FIRETAIL RESOURCES

Interim Financial Report

For the half-year ended 31 December 2022

ABN 67 651 057 822

Contents **Page**

The Directors present their report together with the financial report of Firetail Resources Limited ("the Company") and its wholly owned subsidiary (together referred hereafter as "the Group" or "the Consolidated Entity") for the half-year ended 31 December 2022 and the independent auditors' review report thereon.

The Directors of the Company at any time during or since the end of the half-year are:

Brett Grosvenor	- Executive Chairman
Simon Lawson	- Non-executive Director
Frank Bierlein	- Non-executive Director
Stephen Brockhurst	- Non-executive Director

REVIEW OF OPERATIONS

During the six months to 31 December 2022, Firetail Resources Limited ("**Firetail**" or the "**Company**") focused on advancing exploration and onsite activities across the Yalgoo Lithium Project, the Mt Slopeaway Nickel-Cobalt-Manganese Project and the Paterson Copper-Gold Project.

Highlights

Yalgoo-Dalgaranga Lithium Project

- Two mapping campaigns confirmed and extended the lithium-bearing footprint at Yalgoo Lithium Project
- Rock chip samples provided confidence in the potential for the Yalgoo Project area to host significant Lithium-Caesium-Tantalum (**LCT**) mineralisation, including +25km "Goldilocks Zone"
- Maiden drilling program completed with 49 Reverse Circulation (**RC**) drill holes completed for 1,932 metres
- Five LCT pegmatite priority targets tested within the large-scale +25km "Goldilocks zone" at Yalgoo Lithium Project
- Wide intervals of pegmatite intersected from surface exhibiting mineral compositions typical of LCT pegmatites, including potassium feldspar, albite, muscovite, biotite, tourmaline, apatite ± pollucite ± lepidolite ± cassiterite ± beryl ± garnet

Mt Slopeaway Nickel-Cobalt-Manganese Project

- Reverse Circulation (**RC**) confirmation drilling program completed, assays pending
- Five twin holes completed to confirm historical drill results and JORC 2012 Inferred Mineral Resource Estimate (**MRE**) of 4Mt @ 1% Ni, 0.2% Co, 1% Mn*
- Ongoing drill program planning in advanced stage, aimed at improving and expanding existing MRE
- Heritage agreements in place, desktop studies progressing, multiple prospective target areas identified for drilling

**Full exploration results including relevant JORC compliant information for the Mt Slopeaway MRE is contained within the Company's Prospectus lodged with the ASX on 25 February 2022*

Operations Update

Yalgoo-Dalgaranga Lithium Project[1 2 3 4 5 6]

During the period, Firetail's technical team completed detailed surface mapping and a geochemistry campaign at Yalgoo, which endorsed the Yalgoo Project's potential to host significant Lithium-Caesium-Tantalum (LCT) pegmatites, by the confirmation of a large-scale +25 kilometre extensive "Goldilocks Zone" in regional geological datasets.

The "Goldilocks Zone" is known as a defined corridor in which LCT pegmatites exist. This zone is outboard of the granitic terrain and within Greenstone belts. Research indicates that all economic spodumene deposits, globally, lie within this "Goldilocks Zone".

Firetail's maiden drilling campaign at the Yalgoo Lithium Project was successful in defining several wide zones of Lithium-Caesium-Tantalum (**LCT**) type pegmatite. The technical team was highly encouraged by observations from RC drill chips, which indicate the presence of LCT bearing minerals in pegmatites.

A total of 49 RC holes were completed for 1,932 metres in the Phase 1 drilling campaign. Drilling was focussed on five target areas identified as being prospective for LCT pegmatites by Firetail's surface mapping and geochemical sampling. Pegmatites identified in surface mapping were verified by RC drilling, with the mapping providing a valuable tool for optimising drill targeting of pegmatites.

The majority of RC drillholes were successful in intersecting pegmatites, the widest intersection being 66 metres of pegmatite, from 9 metres downhole in 22YGRC046. Pegmatites intersected by drilling had an average width of 14 metres downhole.

Figures 1 and 2 display drilling completed in relation to detailed surface mapping and rock chip sampling. Rock chip samples were classified for LCT prospectivity using geochemical ratios developed by Nigel Brand, a renowned consulting geochemist with significant experience in LCT pegmatites.

Of importance to note is that the maiden campaign of drilling was completed over an area approximately 1km by 2km where detailed mapping and geochemical sampling has been undertaken. This initial area of drill testing is considered to represent a relatively small area when compared to the +25km "Goldilocks Zone" that has been identified at the Yalgoo Project.

Multi-element geochemistry from Phase 1 drilling will be key in understanding the mineralogical and geochemical zonation of pegmatites and will be used to refine and focus the Company's exploration strategy across the +25km scale "Goldilocks Zone". Learnings from this Phase 1 RC drilling campaign will be used to expedite and optimise exploration work programs across other target areas over the broader project area.

[1] ASX Announcement 20 July 2022 – Project and Activities Update
[2] ASX Announcement 8 August 2022 – Mapping and Geochemistry confirm fertile system for Li-bearing pegmatites at Yalgoo Lithium Project
[3] ASX Announcement 30 August 2022 – Further Lithium-Bearing Pegmatites confirmed by Mapping and Geochemistry at the Yalgoo Project
[4] ASX Announcement 15 September 2022 – High-Grade Lithium Rock Chips Enveloped by +25km Large-Scale "Goldilocks Zone at Yalgoo
[5] ASX Announcement 13 October 2022 – Drilling campaigns set to commence at Yalgoo and Mt Slopeaway
[6] ASX Announcement 28 October 2022 – Wide zones of pegmatite intersected at Yalgoo Li Project

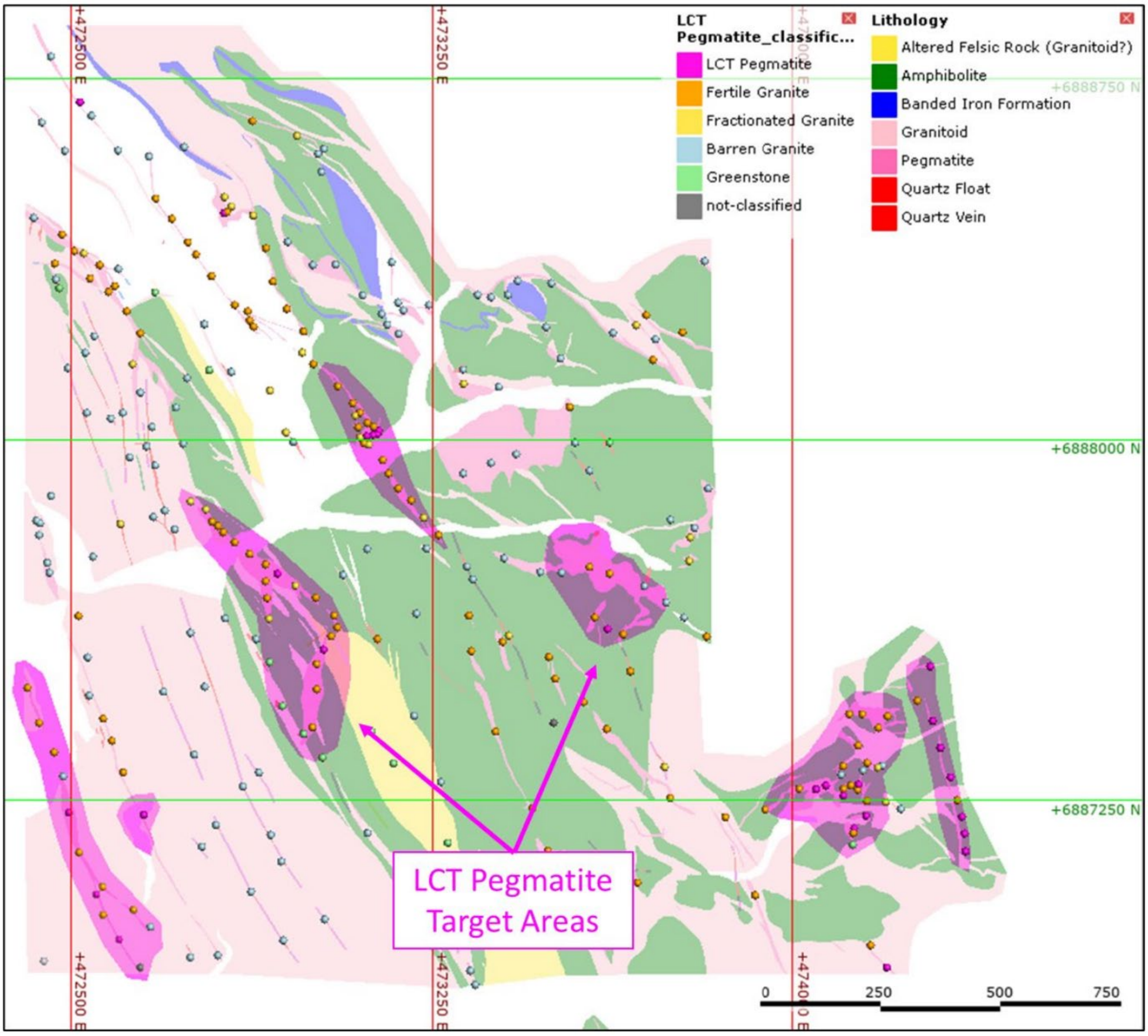

FIGURE 1: YALGOO GEOLOGICAL MAPPING AND ROCK CHIP SAMPLING AND HIGH PRIORITY LCT PEGMATITE TARGETS

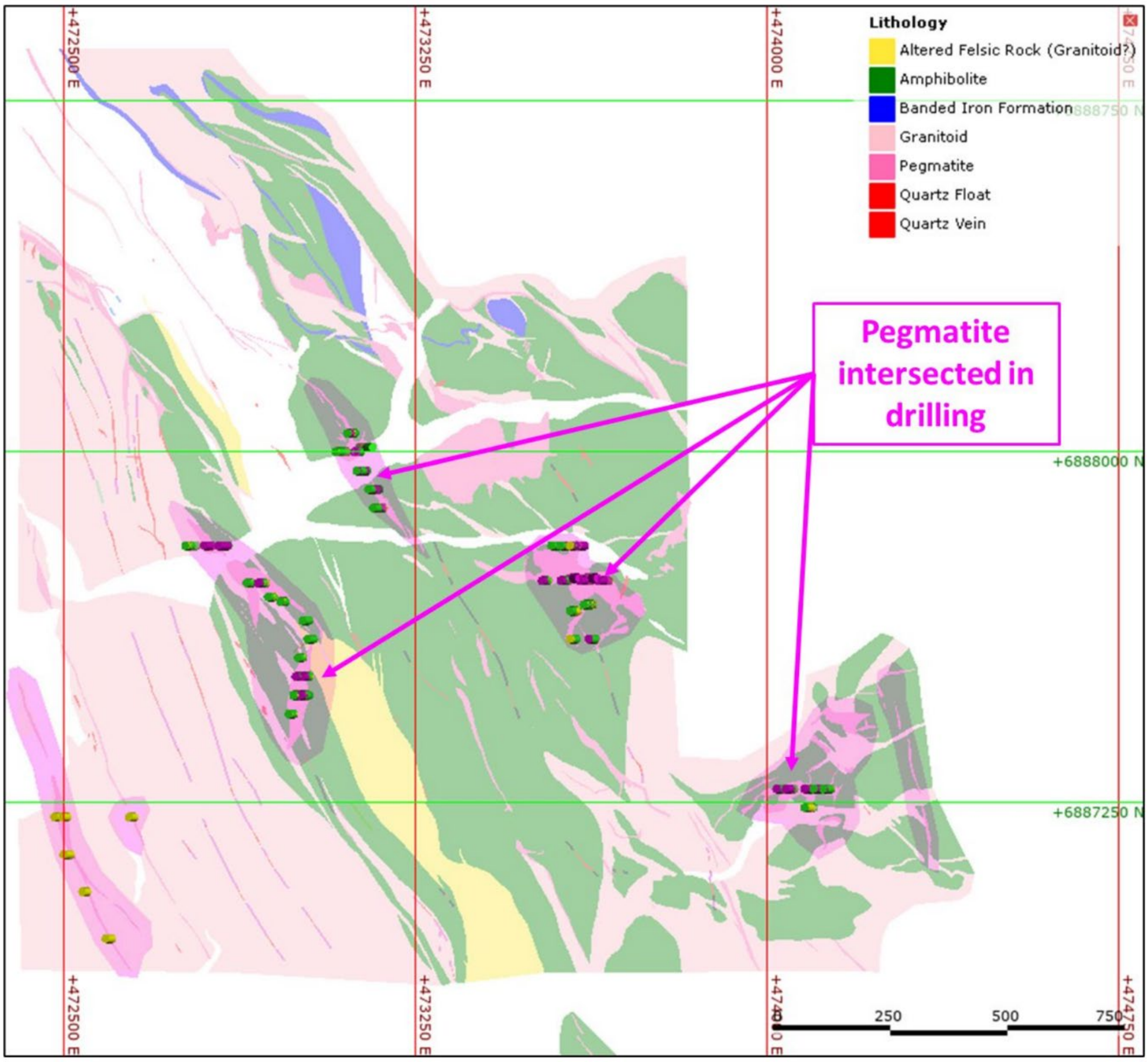

FIGURE 2: YALGOO RC DRILLING DISPLAYING LOGGED GEOLOGY (MAGENTA = PEGMATITE, GREEN = AMPHIBOLITE, YELLOW = GRANITE)

Mt Slopeaway Nickel-Cobalt-Manganese Project

Mt Slopeaway is a relatively flat-lying nickel-cobalt-magnesium bearing lateritic deposit developed in the regolith, over serpentinised ultramafic country rock. The manganese-cobalt-nickel mineralisation is present within the laterite profile. The geological model developed indicates a manganese-cobalt-nickel nodule layer at the base of the limonite section.

During the period, the confirmation drilling program was completed by experienced local drilling contractor DEPCO to complete the. Assay results are expected in Q1 2023.

The drill program comprised six historical drill holes completed in 1960s by BHP (refer to Figure 3). These historic holes have been selected for twin hole drilling with the intent to confirm JORC 2012 Inferred MRE of 4Mt @ 1% Ni, 0.2% Co, 1% Mn*.

Firetail is already in the advanced stages of planning Phase 2 RC and diamond drilling to upgrade the current Inferred Mineral Resource classification; and extensional drilling to potentially expand the current Inferred Mineral Resource.

The Mt Slopeaway region is considered to be relatively underexplored by modern day techniques, and there is undoubtedly significant potential, both within and outside of the current tenure held by Firetail. The Company will continue to assess any potential project or land acquisitions in the area should they be a suitable fit for the Company's project portfolio.

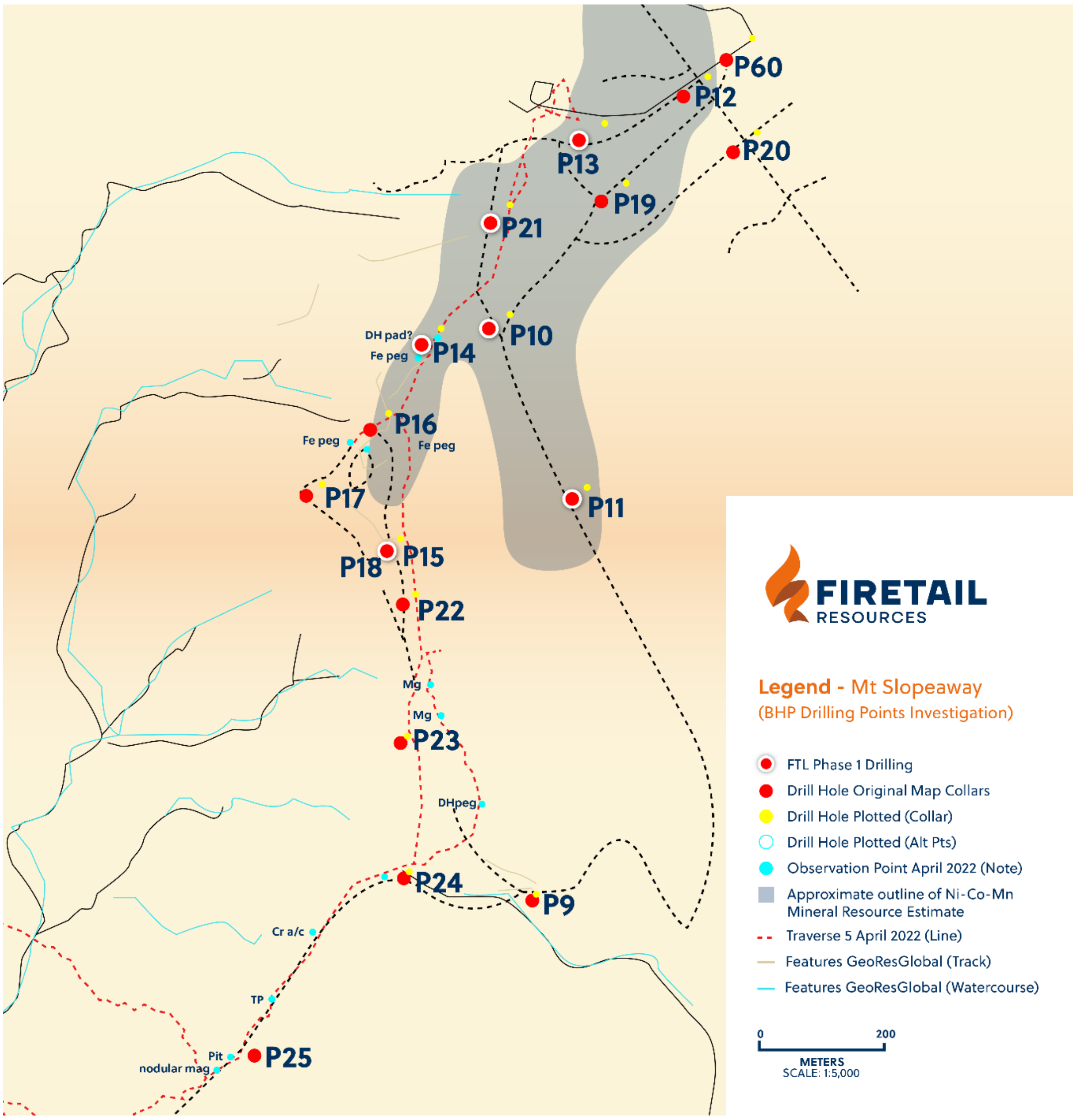

FIGURE 3. LOCATION OF MT SLOPEAWAY PROJECT, SHOWING OUTLINE OF HISTORICAL MRE, SELECTED DRILL HOLES TWINNED IN THE CURRENT PROGRAM, AND ACCESS TRACKS

Paterson Copper-Gold Project[7]

The Firetail technical team undertook comprehensive desktop studies for the Paterson project, with preliminary work including the compilation of data from open-file mineral exploration reports. Information compiled to date includes data from geophysical and geochemical surveys, with over 22,000 surface geochemical data points now integrated into a master GIS database.

Compilation of these datasets enabled a geochemical prospectivity assessment for several minerals, with areas prospective for Cu, Au, Mo, Pb, Zn and Li identified within the central leases of Firetail's Paterson Project.

A significant volume of geophysical surveys have been conducted at the Paterson Project by previous landholders and the Company is currently assessing the suitability of these surveys as a dataset to refine its prioritisation of exploration targets.

The Company has engaged a geophysical consultant to reprocess a selection of high priority geophysical datasets, with a 2.5D inversion model of the TEMPEST airborne electromagnetic (AEM) currently underway. 2.5D Inversion modelling of the TEMPEST AEM survey will provide an extensive and valuable dataset to use in conjunction with geochemical data for the evaluation of multiple commodities at the Paterson Project.

Corporate

Shareholder Request for a Meeting[8] [9] [10] [11] [12]

During the period, the Company received a notice under section 203D of the Corporations Act 2001 (Cth) (Act), and a notice under section 249D of the Act, by which a group of Requisitioning Shareholders requested the Company call and arrange a general meeting of the Company for the purposes of considering a number of proposed resolutions.

Prior to the scheduled requisitioned shareholder meeting, Firetail was pleased to announce that following productive discussions, the Notices were withdrawn by the Requisitioning Shareholders. As a consequence of the withdrawal of the Notices, the General Meeting which had been convened to be held on 16 September 2022, was cancelled.

The Board and the Requisitioning Shareholders came to a mutually acceptable outcome that enabled the Company and the Board to focus fully on value creation. As a result of these discussions, the Board and the Requisitioning Shareholders agreed to withdraw the proposed appointments and there were no changes to the Board.

Unmarketable Parcel Share Sale[13] [14]

Firetail announced during the period that it had completed its unmarketable parcel sale facility. A total of 1,850 shareholders collectively holding 1,014,165 fully paid ordinary shares in FTL participated in the Facility. Through the completion of the Facility the Company expects to reduce the administrative costs associated with previously maintaining many small shareholdings.

ATO Ruling on Firefly Scheme and Firetail Demerger[15]

During the quarter, the Company advised that the Australian Taxation Office had issued Class Ruling 2022/88 (Class Ruling) in respect of Australian income tax implications on the demerger of Firetail from Firefly Resources Limited (Firefly) (Demerger) and the acquisition of Firefly by Gascoyne Resources Limited (Gascoyne) (ASX:GCY) by way of Scheme of Arrangement (Scheme). The Class Ruling provides that the exchange of Firefly shares for shares in Gascoyne is a capital gains tax (CGT) event A1 and occurred on 10 November 2021, the date that the Scheme became effective. The Class Ruling further notes that Demerger rollover relief IS NOT available as the Demerger of Firetail from Firefly does not satisfy one or more conditions in Section 125-70 of the Income Tax Assessment Act 1936 (ITAA 1936). For a copy of the Class Ruling and further details, please refer to the ASX

[7] ASX Announcement 20 July 2022 – Project and Activities Update
[8] ASX Announcement 22 July 2022 – Shareholder request for Meeting
[9] ASX Announcement 28 July 2022 – TOV: FTL Panel Receives Application
[10] ASX Announcement 5 August 2022 – Notice of General Meeting / Proxy Form
[11] ASX Announcement 18 August 2022 – TOV: FTL Panel Declines to Conduct Proceedings
[12] ASX Announcement 8 September 2022 – Withdrawal of Requisition Notices
[13] 4 ASX Announcement 4 October 2022 – Unmarketable Parcel Share Sale Facility
[14] ASX Announcement 19 December 2022 – Completion of Unmarketable Parcel Share Sale
[15] ASX Announcement 3 October 2022 - ATO Ruling on Firefly Scheme and Firetail Demerger

announcement dated 3 October 2022. Affected shareholders should review the Class Ruling and seek independent advice regarding the income tax implications.

RESULTS

The loss for the half-year ended 31 December 2022 attributable to the Group was $501,861 (2021: $52,483).

CORPORATE

As at 31 December 2022 the Group had $5,938,247 in cash and had the following securities on issue:

- 77,000,000 fully paid ordinary shares;
- 5,500,000 unlisted options exercisable at $0.30 on or before 20 January 2025;
- 1,500,000 unlisted options exercisable at $0.30 on or before 5 April 2025;

EVENTS SUBSEQUENT TO REPORTING DATE

On 10 February 2023, David McEntaggart resigned as Joint Company Secretary with Craig McNab now being the sole Company Secretary.

There are no other events subsequent to the end of the period that would have had a material effect on the Group's financial statements at 31 December 2022.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of the directors' report for the half-year ended 31 December 2022.

Signed in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Brett Grosvenor
Executive Chairman
20 February 2023

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 Firetail Resources Limited for the half year ended 31 December 2022, 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

D Bell

D M BELL **CA**
Director

Dated this 20th day of February 2023
Perth, Western Australia

	Consolidated 31 December 2022 $	Company 31 December 2021 $
Other income	27,000	-
Compliance and regulatory expense	(75,521)	(18,403)
Corporate advisory and consulting fees	(190,855)	(6,446)
Legal fees	(33,676)	(600)
Director fees	(94,360)	-
Travel and accommodation	(9,297)	-
Depreciation expense	(17,830)	(2,518)
Employee benefits expense	(30,819)	(4,600)
Other expenses	(76,503)	(19,916)
Loss Before Income Tax	**(501,861)**	**(52,483)**
Income tax expense	-	-
Loss For The Period	**(501,861)**	**(52,483)**
Other Comprehensive Income		
Items that may be reclassified to profit and loss		
Fair value change in financial asset held for sale	187,500	(875,000)
Total Comprehensive Loss For The Period	**(314,361)**	**(927,483)**
Basic and diluted loss per share (cents)	(0.65)	(0.61)

The consolidated statement of profit or loss and other comprehensive Income should be read in conjunction with the attached notes to the financial statements.

	Note	Consolidated 31 December 2022 $	Consolidated 30 June 2022 $
Current Assets			
Cash and cash equivalents		5,938,247	7,364,551
Trade and other receivables		107,909	126,295
Total Current Assets		**6,046,156**	**7,490,846**
Non-Current Assets			
Exploration and evaluation expenditure	2	7,863,465	6,941,413
Financial assets available for sale	3	953,125	750,000
Plant & equipment		37,061	19,284
Right-of-use asset		27,852	42,959
Other receivables		16,867	16,867
Total Non-Current Assets		**8,898,370**	**7,770,523**
Total Assets		**14,944,526**	**15,261,369**
Current Liabilities			
Trade and other payables	4	350,452	340,805
Lease liabilities		28,382	33,182
Provisions		2,957	-
Total Current Liabilities		**381,791**	**373,987**
Non-Current Liabilities			
Lease liabilities		-	10,286
Total Non-Current Liabilities		**-**	**10,286**
Total Liabilities		**381,791**	**384,273**
Net Assets		**14,562,735**	**14,877,096**
Equity			
Issued capital	5	17,277,485	17,277,485
Share based payment reserve	6	830,287	830,287
Asset revaluation reserve	6	(1,687,500)	(1,875,000)
Accumulated losses		(1,857,537)	(1,355,676)
Total Equity		**14,562,735**	**14,877,096**

FIRETAIL RESOURCES

Consolidated	Issued Capital	Share Based Payment Reserve	Asset Revaluation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 01 July 2022	**17,277,485**	**830,287**	**(1,875,000)**	**(1,355,676)**	**14,877,096**
Comprehensive loss					
Loss for the period	-	-	-	(501,861)	(501,861)
Fair value change in financial assets held for sale	-	-	187,500	-	187,500
Total comprehensive loss for the period	**-**	**-**	**187,500**	**(501,861)**	**(314,361)**
Total transactions with owners, in their capacity as owners	-	-	-	-	-
Balance at 31 December 2022	**17,277,485**	**830,287**	**(1,687,500)**	**(1,857,537)**	**14,562,735**

Company	Issued Capital	Asset Revaluation Reserve	Accumulated Losses	Total Equity
	$	$	$	$
Balance at Incorporation	**1**	**-**	**-**	**1**
Comprehensive loss				
Loss for the period	-	-	(52,483)	(52,483)
Fair value change in financial assets held for sale	-	(875,000)	-	(875,000)
Total comprehensive loss for the period	**-**	**(875,000)**	**(52,483)**	**(927,483)**
Transactions with owners, in their capacity as owners				
Shares issued	6,499,999	-	-	6,499,999
Share issue costs	(36,173)	-	-	(36,173)
Total transactions with owners, in their capacity as owners	**6,463,826**	-	-	**6,463,826**
Balance at 31 December 2021	**6,463,827**	**(875,000)**	**(52,483)**	**5,536,344**

	Consolidated 31 December 2022 $	Company 31 December 2021 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(468,445)	(21,182)
NET CASH USED IN OPERATING ACTIVITIES	**(468,445)**	**(21,182)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(930,733)	-
Payments for plant & equipment	(22,500)	-
Payments for purchase of financial asset	(15,625)	-
Proceeds from disposal of plant & equipment	27,000	-
NET CASH USED IN INVESTING ACTIVITIES	**(941,858)**	**-**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds as a result of demerger	-	500,000
Lease repayments	(16,001)	(2,667)
NET CASH (USED IN) / PROVIDED BY FINANCING ACTIVITIES	**(16,001)**	**497,333**
Net (decrease) / increase in cash held	(1,426,304)	476,151
Cash at the beginning of the financial period	7,364,551	-
CASH AT THE END OF THE FINANCIAL PERIOD	**5,938,247**	**476,151**

The consolidated statement of cash flows should be read in conjunction with the attached notes to the financial statements.

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report does not include all of the information required for a full annual financial report. The accounting policies adopted in the preparation of the interim financial report are consistent with those disclosed in the 2022 annual financial report and consistent with Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

These interim financial statements were authorised for issue on 20 February 2023.

(A) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(B) ACCOUNTING POLICIES

The accounting policies and methods of computation in this interim financial report have been prepared using the following accounting policies:

i. **Income Tax**

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

ii. Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

iii. Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:
Plant and equipment 2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.
An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

iv. Right-of-Use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

v. **Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped 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 in the period in which the decision to abandon the area is made.

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

Costs of site restoration are provided over the life of the facility 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 clauses of the mining 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 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 period of abandoning the site.

vi. **Impairment of Assets**

At the end of each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

vii. **Equity-settled Compensation**

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Trinomial pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

viii. **Fair Value Measurement**

When an asset or liability, financial or non-financial is measures at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either; in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ix. **Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, restricted cash, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

xi. **Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

xii. **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

xiii. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

xiv. **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased asset, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e., a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Operating lease payments, if they are short term leases or less than AUD$5,000, are charged to profit or loss on a straight-line basis over the term of the lease.

(D) NEW AND REVISED STANDARDS AND AMENDMENTS THEREOF AND INTERPRETATIONS EFFECTIVE FOR THE CURRENT PERIOD THAT ARE RELEVANT TO THE ENTITY

The entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have a significant impact on the entity.

2. EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022 $	30 June 2022 $
Exploration and evaluation assets		
Balance at the beginning of the period	6,941,413	-
Exploration assets from demerger	-	3,217,619
Exploration assets acquired	-	3,080,000
Exploration costs capitalised	922,052	643,794
Balance at the end of reporting period	**7,863,465**	**6,941,413**

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or valuation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Group conducts impairment testing on an annual basis when indicators of impairment are present at the reporting date.

3. FINANCIAL ASSETS AVAILABLE FOR SALE

	31 December 2022 $	30 June 2022 $
Non-current		
Shares in listed company at market value	875,000	750,000
Options in listed company at market value	78,125	-
Balance at the end of reporting period	**953,125**	**750,000**

The Group holds 6,250,000 (2021: 6,250,000) shares and 3,125,000 (2021: Nil) listed options in Forrestania Resources Ltd (ASX:FRS). The net change in fair value on the financial assets was a gain of $187,500 (2021: loss of $875,000).

4. TRADE AND OTHER PAYABLES

	31 December 2022 $	30 June 2022 $
Current		
Trade creditors	121,527	128,165
Accruals	221,591	205,291
Other payables	7,334	7,349
Balance at the end of reporting period	**350,452**	**340,805**

5. ISSUED CAPITAL

	31 December 2022 $	30 June 2022 $
77,000,000 Ordinary shares - fully paid (30 June 2022: 77,000,000)	**17,277,485**	**17,277,485**

Outstanding Unlisted Securities

As at 31 December 2022 the Group had the following unlisted securities outstanding:

Expiry Date and Exercise Price	Type	Number
Options Expiring 20/01/2025 @ $0.30	Unlisted Option	5,500,000
Options Expiring 05/04/2025 @ $0.30	Unlisted Option	1,500,000

6. RESERVES

(a) Share Based Payment Reserve

	31 December 2022 $	30 June 2022 $
Opening balance	830,287	-
Share based payment to KMP	-	770,983
Share based payment to advisors	-	59,304
Closing Balance	**830,287**	**830,287**

There were no share-based payments during the period. The share-based payments reserves record items recognised as expenses on valuation of KMP and advisor options.

(b) Asset Revaluation Reserve

	31 December 2022 $	30 June 2022 $
Opening balance	(1,875,000)	-
Net change in fair value of financial assets held for sale	187,500	(1,875,000)
Closing Balance	**(1,687,500)**	**(1,875,000)**

7. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity. The Consolidated Entity only operates in Australia.

8. CONTINGENT ASSETS AND LIABILITIES

In the opinion of the directors, there were no contingent assets or liabilities during the half-year ended 31 December 2022.

9. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the half-year ended 31 December 2022.

10. EVENTS SUBSEQUENT TO REPORTING DATE

On 10 February 2023, David McEntaggart resigned as Joint Company Secretary with Craig McNab now being the sole Company Secretary.

There are no other events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2022.

11. INTEREST IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary:

Controlled entities	Country of incorporation	Percentage owned 31 December 2022	Percentage owned 30 June 2022
Super Cruser Pty Ltd	Australia	100%	100%

In the opinion of the Directors of Firetail Resources Limited:

(a) The attached financial statements and notes:

   (i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of the Consolidated Entity's performance, for the half-year ended on that date.

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Brett Grosvenor
Executive Chairman
20 February 2023

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF FIRETAIL RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Firetail Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 Firetail Resources Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Firetail Resources Limited financial position as at 31 December 2022 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 Firetail Resources 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 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.

HALL CHADWICK

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 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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL **CA**
Director

Dated this 20th day of February 2023
Perth, Western Australia

DIRECTORS
Brett Grosvenor (Executive Chairman)
Simon Lawson (Non-executive Director)
Frank Bierlein (Non-executive Director)
Stephen Brockhurst (Non-executive Director)

COMPANY SECRETARY
Craig McNab

REGISTERED OFFICE
T2, 64-68 Hay Street
Subiaco WA 6008

SHARE REGISTRY
Automic
Level 5, 191 St Georges Terrace
Perth WA 6000

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

WEBSITE
www.firetailresources.com.au