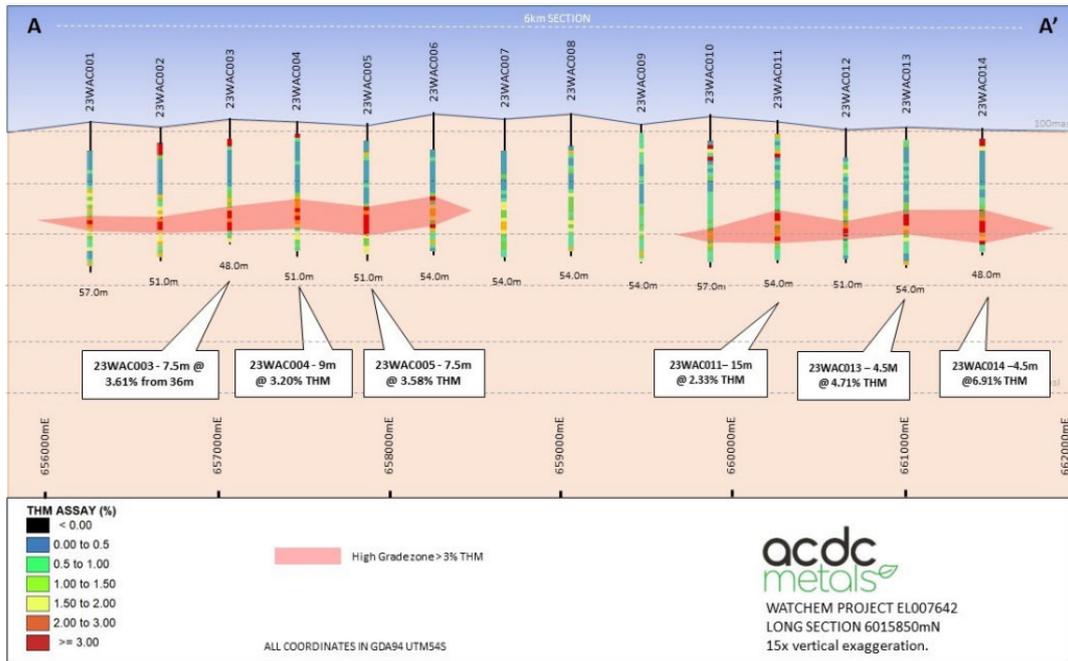


Figure 2 Long section A-A' (~6015850mN, Section 1) running E-W through the Watchem Project. The high grade zone reflects ancient shorelines that ACDC believes extend over.

**Acquisition of new tenements**

Based on the results achieved at the Watchem Project the geological team believes the potential for discovery extends north of EL7642. Therefore, ACDC Metals Operations Ltd entered into a Joint Venture with a private vendor of additional exploration licences in the Murray Basin, where it has been agreed that a total of \$111,140.46 in staged cash payments will be made over a four-year period at agreed milestones.

Tenements acquired via this Joint Venture include EL007987 and EL007985, which adjoin EL007642 (Watchem Project) to the north, along with exploration licence applications EL007907 and EL007908 which surround the ACDC Metals Douglas project (EL007544). Previous exploration drilling has discovered heavy mineral sand mineralisation on all of the newly acquired tenements.

**GOSCHEN CENTRAL PROJECT**

**Mineralogy**

ACDC Metals released its maiden rare earth element (REE) assay results from the Goschen Central project, demonstrating significant values.

Heavy mineral concentrates from drilling at Goschen Central returned an attractive and high-value distribution of REEs. Eight composite samples taken from an expansive 8.5 x 4 km area and a 10-15m thick zone demonstrated widespread and consistent mineralization.

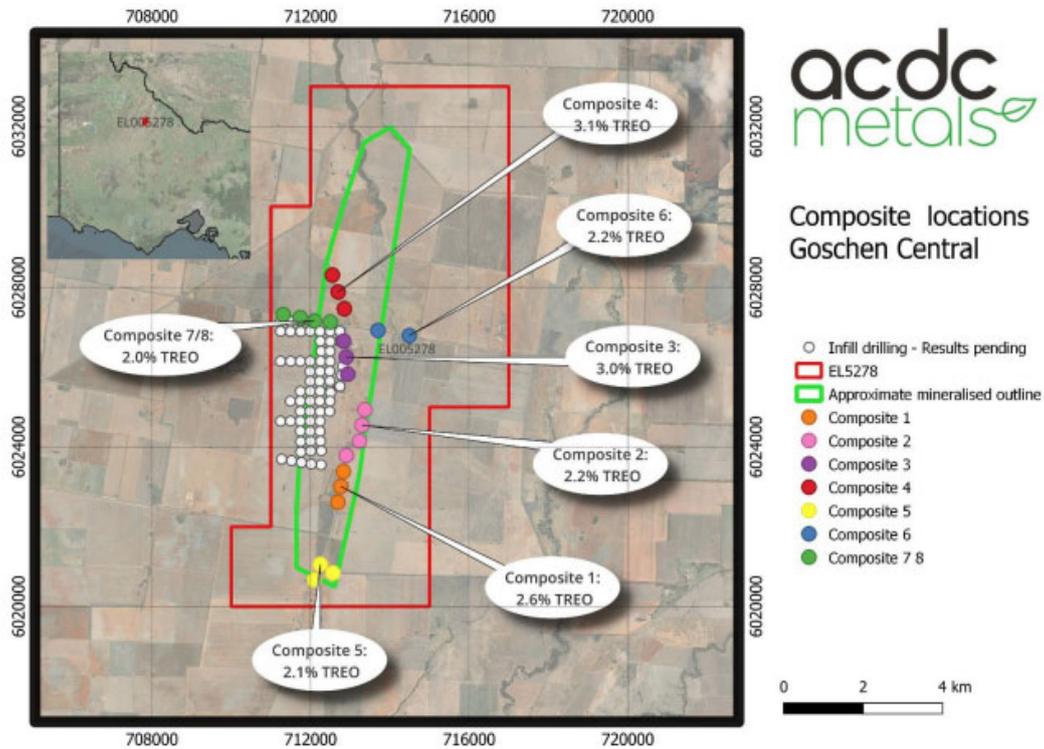


Figure 3 – Location of the composite samples labelled with the total rare earth oxide (TREO) number for each composite

The assays demonstrated a relatively high contribution of magnetic rare earth elements, being neodymium, praseodymium, terbium and dysprosium. These metals make an important contribution to project economics, given their strong demand growth for the energy transition.

**Assays**

The Goschen Central Project was the subject of extensive aircore drilling, revealing high-grade heavy mineral sand (HMS) assays across a significant 7.5 km<sup>2</sup> area. The completion of 142 holes marked a crucial step in understanding the extent and value of the mineralization, setting the stage for the anticipated and delivered maiden Mineral Resource Estimate.

These results underscore the project's robust potential for further development, with a focus on efficiently creating downstream value within Australia by extracting rare earth elements utilizing our Rare earth processing technology.

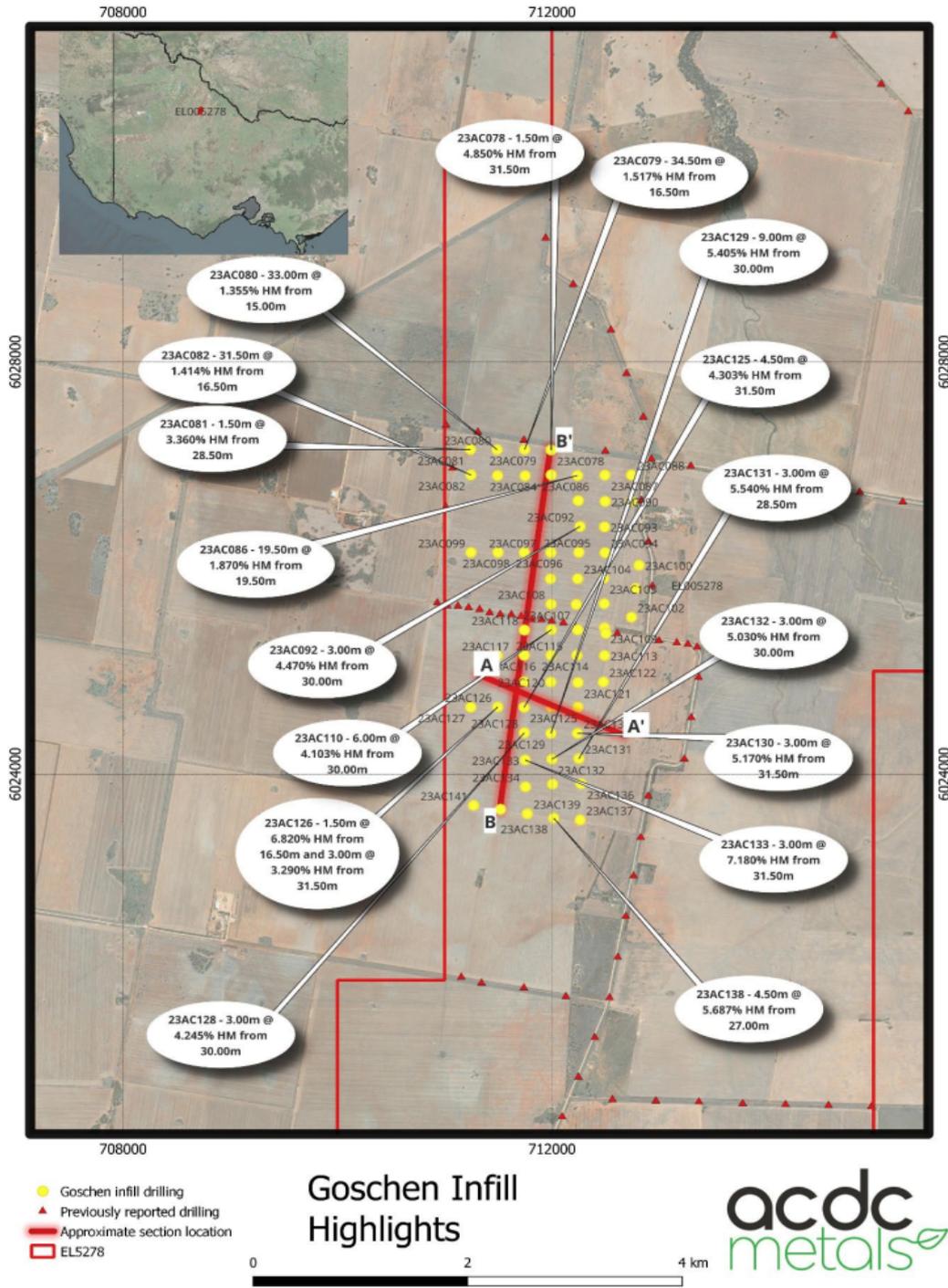


Figure 2. Selected highlights from Goschen infill drilling program

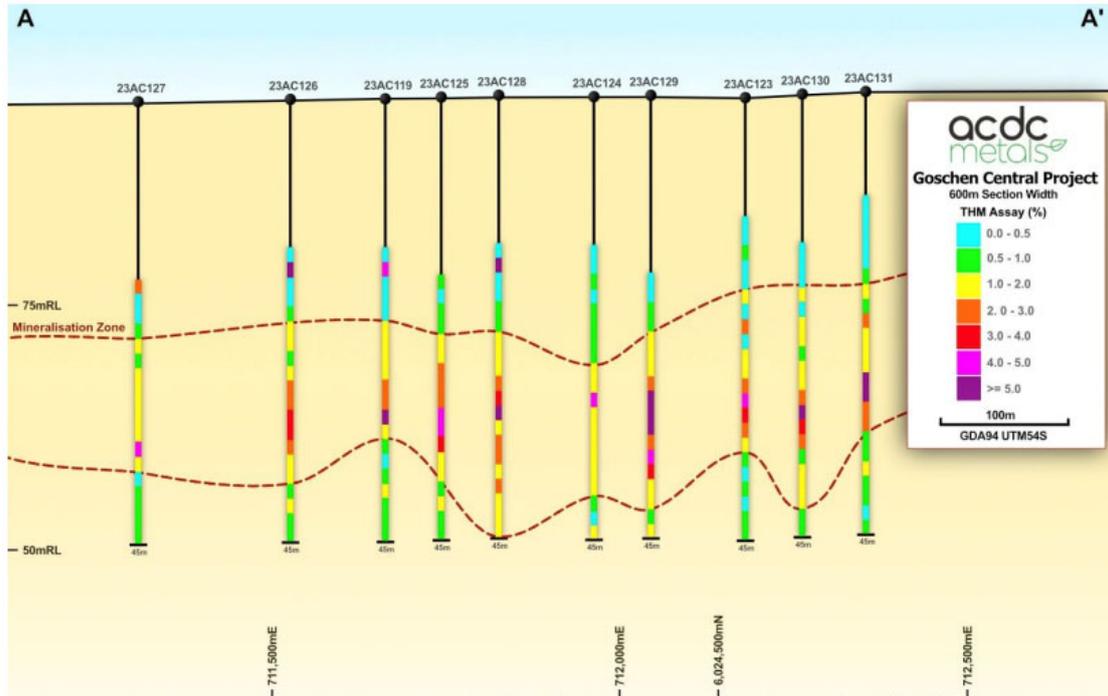


Figure 3. – 600m width NW-SE section through infill drilling, approximate section location shown (A-A') in Figure 3

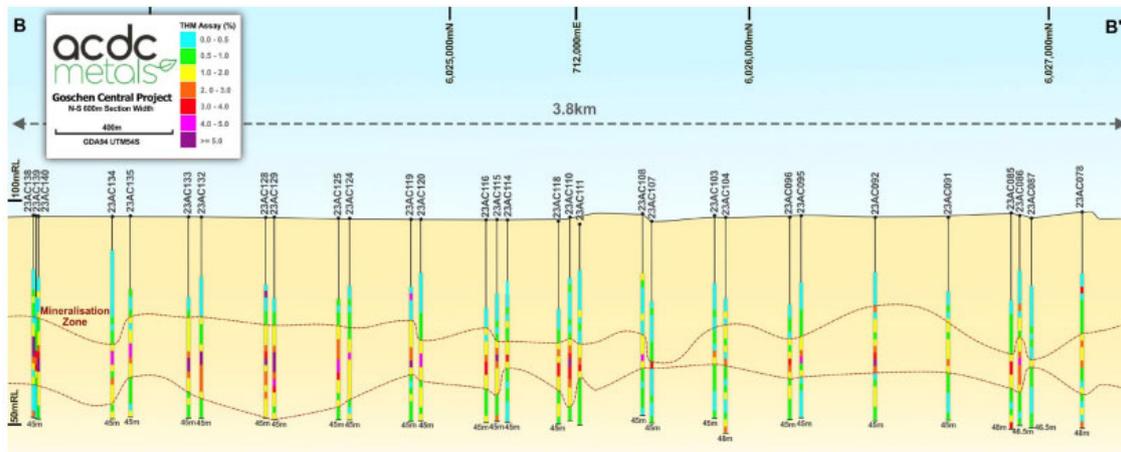


Figure 4. – NS section through infill drilling, Section location shown (B-B') in Figure 3

**JORC Mineral Resource Declaration**

A major milestone was achieved with the delivery of a maiden Indicated and Inferred JORC compliant Mineral Resource, encompassing 122 million tonnes at 3.4% total heavy mineral (THM) and 1013 ppm total rare earth oxide (TREO) at a 2% THM cut-off. This maiden resource, highlighting a high-value mineral suite, establishes Goschen Central as a substantial project for potential future development. The announcement detailed higher grade sections within the resource and the attractive rare earth element distribution, affirming the project's economic and strategic value. Progress was made towards additional drilling and scoping studies for both the Goschen Central project and the rare earth element processing plant were set to further determine project opportunities.

The Goschen Central deposit remains open in multiple directions and ACDC Metals anticipates resource growth following extension drilling in 2024.

Table 1 – Goschen Central Project Mineral Resource at 2% cut-off

Class	Tonnes	Total HM	Rutile	Leucoxene	Ilmenite	Zircon	Monazite	Xenotime
	Mt	%	%	%	%	%	%	%
Indicated	28	4	9.3	10	22	25	3.8	0.42
Inferred	94	3.1	8.8	12	24	24	3.6	0.43
<b>Total</b>	<b>122</b>	<b>3.4</b>	<b>9</b>	<b>12</b>	<b>23</b>	<b>24</b>	<b>3.7</b>	<b>0.43</b>

**Rare Earth Element Assemblage**

The Goschen Central Project contains 122,000 tonnes of TREO at an estimated grade of 1013 ppm, presenting a significant project for the future supply of critical raw materials. The key value driver for REE is the contribution of Magnetic Rare Earth Oxides (MREO) neodymium, praseodymium, dysprosium and terbium, as reported in Table 2, which together contribute over 21% by weight of the REE assemblage.

Table 2 - Goschen Central Project Magnet Rare Earth assemblage at 2% Cut-off.

JORC	Tonnes	HM Grade	TREO	In-Situ Grades – Magnetic Rare Earth Oxides								
				Pr <sub>2</sub> O <sub>3</sub>		Nd <sub>2</sub> O <sub>3</sub>		Tb <sub>2</sub> O <sub>3</sub>		Dy <sub>2</sub> O <sub>3</sub>		TREO
				ppm	% TREO	ppm	% TREO	ppm	% TREO	ppm	% TREO	ppm
Indicated	28	4	3.1	51	4.10%	179	14.50%	5	0.40%	31	2.50%	1233
Inferred	94	3.1	3	39	4.10%	138	14.60%	4	0.40%	24	2.50%	945
<b>Total</b>	<b>122</b>	<b>3.4</b>	<b>3</b>	<b>42</b>	<b>4.10%</b>	<b>147</b>	<b>14.50%</b>	<b>4</b>	<b>0.40%</b>	<b>25</b>	<b>2.50%</b>	<b>1013</b>

Table 3 details the Mineral Resource Estimate by total HM% cut-off grade.

Table 3 Goschen central project Mineral Resource estimate – by total HM% cut-off grade

Cut-off Grade	Tonnes (Mt)	Total HM %	Slimes %	Oversize %	% of total HM Mineral Assemblage						
					Rutile	Leucoxene	Ilmenite	Zircon	Monazite	Xenotime	TREO
					1%	628	1.9	20	4.1	8.7	12
2%	122	3.4	20	4.3	9	12	23	24	3.7	0.43	3
3%	59	4.5	21	5	9.1	10	23	25	3.7	0.39	3

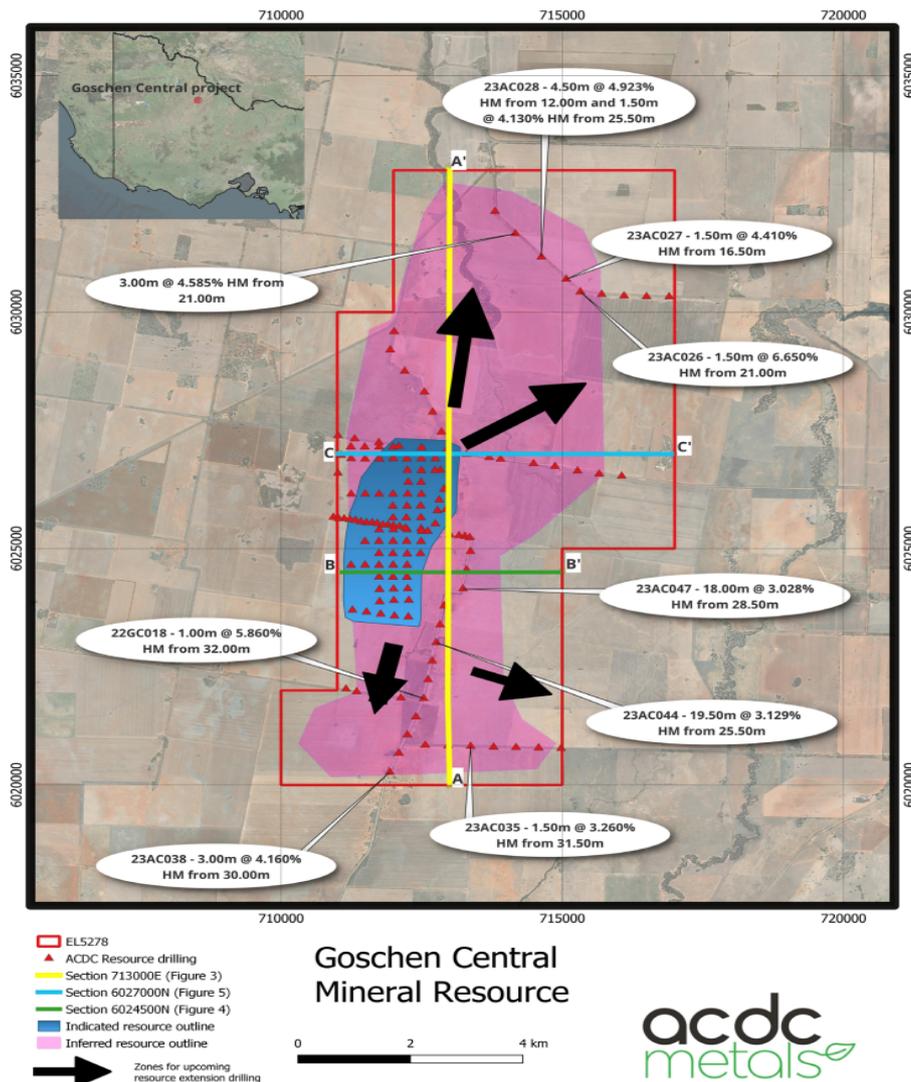


Figure 5. Resource outlines and zones of resource extension for upcoming resource extension drilling

## ACDC METALS LIMITED AND CONTROLLED ENTITIES DIRECTORS' REPORT

### Goschen Central Project - Scoping Study

In Q3 ACDC Metals commenced a Scoping Study for the Goschen Central project with the intent to allow techno-economic evaluations of the project to be conducted. The study will incorporate the maiden JORC resource estimate and recent metallurgical characterisation testwork. The project design basis is to deliver a marketable heavy mineral concentrate (containing zircon and titania) along with monazite and xenotime concentrates for market.

To deliver the study MT have been engaged and will utilise their extensive experience in the region and recent projects completed. The study will also incorporate mine optimisation and planning as well as environmental planning and identifying the pathway to permitting.

The study is targeting a Q4 delivery for internal reviews.

### RARE EARTH PROCESSING PLANT (REPP) PROJECT

#### Rare Earth Processing Plant - Scoping Study Update

ACDC Metals are working to update an existing Scoping Study completed by technology partner Medallion Resources that was based on a North American setting for a processing plant. The updated study will reflect a southeastern Australian operating environment, that will adhere to environmental measures and reflect updated capital and operating estimates. In addition, JBS&G who are expert advisors and environmental consultants, have been engaged to complete a localisation study with the intent of identifying strategic locations that can provide infrastructure needs and meet transport requirements.

Recent drilling at Goschen Central obtained 3 tonnes of mineralised material that will be sent to processing consultants Mineral Technologies ("MT") in Carrara, Queensland for mineral separation optimisation. In addition to zircon and titania products, MT will produce a large monazite sample to support testwork of the REPP right through to pre-feasibility stage. Sources of third-party monazite are being sought to complement ACDC Metals' strategy to be a hub processing facility.

The Scoping Study update commenced in Q3 2023 and is targeting Q4 delivery for internal reviews.

### DOUGLAS PROJECT

Aircore drilling at the Douglas project delivered exciting results with the intersection of a new zone of shallow high-grade HMS, suggesting valuable strandline-style mineralisation akin to the nearby Douglas HMS Mine (In operation from 2004 to 2012) . Initial assays from a total of 2,338 metres of drilling were received and analysed. This strategic discovery not only extends ACDC's mineral portfolio but also demonstrates the Company's effective exploration strategy and promising future in identifying and developing high-value mineral resources.

The results laid the foundation for further exploration and the potential expansion of the strandline-style mineralisation, with an upcoming follow-up drill campaign planned for early Q1 2024.

<sup>1</sup> <https://iluka.com/community-engagement/douglas/>

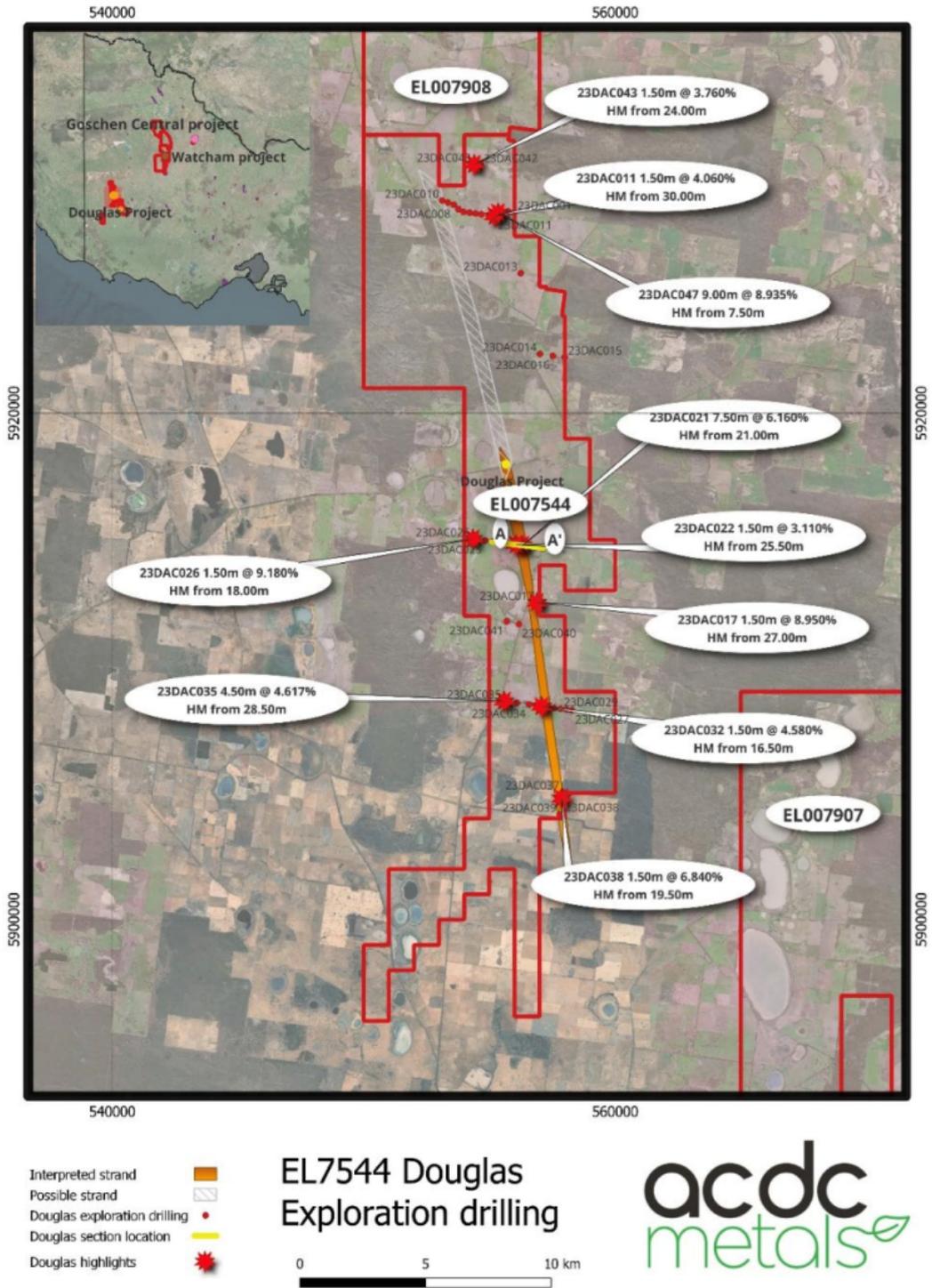
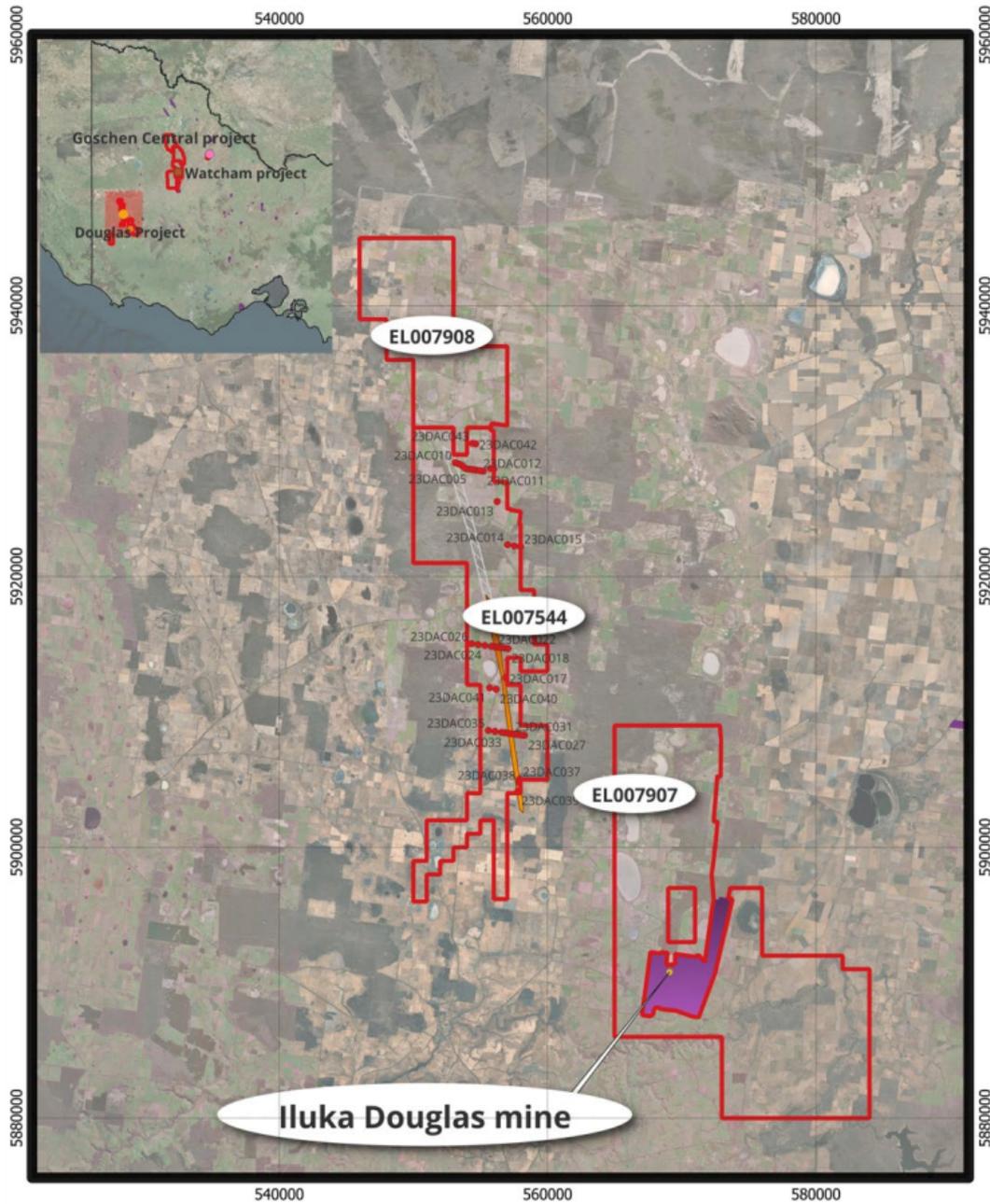


Figure 6. Douglas exploration drilling highlights



- Interpreted strand
- Possible strand
- Douglas exploration drilling
- Mining lease

Douglas project  
 Overview



Figure 7. Overview of Douglas Projects

**ACDC METALS LIMITED AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**



**Auditor's Independence Declaration**

The lead auditor's independence declaration for the half-year ended 31 December 2023 has been received and can be found on page 13 of the Financial Report.

Signed in accordance with a resolution of directors made pursuant to s.306(3)(a) of the Corporations Act 2001.

A handwritten signature in blue ink, appearing to read 'Mark Saxon'.

**Mark Saxon**

Director

Dated: 11 March 2024

To the Board of Directors,

## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of ACDC Metals 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:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 11<sup>th</sup> day of March 2024  
Perth, Western Australia

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



		Group	
	Note	31 December 2023 \$	31 December 2022 \$
<b>Continuing operations</b>			
Other income		99,146	-
Employee benefits expense		(111,054)	(41,667)
IPO Costs		-	(14,341)
Audit fees		(10,227)	(10,741)
Listing and filing fees		(27,892)	(77,880)
Professional fees		(88,887)	(105,747)
Finance costs		-	(1,133)
Marketing expense		(56,538)	-
Occupancy expense		(7,585)	-
Other expenses		(70,158)	(37,301)
Share based payments	11	(76,325)	-
<b>Loss before income tax</b>		<u>(349,520)</u>	<u>(288,810)</u>
Tax expense		-	-
<b>Net loss for the period</b>		<u><u>(349,520)</u></u>	<u><u>(288,810)</u></u>
<b>Earnings per share</b>			
Basic and diluted losses per share (cents)	3	(0.48)	(1.36)

The accompanying notes form part of these financial statements.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2023**



	Note	Group	
		31 December 2023	30 June 2023
		\$	\$
<b>Assets</b>			
<b>Current Assets</b>			
Cash and cash equivalents		4,879,996	5,998,805
Trade and other receivables	4	67,192	106,132
Other assets	5	80,278	65,160
<b>Total Current Assets</b>		<u>5,027,466</u>	<u>6,170,097</u>
<b>Non-Current Assets</b>			
Capitalised exploration expenditure	7	5,895,618	5,111,199
<b>Total Non-Current Assets</b>		<u>5,895,618</u>	<u>5,111,199</u>
<b>Total Assets</b>		<u>10,923,084</u>	<u>11,281,296</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	8	135,742	220,759
<b>Total Current Liabilities</b>		<u>135,742</u>	<u>220,759</u>
<b>Total Liabilities</b>		<u>135,742</u>	<u>220,759</u>
<b>Net Assets</b>		<u>10,787,342</u>	<u>11,060,537</u>
<b>Equity</b>			
Issued capital	9	10,516,206	10,516,206
Reserves	13	1,958,961	1,882,636
Retained earnings		(1,687,825)	(1,338,305)
<b>Total Equity</b>		<u>10,787,342</u>	<u>11,060,537</u>

The accompanying notes form part of these financial statements.

ACDC METALS LIMITED AND CONTROLLED ENTITIES  
 ABN: 76 654 049 699  
 CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
 FOR THE HALF-YEAR ENDED 31 DECEMBER 2023



Note	Issued Capital	Accumulated Losses	Reserves		Total
			Convertible Note Reserves	Option Reserve	
	\$	\$	\$	\$	\$
<b>Consolidated Group</b>					
<b>Balance at 1 July 2022</b>	635,800	(216,490)	3,627	-	422,937
<b>Comprehensive income</b>					
Loss for the period	-	(288,810)	-	-	(288,810)
<b>Total comprehensive income for the period</b>	-	(288,810)	-	-	(288,810)
<b>Transactions with owners, in their capacity as owners, and other transfers</b>					
Shares issued during the period	135,827	-	(3,627)	-	132,200
Transaction costs net of tax	(241,304)	-	-	-	(241,304)
<b>Total transactions with owners and other transfers</b>	(105,477)	-	(3,627)	-	(109,104)
<b>Balance at 31 December 2022</b>	530,323	(505,300)	-	-	25,023
<b>Balance at 1 July 2023</b>	10,516,206	(1,338,305)	-	1,882,636	11,060,537
<b>Comprehensive income</b>					
Loss for the period	-	(349,520)	-	-	(349,520)
<b>Total comprehensive income for the period</b>	-	(349,520)	-	-	(349,520)
<b>Transactions with owners, in their capacity as owners, and other transactions</b>					
Performance rights issued during the period	-	-	-	76,325	76,325
Transaction costs net of tax	-	-	-	-	-
<b>Total transactions with owners and other transactions</b>	-	-	-	76,325	76,325
<b>Balance at 31 December 2023</b>	10,516,206	(1,687,825)	-	1,958,961	10,787,342

The accompanying notes form part of these financial statements.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



	<b>Group</b>	
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	99,146	-
Payments to suppliers and employees	(444,230)	(297,021)
Net cash (used in) operating activities	<u>(345,084)</u>	<u>(297,021)</u>
<b>Cash flows from investing activities</b>		
Payments for exploration expenditure	(773,725)	(19,363)
Net cash (used in)/generated by investing activities	<u>(773,725)</u>	<u>(19,363)</u>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	92,200
Payments for capital raising costs	-	589
Net cash provided by (used in) financing activities	<u>-</u>	<u>92,789</u>
Net increase in cash held	(1,118,809)	(223,595)
Cash and cash equivalents at beginning of financial period	5,998,805	486,602
Cash and cash equivalents at end of financial period	<u><u>4,879,996</u></u>	<u><u>263,007</u></u>

The accompanying notes form part of these financial statements.

The condensed consolidated financial statements of ACDC Metals Limited for the six months ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on <> and covers the consolidated entity consisting of ACDC Metals Limited and its controlled entities ("the Group") as required by Corporations Act 2001.

**Note 1 Summary of Significant Accounting Policies**

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include all the notes of the type usually included in the annual financial report. It is therefore recommended that this financial report be read in conjunction with the financial report for the year ended 30 June 2023 and any public announcements made by the Company since 30 June 2023 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

**Basis of Preparation**

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise stated.

**Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were used in the Group's last reported annual financial statements at 30 June 2023, unless otherwise stated.

**(a) Exploration and Development Expenditure**

Exploration, evaluation and development expenditures incurred is capitalised in respect of each identifiable area of interest. These costs are only capitalised to the extent that they are expected to be recovered through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit or loss in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to capitalise costs in relation to that area.

Costs of site restoration are provided for over the life of the project from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with local laws and regulations and clauses of the permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted for on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

**(b) Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

*Impairment of deferred exploration costs*

The Group's accounting policy for exploration expenditure results in some items being capitalised for an area of interest where it is considered likely to be recoverable in the future where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management is required to make certain estimates and assumptions as to future events and circumstances, which may change as new information becomes available. If a judgement is made that recovery of a capitalised expenditure is unlikely, the relevant amount will be written off to the income statement.

*Environmental Issues*

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors' understanding thereof. At the current stage of the Group's development and its current environmental impact, the directors believe such treatment is reasonable and appropriate.

*Taxation*

Balances disclosed in the financial statements and the notes thereto related to taxation are based on the best estimates of the directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
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**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**



**Note 1: Summary of Significant Accounting Policies (continued)**

**(c) Going Concern**

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the half-year of \$349,520 (31 December 2022: loss of \$288,810) and net cash outflows from operating activities of \$345,084 (31 December 2022: net cash outflows of \$297,021).

The directors have prepared a cash flow forecast, which indicates that the Company will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

**Note 2 Dividends**

No dividends have been paid, declared or recommended for payment during the reporting period.

**Note 3 Earnings per Share**

	Group	
	31 December 2023	31 December 2022
	\$	\$
(a) Reconciliation of earnings to profit or loss		
Losses	(349,520)	(288,810)
Losses used to calculate basic and dilutive EPS	<u>(349,520)</u>	<u>(288,810)</u>
	<b>No.</b>	<b>No.</b>
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS	72,305,130	21,245,380
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive EPS	<u>72,305,130</u>	<u>21,245,380</u>
Basic and dilutive loss per share (cents)	<u>(0.48)</u>	<u>(1.36)</u>

**Note 4 Trade and Other Receivables**

	Group	
	31 December 2023	30 June 2023
	\$	\$
Current		
GST receivables	67,192	106,132
Total current trade and other receivables	<u>67,192</u>	<u>106,132</u>

**Note 5 Other Assets**

	Note	Group	
		31 December 2023	30 June 2023
		\$	\$
Current			
Prepayments		24,925	9,807
Deposits		5,353	5,353
Bond deposit		50,000	50,000
Total current assets		<u>80,278</u>	<u>65,160</u>

**Note 6 Interests in Subsidiaries**

(a) **Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by Group. Each subsidiary's principal place of business is also its country of incorporation.

Name of subsidiary	Principal place of business	Ownership interest held by the Group		Proportion of non-controlling interests	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
ACDC Metals Operations Pty Ltd	Australia	100%	100%	-	-
ACDC Metals Technology Pty Ltd	Australia	100%	100%	-	-
Fish Hawk Resources Pty Ltd	Australia	100%	100%	-	-

**Note 7 Capitalised Exploration Expenditure**

	Group	
	31 December 2023	30 June 2023
Balance at beginning of year	\$ 5,111,199	\$ -
Acquisition costs	-	3,913,866
Current period expenditure capitalised	784,419	1,197,333
Movement in value of performance rights	-	-
Balance at end of financial period	<u>5,895,618</u>	<u>5,111,199</u>

**Note 8 Trade and Other Payables**

	Note	Group	
		31 December 2023	30 June 2023
Current		\$	\$
Trade payables		47,131	69,463
Sundry payables and accrued expenses		88,611	151,296
		<u>135,742</u>	<u>220,759</u>

**Note 9 Issued Capital**

	Group	
	31 December 2023	30 June 2023
72,305,130 fully paid ordinary shares (30 June 2023: 72,305,130 fully paid ordinary shares)	\$ 10,516,206	\$ 10,516,206
	<u>10,516,206</u>	<u>10,516,206</u>

The Group has authorised share capital amounting to 72,305,130 fully paid ordinary shares.

(a) <b>Ordinary Shares</b>	Group			
	31 December 2023		30 June 2023	
	No.	\$	No.	\$
At the beginning of the reporting period	72,305,130	10,516,206	31,900,000	635,800
Shares issued during the year	-	-	56,755,130	11,202,853
Shares bought back during the period	-	-	(16,000,000)	(16,000)
Shares cancelled during the reporting period	-	-	(350,000)	-
Less: capital raising costs	-	-	-	(1,306,447)
At the end of the reporting period	<u>72,305,130</u>	<u>10,516,206</u>	<u>72,305,130</u>	<u>10,516,206</u>

**Note 9: Issued Capital (continued)**

**(a) Options**

The following reconciles the outstanding listed options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial period.

	Group	
	31 December 2023 No.	30 June 2023 No.
Opening Balance	38,152,565	-
Options issued during the year	-	38,152,565
	38,152,565	38,152,565

The following reconciles the outstanding unlisted options to subscribe for fully paid ordinary shares in the Company at the beginning and end of the financial period.

	Group	
	31 December 2023 No.	30 June 2023 No.
Opening Balance	9,550,000	-
Options issued during the year	-	9,550,000
	9,550,000	9,550,000

	Number	Issue Date	Expiry Date	Exercise Price
				\$
Listed options	38,152,565	14/04/2023	14/04/2025	\$ 0.30
Unlisted options	9,550,000	9/01/2023	9/01/2026	\$ 0.30

**Note 10 Operating Segments**

The Company has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers in assessing performance and determining the allocation of resources.

Operating segments are determined on the basis of financial information reported to the Board.

**Types of segments**

**(a) Exploration and project development**

This operating segment presents costs involved in all exploration and project development in Victoria.

**(b) Development of ACDC Metals Rare Earth Processing Plant (REPP) Project (formerly referred to as MMP)**

This operating segment represents costs involved in the development of the REPP Project as per the exclusive license for Eastern Australia (SA, VIC, NSW and NT).

**(b) Corporate costs**

The Group's corporate costs segment represents costs incurred by the Group not allocated to the operating segments.

**(c) Segment information**

	Exploration and Project Development	Development of REPP Project	Corporate Costs	Total
<b>Six months ending 31 December 2023</b>	\$	\$	\$	\$
Total segment revenue	-	-	99,146	99,146
<i>Reconciliation of segment revenue to group revenue</i>				
Total segment revenue	-	-	-	-
<b>Segment net loss from continuing operations before tax</b>	-	-	(349,520)	(349,520)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
Net loss before tax from continuing operations				(349,520)

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Note 10: Operating Segments (continued)

	Exploration and Project Development	Development of REPP Project	Corporate Costs	Total
<b>Six months ending 31 December 2022</b>	\$	\$	\$	\$
Total segment revenue	-	-	-	-
<i>Reconciliation of segment revenue to group revenue</i>				
Total segment revenue	-	-	-	-
<b>Segment net loss from continuing operations before tax</b>	-	-	(288,810)	(288,810)
<i>Reconciliation of segment result to group net profit/(loss) before tax</i>				
Net loss before tax from continuing operations				<u>(288,810)</u>
<b>(ii) Segment assets</b>				
	Exploration and Project Development	Development of REPP Project	Corporate Costs	Total
<b>31 December 2023</b>	\$	\$	\$	\$
<b>Segment assets</b>	4,723,658	673,700	10,889,881	16,287,239
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment elimination				(5,364,155)
<b>Total group assets</b>				<u>10,923,084</u>
	Exploration and Project Development	Development of REPP Project	Corporate Costs	Total
<b>30 June 2023</b>	\$	\$	\$	\$
<b>Segment assets</b>	4,794,085	466,265	11,232,124	16,492,474
<i>Reconciliation of segment assets to group assets</i>				
Inter-segment elimination				(5,211,178)
<b>Total group assets</b>				<u>11,281,296</u>
<b>(iii) Segment liabilities</b>				
	Exploration and Project Development	Development of REPP Project	Corporate Costs	Total
<b>31 December 2023</b>	\$	\$	\$	\$
<b>Segment liabilities</b>	4,725,438	734,300	102,159	5,561,897
<i>Reconciliation of segment liabilities to group liabilities</i>				
Inter-segment elimination				(5,426,155)
<b>Total group liabilities</b>				<u>135,742</u>
	Exploration and Project Development	Development of REPP Project	Corporate Costs	Total
<b>30 June 2023</b>	\$	\$	\$	\$
<b>Segment liabilities</b>	4,245,555	526,555	171,827	4,943,937
<i>Reconciliation of segment liabilities to group liabilities</i>				
Inter-segment elimination				(4,723,178)
<b>Total group liabilities</b>				<u>220,759</u>

**Note 11 Share-based Payments**

The aggregate share-based payments for the half-year ended 31 December 2023 are set out below:

	31 December 2023		30 June 2023	
	Number	Weighted average exercise price	Number	Weighted average exercise price
<b>Options outstanding at the beginning of the year</b>	11,550,000	0.30	-	-
Granted			11,550,000	0.30
	11,550,000	-	11,550,000	0.30
	31 December 2023		30 June 2023	
	Number	Fair Value	Number	Fair Value
<b>Performance Rights outstanding at the beginning of the year</b>	6,250,000	722,500	-	-
Granted	1,075,000	76,325	6,250,000	722,500
Movement in value of performance rights	-	-	-	-
	7,325,000	798,825	6,250,000	722,500

The following share-based payment arrangements were in existence during the current reporting period:

	Number	Grant Date	Expiry Date	Exercise Price	Fair value at grant date	Updated value at reporting date	Vesting Period
(i) Options granted	9,550,000	13 January 2023	9 January 2026	\$0.300	944,777	944,777	N/A
(ii) Options granted	2,000,000	14 April 2023	14 April 2025	\$0.030	43,603	43,603	N/A
(iii) Performance Rights granted	1,500,000	13 January 2023	13 January 2028	N/A	225,000	225,000	Refer below
(iv) Performance Rights granted	1,500,000	13 January 2023	13 January 2028	N/A	105,000	105,000	Refer below
(v) Performance Rights granted	2,500,000	13 January 2023	13 January 2028	N/A	325,000	325,000	Refer below
(vi) Performance Rights granted	750,000	13 January 2023	13 January 2028	N/A	67,500	67,500	Refer below
(vii) Performance Rights granted	600,000	18 September 2023	30 June 2024	N/A	42,600	42,600	Refer below
(viii) Performance Rights granted	475,000	18 September 2023	30 June 2024	N/A	33,725	33,725	Refer below

**Vesting conditions of Performance Rights**

(a) Class A Performance Rights (1,500,000)

This is in relation to Goschen Tenement - EL5278

Delineation of an Inferred Mineral Resource (reporting in accordance with JORC Code 2012) of at least 10 million tonnes (Mt) of heavy mineral sands (HMS) concentrate @ 2.0% HM or greater on EL 5278 on or before 13 January 2028.

The probability used is 75%.

(b) Class B Performance Rights (1,500,000)

This is in relation to Douglas Tenements - EL7544 and EL7545

Delineation of an Inferred Mineral Resource (reporting in accordance with JORC Code 2012) of at least 60 million tonnes (Mt) of heavy mineral (HM) concentrate @ 4.0% HM or greater on EL7544 and EL7545 on or before 13 January 2028.

The probability used was 35%.

(c) Class C Performance Rights (2,500,000)

This is in relation to ACDC Metals Rare Earth Processing Plant (REPP) project development (formerly referred to as MMP)

Completion of a Pilot Plant of a size and scale as an independent technical consultant deems appropriate to demonstrate the technical and economic viability of the REPP Technology on or before 13 January 2028.

The probability used is 65%.

**Note 11: Share-based payments (continued)**

(d) Class D Performance Rights (750,000)

This is in relation to ACDC Metals Rare Earth Processing Plant (REPP) project development (formerly referred to as MMP)

Mineral sand monazite processing refinery, known as a Monazite Cracking Facility been built by the Company or a wholly owned subsidiary of the Company operating at an average rate of not less than 80% of design capacity over a 30-day period and at a standard that an independent technical consultant deems appropriate and as agreed by the Parties on or before 13 January 2028.

The probability used was 45%.

(e) Class E Performance Rights (600,000)

This has been issued pursuant to the Company's Employee Securities Incentive Plan.

- 35% will vest on the execution of certain Board approved work programs (including scoping studies, testwork programs and drill programs).
- 30% will vest pursuant to zero lost time or environmental management.
- 35% will vest at the discretion of the Board.

The probability used is 100%.

(f) Class F Performance Rights (475,000)

This has been issued pursuant to the Company's Employee Securities Incentive Plan.

- 30% will vest on the execution of certain Board approved work programs (including scoping studies, testwork programs and drill programs).
- 30% will vest pursuant to zero lost time or environmental management.
- 40% will vest at the discretion of the Board.

The probability used is 100%.

Options were priced using the Black-Scholes model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate of the effects of non-transferability of exercise restrictions. Expected volatility is based on the historical share price volatility of the Company over the reporting period.

Number	Share price at grant date	Exercise Price	Expected volatility	Option life	Risk-free interest rate
9,550,000	\$ 0.20	\$ 0.30	90%	3 years	3.16%
2,000,000	\$ 0.10	\$ 0.30	90%	2 years	2.97%

**Note 12 Events After the Reporting Period**

Other than the following, the directors are not aware of any significant events since the end of the reporting period.

On 4 January 2024, the Company announced that 2,500,000 fully paid ordinary shares and 850,000 unlisted options with an exercise price of \$0.30, expiry date of 9 January 2026 was going to be released from escrow on 11 January 2024.

On 19 January 2024, the Company announced that Ms Tamara Barr had resigned as Company Secretary and Mr Andrew Draffin was appointed with immediate effect.

**Note 13 Reserves**

**a. Convertible Note Reserve**

The convertible note reserve records the movement on the fair value of the convertible note

	Group	
	31 December 2023	30 June 2023
	\$	\$
Balance at the beginning of the year	-	3,627
Fair value movements during the year	-	(3,627)
Balance at the end of the year	-	-

**b. Option Reserve**

The option reserve records items recognised as expenses on valuation of employee share options, broker options and performance rights.

	Group	
	31 December 2023	30 June 2023
	\$	\$
Balance at the beginning of the year	1,882,636	-
Options and rights issued during the year	76,325	1,882,636
Movement in value of performance rights	-	-
Balance at the end of the year	1,958,961	1,882,636

**Total Reserves**

	Group	
	31 December 2023	30 June 2023
	\$	\$
Convertible note reserve	-	-
Option reserve	1,958,961	1,882,636
Balance at the end of the year	1,958,961	1,882,636

**ACDC METALS LIMITED AND CONTROLLED ENTITIES**  
**ABN: 76 654 049 699**  
**DIRECTORS' DECLARATION**



In accordance with a resolution of the directors of ACDC Metals Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 14 to 25, are in accordance with the Corporations Act 2001 and:
  - (a) comply with Australian Accounting Standards applicable to the entity, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards; and
  - (b) give a true and fair view of the financial position as at 31 December 2023 and of the performance for the year ended on that date of the consolidated group;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

A handwritten signature in blue ink, appearing to read 'Mark Saxon'.

Director        **Mark Saxon**  
                    **Executive Director**

Dated this     11 March 2024

## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ACDC METALS LIMITED

### Conclusion

We have reviewed the accompanying half-year financial report of ACDC Metals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2023, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 half-year financial report of ACDC Metals Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Consolidated Entity'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 *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* 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* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

### Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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 Consolidated Entity'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.

*Hall Chadwick*  
HALL CHADWICK WA AUDIT PTY LTD

*Mark DeLaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 11<sup>th</sup> day of March 2024  
Perth, Western Australia