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ACN 647 899 698

**Interim Financial Statements  
for the six months ended  
31 December 2022**

## Corporate Directory

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### Directors

John Hannaford	Non-Executive Chairman
David Izzard	Non-Executive Director
William Higgins	Non-Executive Director
Michael Anderson	Managing Director (elect) (appointed 7 March 2023)

### Company Secretary

Cecilia Tyndall

### Registered and Principal Office

Suite 2, 38 Colin Street  
West Perth WA 6005

Phone: (08) 6245 9890

Email: [info@forrestaniresources.com.au](mailto:info@forrestaniresources.com.au)

Website: [www.forrestaniresources.com.au](http://www.forrestaniresources.com.au)

### Auditor

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

### Share Registry

Automic Group Pty Ltd  
Level 5, 191 St Georges Terrace  
Perth WA 6000

Phone (within Australia): 1300 288 664

Phone (outside Australia): +61 2 9698 5414

### Stock Exchange Listing

Australian Securities Exchange (**ASX**)

ASX Code: FRS

FRSO

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# Directors' Report

## 31 December 2022

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The Directors of Forrestania Resources Limited (the "Company" or "Forrestania") present their report on the Company for the period ended 31 December 2022 ("Period").

### Directors

John Hannaford – Interim CEO and Non-Executive Chairman  
David Izzard – Non-Executive Director  
William Higgins – Non-Executive Director  
Michael Anderson – Managing Director (elect)

### Principal activities

Principal activities of the Company during the financial period were the exploration of mineral tenements in Western Australia ("WA").

### Significant changes in the state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company which have not been disclosed elsewhere in this report.

### Review of Operations

The following is a summary of the activities Forrestania Resources Limited during the period 1 July 2022 to 31 December 2022.

### Corporate

The Company's CEO Angus Thomson resigned on 3 November 2022. Chairman John Hannaford has acted as Interim CEO until the appointment of Dr Michael Anderson as Managing Director, to commence on 7 March 2023.

### Placement

During the half-year the Company undertook a share placement to raise \$2.7m (before costs).

The Placement occurred in two tranches:

- Tranche 1: 7,608,516 Placement Shares issued on 18 October 2022 under the Company's 15% placement capacity under listing rule 7.1 to raise \$1,141,277; and
- Tranche 2: after receiving shareholder approval at the Company's 2022 Annual General Meeting ("AGM") in November 2022, 10,391,483 Placement Shares were issued on 5 December 2022 to raise \$1,558,722.

Each Placement Share had the right to subscribe for one (1) Placement Option for every two (2) Placement Shares at a cost of \$0.005 per option ("Placement Option"). Each Placement Option has an exercise price of \$0.25 with an expiry date of 29 November 2024. 9,000,000 Placement Options were issued on 5 December 2022.

### Entitlement Offer

The Company also announced a pro-rata non-renounceable entitlement offer, under a Prospectus dated 11 October 2022, of one (1) New Option for every two (2) Shares held by those Shareholders registered at the Record Date of 17 October 2022 at a price of A\$0.005 per New Option. Each Placement Option has an exercise price of A\$0.25 with an expiry date of 29 November 2024.

The Company received total applications for 18,254,624 Options, and applications for a further 683,672 Options under the Shortfall Offer from Eligible Shareholders. The balance of the offer, being 6,586,022 Options, were taken up by clients of the Lead Manager, CPS Capital Limited.

The pro-rata non-renounceable entitlement offer raised \$127,622 (before costs) by the issue of 25,524,318 options.

In December 2022 the Placement Options together with the New Options, a total of 34,524,318 Options, were listed on the ASX under the ticker FRSO.

### Projects

During the reporting period, the Company has been active with exploration, orientation and evaluation work.

### Forrestania

Following extensive approval processes the Company carried out its maiden lithium drilling programme at Forrestania during the half-year. This initial programme comprised 13 RC drill holes for 2,198m. Three holes were drilled at the Bounty East prospect, seven at Bannon and three at the Gemcutter project. Drill holes were completed to a minimum depth of 100m.

### Eastern Goldfields

## Directors' Report 31 December 2022

Several new greenstone areas were confirmed from an aeromagnetic geophysical survey completed over the Goongarrie tenement in early 2022.

As a result of the Company's field reconnaissance trips, a significant number of rock chips with anomalously high levels of bismuth, silver and molybdenum were returned, as well as significant nickel, chromium, cobalt and gold from the Company's geochem/soil programmes. These new results have complemented anomalous gold geochemical assays from historic auger programmes, undertaken at the prospect in 2007 and 2011.

The excellent geophysical survey results and strong geological interpretation by SGC which interpreted greenstone within Goongarrie and the adjacent ground, gave the Company the opportunity to identify other target areas. As a result, Forrestania has applied for two additional exploration licences (E29/1215 and E29/1216) to further consolidate its position in the Eastern Goldfields.

### Operating results

The Company's net loss from operations for the period was \$700,324.

At 31 December 2022, the Company had net assets of \$8,811,195 with cash reserves of \$2,395,102. The Directors believe there are sufficient funds to meet the Company's working capital requirements and as at the date of this report the Company believes it can meet all liabilities as and when they fall due.

### Matters subsequent to the end of the financial period

On 20 February Forrestania announced the appointment of Dr Michael Anderson as CEO and Managing Director of the Company, commencing 7 March 2023.

### Summary of Key Terms and Conditions of Employment Appointment

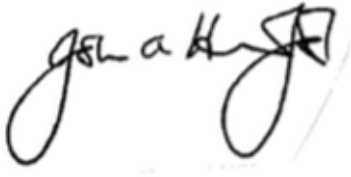
Position	Managing Director & CEO of Forrestania Resources Limited
Commencement	7 March 2023
Term	The appointment will be on an ongoing basis with termination notice provisions and probation period summarised below.
Remuneration	\$300,000 plus statutory superannuation contributions capped at \$24,746 per annum
Notice period	3 months
Probation period	3 months

A performance rights package has been agreed on the following vesting conditions. All performance rights vest after 12 months with an expiry date of 5 years from the date of issue.

	Performance Rights <sup>2</sup>	Vesting condition
Tranche A	2,000,000	Delineation of a JORC inferred resource of >10MT @ >1.0% Li2O; or 500,000 oz JORC inferred resource of Au @ > 2.0 g/t; or commercial deal with NPV>\$250m <sup>1</sup>
Tranche B	2,000,000	Delineation of a JORC inferred resource of >20MT @ >1.0% Li2O; or 1,000,000 oz JORC inferred resource of Au @ > 2.0 g/t; or commercial deal with NPV > \$500m <sup>1</sup>
Tranche C	2,000,000	Share price being > \$0.30 for more than 5 consecutive trading days
Tranche D	2,000,000	Share price being > \$0.60 for more than 5 consecutive trading day
Tranche E	2,000,000	Market capitalisation of > \$100m for more than 5 consecutive trading days

<sup>1</sup> this includes offtake agreement, minegate sale, interest in JV, etc

<sup>2</sup> performance rights will be subject to formal terms



**John Hannaford, Chairman**  
28 February 2023

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the Period Ended 31 December 2022**

		31-Dec-22	31-Dec-21
	<i>Note</i>		
Other income	3.1	8,482	93,973
Administration services	3.2	(430,346)	(525,602)
Impairment of capitalised exploration and evaluation expenditure		(106,499)	(1,918)
Interest		-	(2,940)
Employee expenses	3.3	(167,964)	(33,450)
Share based payments		(3,997)	(680,796)
<b>Loss from continuing operations before income tax expense</b>		<b>(700,324)</b>	<b>(1,150,733)</b>
Income tax expense			-
<b>Loss from continuing operations</b>		<b>(700,324)</b>	<b>(1,150,733)</b>
<b>Loss for the year</b>		<b>(700,324)</b>	<b>(1,150,733)</b>
Other comprehensive income			-
<b>Comprehensive loss attributable to the shareholders of the Company</b>		<b>(700,324)</b>	<b>(1,150,733)</b>
Basic and diluted loss per share (dollar per share) for continuing operations attributable to the shareholders of the Company		<b>(0.0126)</b>	(0.0350)
Basic and diluted loss per share (dollar per share) attributable to the shareholders of the Company		<b>(0.0126)</b>	(0.0350)

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

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**Condensed Consolidated Statement of Financial Position  
As at 31 December 2022**

	Note	31-Dec-22 \$	30-Jun-22 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4.1	2,395,102	1,586,230
Trade and other receivables	4.2	132,320	73,085
Prepayments		174,331	67,281
<b>Total current assets</b>		<b>2,701,753</b>	1,726,596
<b>Non-current assets</b>			
Exploration and evaluation expenditure	2.1	6,344,540	5,176,994
Property, plant and equipment	2.2	77,743	90,096
<b>Total non-current assets</b>		<b>6,422,283</b>	5,267,090
<b>Total assets</b>		<b>9,124,036</b>	6,993,686
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade & other payables	4.3	<b>273,372</b>	170,504
Provisions		<b>39,469</b>	25,581
<b>Total current liabilities</b>		<b>312,841</b>	196,085
<b>Total liabilities</b>		<b>312,841</b>	196,085
<b>Net assets</b>		<b>8,811,195</b>	6,797,601
<b>Equity</b>			
Share capital	5.1	<b>9,766,644</b>	7,229,344
Accumulated loss		<b>(3,025,386)</b>	(2,325,062)
Reserves	6.3.3	<b>2,069,937</b>	1,893,319
<b>Total equity attributable to shareholders of the Company</b>		<b>8,811,195</b>	6,797,601

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

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**Condensed Consolidated Statement of Changes in Equity  
For the Period Ended 31 December 2022**

	Contributed equity \$	Accumulated losses \$	Reserves \$	Total equity \$
<b>At 1 July 2022</b>	7,229,344	(2,325,062)	1,893,319	6,797,601
Loss for the half-year	-	(700,324)	-	(700,324)
<b>Total comprehensive loss for the year</b>	-	(700,324)	-	(700,324)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of new shares net of cost	2,537,300	-	-	2,537,300
Issue of new options net of cost	-	-	172,622	172,622
Share-based payments	-	-	3,997	3,997
<b>At 31 December 2022</b>	<b>9,766,644</b>	<b>(3,025,386)</b>	<b>2,069,937</b>	<b>8,811,195</b>
<b>At 1 July 2021</b>	57,500	(205,583)	-	(148,083)
Loss for the half-year	-	(1,150,733)	-	(1,150,733)
<b>Total comprehensive loss for the year</b>	-	(1,150,733)	-	(1,150,733)
<b>Transactions with owners in their capacity as owners:</b>				
Issue of new shares net of cost	7,151,744	-	-	7,151,744
Share-based payments	-	-	1,423,373	1,423,373
<b>At 31 December 2021</b>	<b>7,209,244</b>	<b>(1,356,316)</b>	<b>1,423,373</b>	<b>7,276,301</b>

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

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**Condensed Consolidated Statement of Cash Flows  
For the Period Ended 31 December 2022**

	31-Dec-22 \$	31-Dec-21 \$
<b>Cash flows from operating activities</b>		
Interest paid	-	(4,717)
Interest received	2,664	-
Payments to suppliers and employees	(374,587)	(481,864)
<b>Net cash (outflow) from operating activities</b>	<b>(371,923)</b>	<b>(486,581)</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of property plant and equipment	(4,047)	(108,337)
Payments for exploration and evaluation expenditure	(1,367,988)	(1,351,676)
<b>Net cash (outflow) from investing activities</b>	<b>(1,372,035)</b>	<b>(1,460,013)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	2,552,830	5,224,900
Repayment of loans	-	(196,625)
<b>Net cash inflow from financing activities</b>	<b>2,552,830</b>	<b>5,028,275</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,586,230</b>	<b>22,310</b>
Net increase/ (decrease) in cash and cash equivalents	808,872	3,081,681
<b>Cash and cash equivalents at the end of the period</b>	<b>2,395,102</b>	<b>3,103,991</b>

*The above condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes*

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## Notes to the Financial Statements

The interim report of Forrestania Resources Limited for the period ended 31 December 2022 was authorised for issue in accordance with a resolution of the directors on 28 February 2023.

### 1.1. Basis of Preparation

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

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

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

### 1.2. Basis of Measurement

The financial report has been prepared on a historical cost basis.

### 1.3. Functional and Presentation Currency

The financial report is presented in Australian dollars.

### 1.4. Compliance with IFRS

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

### 1.5. Going Concern

This report is prepared on the going concern basis which assumes the continuity of normal business activity and the realisation of assets and settlement of liabilities in the normal course of business.

The ability of the Company to continue as a going concern is principally dependent upon one of more of the following:

- The ability of the Company to raise capital as and when necessary; and/or
- The ability to defer discretionary operating and capital expenditure in relation to exploration activities; and /or
- The successful exploration of the Company's tenements

Notwithstanding the fact that the Group incurred an operating loss of \$700,324 for the period ended 31 December 2022 and a net cash outflow from operating activities amounting to 371,923, the Directors are of the opinion that the Group is a going concern for the following reasons:

- The Company has cash reserves of \$2.39 million on hand as at 31 December 2022;
- The Directors are confident in their ability to raise the required funds as and when required; and
- Exploration expenditure will be deployed to targets that have the highest prospectivity for mineral discovery and this expenditure is discretionary.

## Notes to the Financial Statements

### 2. Capital Expenditure

#### 2.1. Exploration & Evaluation Expenditure

	Note	31-Dec-22 \$	30-Jun-22 \$
Exploration and evaluation			
Movement:			
Opening balance		5,176,994	135,000
Acquisition of tenements		-	710,000
Asset acquisition		-	2,678,633
Capitalised exploration expenditure		1,274,045	1,653,361
<b>Impair pending licences</b>		<b>(106,499)</b>	<b>-</b>
<b>Closing balance</b>		<b>6,344,540</b>	<b>5,176,994</b>
Projects:			
Forrestania		4,116,920	3,157,612
Southern Cross		979,082	1,000,512
Leonora		1,248,538	1,018,870
<b>Closing balance</b>		<b>6,344,540</b>	<b>5,176,994</b>

#### 2.2. Property Plant and equipment

	31-Dec-22 \$	30-Jun-22 \$
Computer Equipment - Cost	34,910	28,987
Accumulated depreciation – Computer Equipment	(16,001)	(8,543)
Motor Vehicle	96,335	96,335
Accumulated depreciation – Motor Vehicle	(41,094)	(26,683)
Low Value Pool	3,272	1,408
Accumulated depreciation – Low Value Pool	(2,111)	(1,408)
Plant & Equipment	2,482	-
Accumulated depreciation – Plant & Equipment	(50)	-
<b>Net carrying amount</b>	<b>77,743</b>	<b>90,096</b>

### 3. Financial Performance

#### 3.1. Other Income

	31-Dec-22 \$	31-Dec-21 \$
<b>Revenue from continuing operations</b>	<b>\$</b>	<b>\$</b>
Forgiveness of debt	-	93,973
Interest	2,664	-
Motor Vehicle hire	5,819	-
	<b>8,482</b>	<b>93,973</b>

#### 3.2. Expenses

	31-Dec-22 \$	31-Dec-21 \$
<b>Administration services</b>	<b>\$</b>	<b>\$</b>
Compliance	99,068	108,900
Consulting	63,268	124,770
Contracted services	70,271	76,820
Legal fees	21,046	65,875
Insurance	20,846	10,613
Marketing	39,948	34,941

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## Notes to the Financial Statements

### 3.2. Expenses (cont)

Motor Vehicle	35,797	-
Occupancy	33,645	9,613
Depreciation	22,621	8,673
ATO Refund	(16,693)	
Other	40,529	85,397
	<b>430,346</b>	<b>525,602</b>

### 3.3. Employee expenses

	31-Dec-22	31-Dec-21
	\$	\$
Salaries and wages	450,304	52,909
Less allocated to projects	(321,227)	-
Superannuation	45,824	5,291
Less allocated to projects	(33,719)	-
Other	26,783	(24,750)
	<b>167,964</b>	<b>33,450</b>

## 4. Working Capital Management

### 4.1. Cash and Cash Equivalents

"Cash and cash equivalents" include cash on hand, deposits held at call with financial institutions and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

	31-Dec22	30-Jun-22
	\$	\$
Cash at bank and in hand	2,392,134	1,586,230
Cash Security	2,968	-
	<b>2,395,102</b>	<b>1,586,230</b>

### 4.2. Trade and Other Receivables

	31-Dec22	30-Jun-22
	\$	\$
GST receivable	132,320	73,085
Total trade and other receivables	<b>132,320</b>	<b>73,085</b>

### 4.3. Trade and Other Payables

Trade and other payables are carried at amortised cost and represent liabilities for the goods and services provided to the Group prior to the end of the financial period that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days.

	31-Dec22	30-Jun-22
	\$	\$
Trade payables	256,679	151,904
Accrued expenses	16,693	18,600
Total trade and other payables	<b>273,372</b>	<b>170,504</b>

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## Notes to the Financial Statements

### 5. Funding and risk management

#### 5.1. Share capital

	Date	Number of shares	Issue price \$	Value \$
<b>Opening Balance at 1 July 2021</b>		<b>5,750,000</b>		<b>57,500</b>
Issue of Shares - Founders	2/07/2021	250,000	0.01	2,500
Issue of Shares - Founders	2/07/2021	500,000	0.01	5,000
Issue of Shares - Founders	5/07/2021	500,000	0.01	5,000
Issue of Shares - Seed Capital	9/07/2021	2,000,000	0.02	40,000
Issue of Shares - Founders	9/07/2021	250,000	0.10	25,000
Issue of Shares - Seed Capital	23/07/2021	450,000	0.10	45,000
Issue of Shares - Seed Capital	26/07/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	27/07/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	28/07/2021	150,000	0.10	15,000
Issue of Shares - Seed Capital	29/07/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	2/08/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	3/08/2021	150,000	0.10	15,000
Issue of Shares - Seed Capital	5/08/2021	2,200,000	0.10	220,000
Issue of Shares - Seed Capital	9/08/2021	100,000	0.10	10,000
Issue of Shares - Seed Capital	11/08/2021	200,000	0.10	20,000
Issue of Shares - Seed Capital	12/08/2021	550,000	0.10	55,000
Issue of Shares - Seed Capital	16/08/2021	450,000	0.10	45,000
Issue of Shares - Seed Capital	6/09/2021	100,000	0.10	10,000
Issue of Shares - IPO	21/09/2021	25,000,000	0.20	5,000,000
Issue of Shares - Tenement Vendors	21/09/2021	2,500,000	0.20	500,000
Issue of Shares – Asset Acquisition	21/09/2021	9,500,000	0.20	1,900,000
Issue of Shares - Tenement Vendor	23/02/2022	48,804	0.41	20,000
Cost of Capital raising				(800,756)
<b>Closing Balance at 30 June 2022</b>		<b>51,048,804</b>		<b>7,229,244</b>
<b>Opening Balance at 1 July 2022</b>		<b>51,048,804</b>		<b>7,229,244</b>
Issue of Shares - Placement	18/10/2022	7,608,517	0.15	1,141,278
Issue of Shares - Placement	02/12/2022	10,391,480	0.15	1,558,722
Issue of Shares - Services	14/12/2022	80,000	0.15	12,000
Cost of Capital Raising				(174,700)
<b>Closing Balance at 31 December 2022</b>		<b>69,128,801</b>		<b>9,766,544</b>

### 6. Related Parties

#### 6.1. Related Parties

Details relating to key management personnel, including remuneration paid are included in the 2022 annual report. The aggregated compensation made to directors of the consolidated entity is set out below:

	31-Dec-22 \$	31-Dec-21 \$
Short term employee benefits	158,601	33,550
Share based payments	(35,943)	558,813
<b>Total compensation</b>	<b>122,658</b>	<b>592,363</b>

## Notes to the Financial Statements

### 6.2. Other transactions with related parties

During the period \$68,285 was paid to Rockford Partners Pty Ltd, of which Mr David Izzard and John Hannaford are directors, for provision of office space, accounting, administrative and marketing services.

During the period \$4,458 was paid to Fordrock Property Trust Pty Ltd, of which Mr David Izzard and John Hannaford are directors, for commercial unit rent.

During the period \$11,850 was paid to Riverview Corporation Pty Ltd, of which Mr John Hannaford is a director, for corporate advisory fees.

During the period \$2,700 was paid to Bowman Gate Pty Ltd, of which Mr David Izzard is a director, for equipment hire.

### 6.3. Share Based Payments

#### 6.3.1. Options

	Employee incentive options	Employee incentive options	Employee incentive options	Employee incentive options	Employee incentive options	Employee incentive options
<b>Date of issue</b>	<b>17/02/22</b>	<b>17/02/22</b>	<b>17/02/22</b>	<b>17/02/22</b>	<b>17/02/22</b>	<b>17/02/22</b>
Number of options	750,000	750,000	375,000	375,000	375,000	375,000
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%	100%	100%
Risk free interest rate (%)	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Expected life of the option (years)	3.5	3	3.5	3	3.5	3
Option exercise price (\$)	0.65	0.60	0.65	0.60	0.65	0.60
Share price at grant date (\$)	0.35	0.35	0.28	0.28	0.36	0.36
Expected Vesting Date	17/02/23	17/07/22	17/02/23	17/07/22	17/02/23	17/07/22
<b>Fair value per option (\$)</b>	<b>0.1860</b>	<b>0.1751</b>	<b>0.1255</b>	<b>0.1301</b>	<b>0.1933</b>	<b>0.1822</b>
<b>Total value at grant date (\$)</b>	<b>50,824</b>	<b>116,422</b>	<b>17,147</b>	<b>43,254</b>	<b>26,412</b>	<b>60,589</b>
Expiry Date	17/07/25	17/02/25	17/07/25	17/02/25	17/07/25	17/02/25
Cancelled due to end of employment	(50,824)	-	-	-	-	-
	-	750,000	375,000	375,000	375,000	375,000

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## Notes to the Financial Statements

### 6.3.1. Options (continued)

	Employee incentive options	Employee incentive options	Employee incentive options	Vendor options	Board Options	Broker options
Date of issue	<b>11/04/22</b>	<b>11/04/22</b>	<b>17/08/21</b>	<b>28/09/21</b>	<b>21/09/21</b>	<b>28/09/21</b>
Number of options	125,000	125,000	500,000	2,250,000	5,000,000	3,500,000
Dividend yield (%)	-	-	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%	100%	100%
Risk free interest rate (%)	0.79%	0.79%	0.79%	0.79%	0.79%	0.79%
Expected life of the option (years)	3.5	3	4.0	4.0	4.0	4.0
Option exercise price (\$)	0.65	0.60	0.30	0.30	0.30	0.30
Share price at grant date (\$)	0.39	0.39	0.20	0.20	0.20	0.20
Expected Vesting Date	16/06/23	16/12/22	05/01/22	21/09/21	27/06/21	21/09/21
<b>Fair value per option (\$)</b>	<b>0.2155</b>	<b>0.2040</b>	<b>0.1242</b>	<b>0.1242</b>	<b>0.1242</b>	<b>0.1242</b>
Total value at grant date (\$)	5,001	8,193	59,894	279,420	620,903	438,156
<b>Expiry Date</b>	<b>16/11/25</b>	<b>16/05/25</b>	<b>17/08/25</b>	<b>28/09/25</b>	<b>27/06/25</b>	<b>28/09/25</b>

### 6.3.2. Recognised share-based payments expense in profit or loss

	31-Dec-22 \$	31-Dec-21 \$
Expense arising from employee options issued and cancelled	3,997	59,894
Expense arising from board options issued	-	620,903
<b>Total share-based payments expensed in profit or loss</b>	<b>3,997</b>	<b>680,797</b>

### 6.3.3. Reserves

	31-Dec-22 \$	Number of Options/Perfor mance shares
Founder options	-	7,000,000
Employee options	533,850	3,000,000
Broker options	438,155	3,500,000
Board member options	620,903	5,000,000
Vendor options	279,421	2,250,000
Shareholder entitlement issue	172,622	34,524,319
<b>Total options held in reserve</b>	<b>2,044,937</b>	<b>55,274,319</b>
Issued to vendors – performance shares	25,000	2,500,000
<b>Total performance shared held in reserve</b>	<b>25,000</b>	<b>2,500,000</b>
<b>Total Reserves</b>	<b>2,069,937</b>	<b>57,774,319</b>

## 7. Commitments and Contingencies

As at 31 December 2022 the Company held 28 granted tenements with a combined minimum expenditure commitment of \$874,600 for the next 12 months.

## 8. Other

### Events occurring after the reporting period

On 20 February Forrestania announced the appointment of Dr Michael Anderson as CEO and Managing Director of the Company, commencing 7 March 2023.

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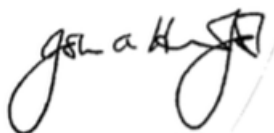
## Director's Declaration

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In accordance with a resolution of the directors of Forrestania Resources Limited, I state that:

- (1) In the opinion of the directors:
  - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Group are in accordance with the *Corporations Act 2001* including:
    - (i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the period ended on that date; and
    - (ii) complying with Accounting Standard AASB 134 – interim Financial Reporting, and
  - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the half-year ended 31 December 2022.

On behalf of the Board,



John Hannaford  
Chairman  
28 February 2023

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

### Conclusion

We have reviewed the accompanying half-year financial report of Forrestania 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 Forrestania Resources Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Forrestania 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 the Forrestania 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.

### 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

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 28<sup>th</sup> day of February 2023  
Perth, Western Australia

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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 Forrestania 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

*Mark Delaurentis*  
MARK DELAURENTIS CA  
Director

Dated this 28<sup>th</sup> day of February 2023  
Perth, Western Australia