



Oar Resources Limited and its Controlled Entities

ACN 009 118 861

**Half Year Report
31 December 2022**

For personal use only

Contents

CORPORATE DIRECTORY	3
REVIEW OF OPERATIONS	4
CORPORATE	9
DIRECTORS' REPORT	11
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022	13
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022	14
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022	15
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022	16
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022	17
DIRECTORS' DECLARATION	26
AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001.....	27
INDEPENDENT AUDITOR'S REPORT	28

For personal use only

CORPORATE DIRECTORY

BOARD OF DIRECTORS & EXECUTIVE

Mr Paul Stephen – Chief Executive Officer

Mr Christopher Gale – Non-Executive Chairman

Mr David Vilensky - Non-Executive Director

Mr Anthony Greenaway - Non-Executive Director

COMPANY SECRETARY

Mr Yugi Gouw

AUDITORS

Hall Chadwick Audit (WA) Pty Ltd

283 Rokeby Road

SUBIACO WA 6008

REGISTERED & PRINCIPAL OFFICE

Unit 3, 32 Harrogate Street

West Leederville WA 6007

T: +61 (08) 6117 4797

STOCK EXCHANGE LISTING

Australian Securities Exchange

Code: OAR

SHARE REGISTRY

Automic Group Pty Ltd

Level 2, 267 St Georges Terrace

PERTH WA 6000

T: 1300 288 664 (within Australia)

T: +61 2 9698 5414 (international)

For personal use only

REVIEW OF OPERATIONS

COMPANY OVERVIEW

Oar Resources Limited (ASX: OAR; “OAR” or “the Company”) is an exploration and development company focused on building and developing a portfolio of fully-owned battery and critical minerals assets. Current assets include the Denchi Lithium Project in the Northern Goldfields of Western Australia, hosting prospective outcropping pegmatites in proximity to Liontown Resources’ high-grade Kathleen Valley Lithium Project. The Company is progressing exploration to identify drill targets at the Denchi Project, with a view to declaring a maiden resource as soon as possible.

OAR also holds a 100 per cent-owned graphite asset on South Australia’s Eyre Peninsula which has an existing resource for large-flake graphite and is now subject to further drilling focused on battery-grade, ultra-fine flake graphite. The asset has been listed as a “Critical Minerals Project” by the Federal Government¹ and has previously shown good potential for shallow, low-cost open pit mining.

In addition, OAR holds a range of precious mineral assets including the Crown Nickel-Copper-PGE Project in the Julimar district of Western Australia, near Chalice Mining’s world-class Julimar discovery, and the 100%-owned Douglas Canyon Gold-Silver Project in the highly prospective gold province of Nevada, United States, which hosts several multi-million-ounce deposits. OAR subsidiary Ozinca Peru SAC owns a CIP gold lixiviation plant located close to thousands of small gold mining operations in Southern Peru.

DENCHI LITHIUM PROJECT, WESTERN AUSTRALIA

In November 2022, OAR announced it had reached an agreement to acquire the Denchi Lithium Project near Wiluna in Western Australia’s Northern Goldfields region. The project initially comprised one granted and two pending tenements, covering a total area of 217.7km². The two pending tenements were granted shortly after the acquisition. Subsequent to the end of the half year, OAR submitted applications for five additional tenements surrounding the initial grants, taking the total area of the project to 1,004.4km² (see *Figure 1 below*).

Acquired from Denchi Pty Ltd and First Standard Minerals Pty Ltd, the Denchi Lithium Project area hosts a number of prospective Lithium-Caesium-Tantalum (LCT) pegmatite outcrops. This type of pegmatite is the same host rock found at several key lithium projects including Pilbara Minerals’ Pilgangoora project and Talison Lithium’s Greenbushes operation. The project lies 120km north-west of Liontown Resources’ Kathleen Valley lithium deposit.

Earlier rock chip sampling completed at Denchi in 2019 indicated lithium and rubidium anomalies, along with evidence of other minerals commonly found in LCT pegmatites.

Since the acquisition, OAR’s field exploration team has been busy on site, initially to further validate the known pegmatites and subsequently to complete more reconnaissance across the entire area. More rock chip samples were gathered for testing.

Throughout the second half of the financial year, the Denchi Lithium Project will remain one of two key areas of focus for the exploration team, and work has commenced to map drill targets as part of the Company’s plan to commence an initial drilling campaign during the 2023 calendar year.

¹ Refer to “Critical Mineral Projects in Australia 2020” report prepared by Commonwealth of Australia represented by the Australian Trade and Investment Commission (Austrade), Geoscience Australia and the Department of Industry, Science, Energy and Resources

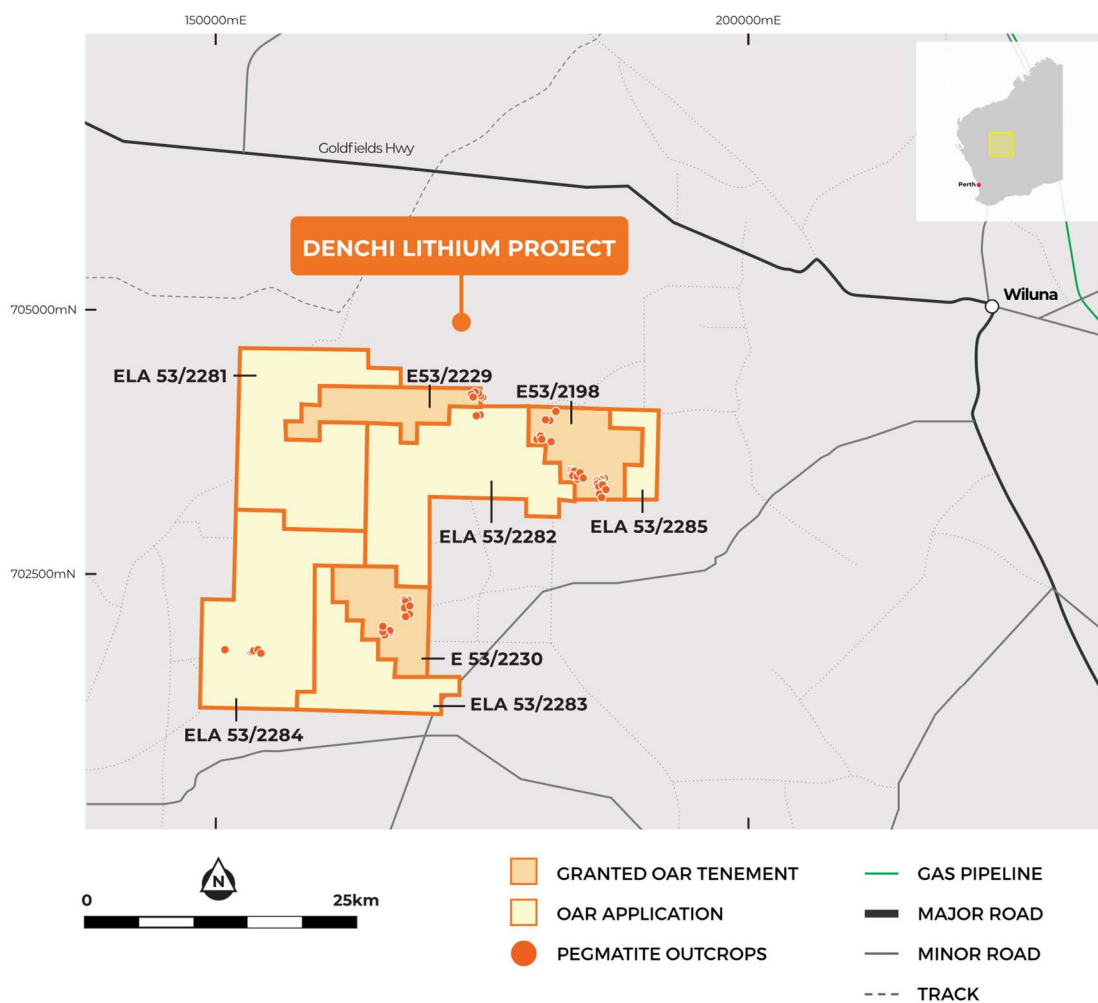


Figure 1: Granted and pending tenements at the Denchi Lithium Project, WA

BRAMFIELD IRON ORE PROJECT DIVESTMENT, SOUTH AUSTRALIA

As part of OAR’s refocused strategy to develop its portfolio of battery and critical mineral assets, the fully written down Bramfield Iron Ore Project was sold to Dragon Resource Investments (DRI) in November 2022.

As previously reported, delays in the application process through the South Australian Department of Energy and Mines had impacted the original terms of sale, which was subject to the successful excise of the exploration area comprising the Bramfield Iron Ore Project by conditional surrender from the Company’s broader Exploration Licence 6558, and the consequent issue to DRI of a new Exploration Licence covering the Bramfield Iron Ore Project only.

The Company was able to renegotiate the terms of the sale from the original \$500,000 to an all-cash price of \$440,000, allowing the transaction to be concluded before the end of the quarter.

The settlement bolstered OAR’s cash position and provided immediate funding for exploration work at key assets.

SA GRAPHITE PROJECT, EYRE PENINSULA, SOUTH AUSTRALIA

The Company’s Oakdale Graphite Project is situated in the centre western area of the Eyre Peninsula, and forms part of OAR’s ground holding in the region which comprises six contiguous exploration licences over approximately 1,520km² of the Gawler Craton. It is surrounded by several key lithium projects (see Figure 2 below).

For personal use only

Evaluation of the metallurgical testwork continues, and subsequent to the end of the half year, the Company reported a renewed focus on ultra-fine flake graphite which is in demand for battery applications.

Listed as a “Critical Minerals Project” by the Federal Government, and with the potential for low-cost, shallow open pit mining without the requirement for extensive drill and blast work, the Company is continuing planning of an infill and extensional drill campaign with a view to upgrading the existing JORC Resource and develop the project in the near term.

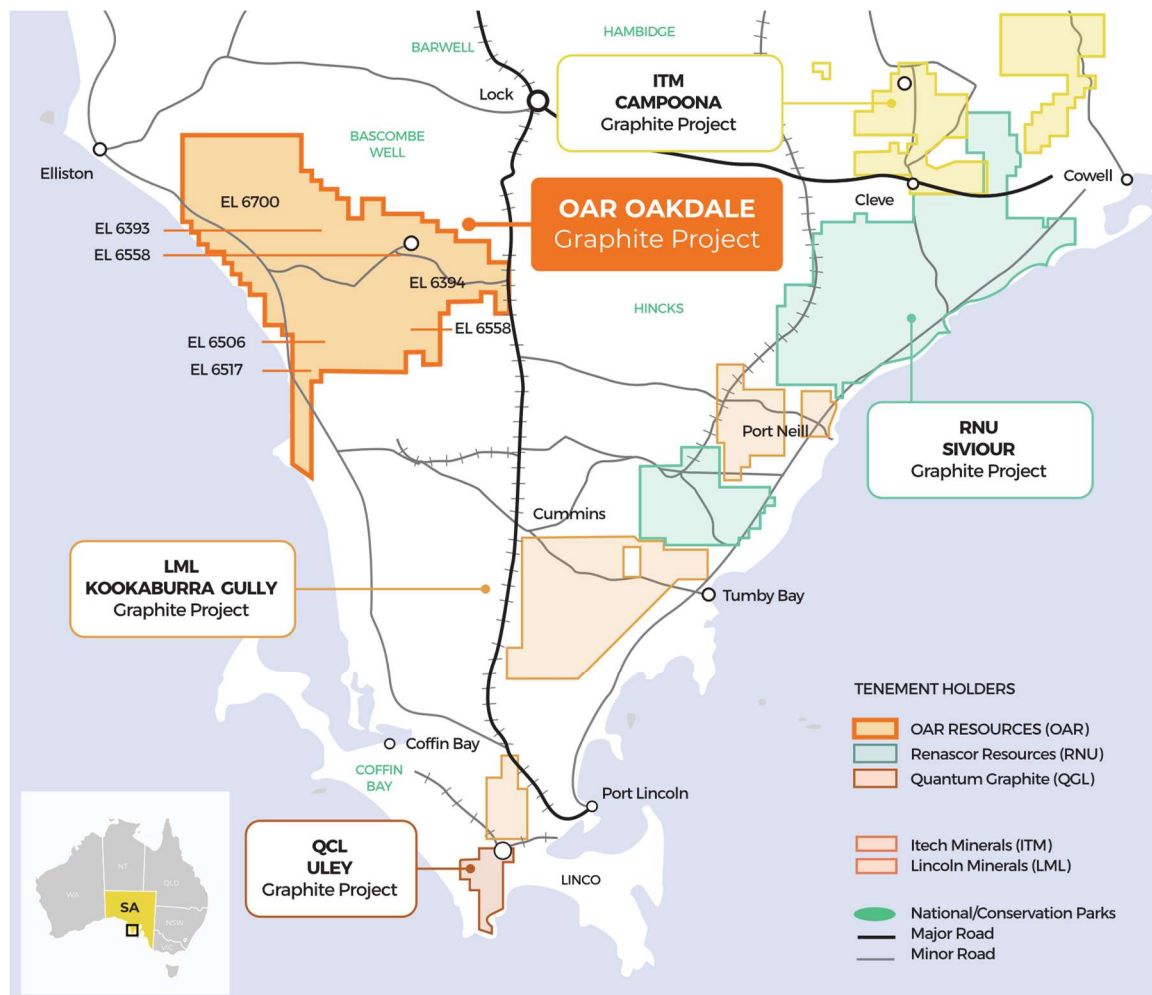


Figure 2: OAR’s SA Graphite Project surrounded by several other key projects

GIBRALTAR HALLOYSITE-KAOLIN PROJECT, EYRE PENINSULA, SOUTH AUSTRALIA

As reported in the Q2 Quarterly Report, OAR is actively pursuing potential JV partners, including companies with similar tenements in the Eyre Peninsula.

CROWN PROJECT, YILGARN CRATON, WESTERN AUSTRALIA

No activities were carried out at this project during the half year.

DOUGLAS CANYON GOLD-SILVER PROJECT, NEVADA USA

OAR’s 100%-owned Douglas Canyon Gold -Silver Project, located in the prolific Walker Lane Gold-Silver district in the Camp David/Mina region of Southern Nevada, USA, hosts numerous high-grade epithermal gold-silver projects (see Figure 3 below).

During the September quarter, a second phase of reconnaissance geologic mapping was undertaken throughout the core of the western extension claim at Douglas Canyon. This reconnaissance mapping showed that the andesite volcanics or rhyolite tuffs are quite extensive within the new project extension area. The mapping also revealed a number of quartz veins associated with structures which were able to be sampled.

For personal use only

In conjunction with this work, 13 select grab samples of potentially mineralised quartz vein material from adits and historic workings were collected and submitted for gold and silver analysis. Due to ongoing delays at assay laboratories worldwide, the Fire Assay - gold and silver results of those samples were returned late in the December 2022 quarter (see Table 1 and Figure 4 below).

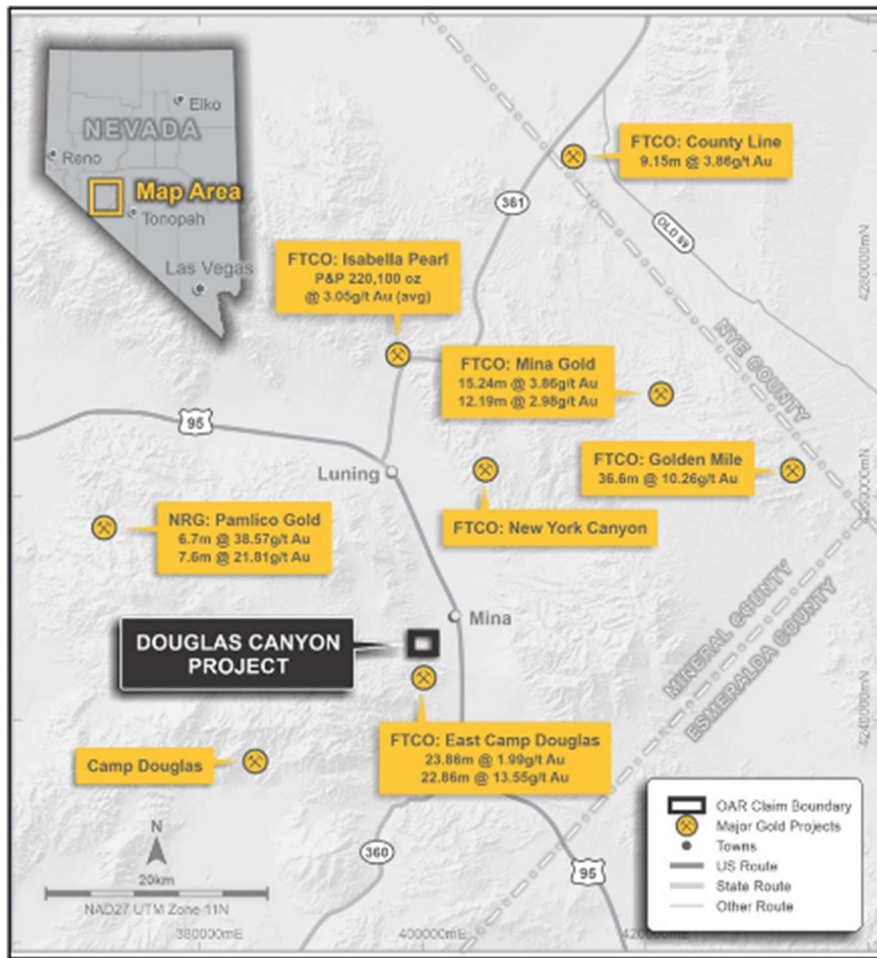


Figure 3: Douglas Canyon Project area showing project locations and recent exploration results by other companies in the region

For personal use only

Table 1: Rock chip results from the Douglas Canyon Project, incorporating the western lease extension

Sample_ID	Northing ²	Easting ³	Au (FA_ppm)	Ag (FA_ppm)	Comments
485658	4246643	399650	0.58	264	Hematitic vein quartz
485659	4246684	399480	0.62	6	Milky quartz with variable hematite in structure
485660	4246809	399356	<0.03	<3	Variably limonitic milky quartz
485661	4246812	399982	1.12	126	Shear in andesite with minor limonitic quartz
485662	4246899	398675	2.26	136	Andesite with minor limonitic quartz
485663	4247125	398458	0.31	76	Silicified and quartz veined zone
485664	4247412	399283	<0.03	<3	Limonite-stained milky quartz
485665	4247350	398450	<0.03	<3	Limonitic quartz
485666	4247764	398266	0.49	<3	6m wide gossanous Limonitic andesite and variably limonitic quartz
485667	4246603	399096	3.89	50	Gossanous quartz vein and quartz stockwork cutting andesite
485668	4247365	399482	1.2	6	Limonitic milky quartz
485669	4247314	399453	0.1	8	Hematite and limonite-stained quartz vein
485670	4247200	399250	0.18	<3	Hematitic milky quartz and quartz breccia

The samples included quartz vein material from adits and historic workings with the more anomalous results being associated with oxidised veining in andesites, similar in style to the mineralisation identified previously at Douglas Canyon.

The Douglas Canyon Gold -Silver Project has exploration potential which will require further drilling to test down dip and along strike extension of the known mineralisation. In addition, the new sampling has highlighted a previously unmapped mineralised structure to the south of the main Douglas Canyon structural trends. Further work is required to understand the importance of this newly identified mineralised trend. The Company is also actively seeking JV partners to become part of the Douglas Canyon exploration effort which will allow OAR to focus on battery and other critical mineral projects.

² Projected coordinates – UTM NAD27 z11S

³ Projected coordinates – UTM NAD27 z11S

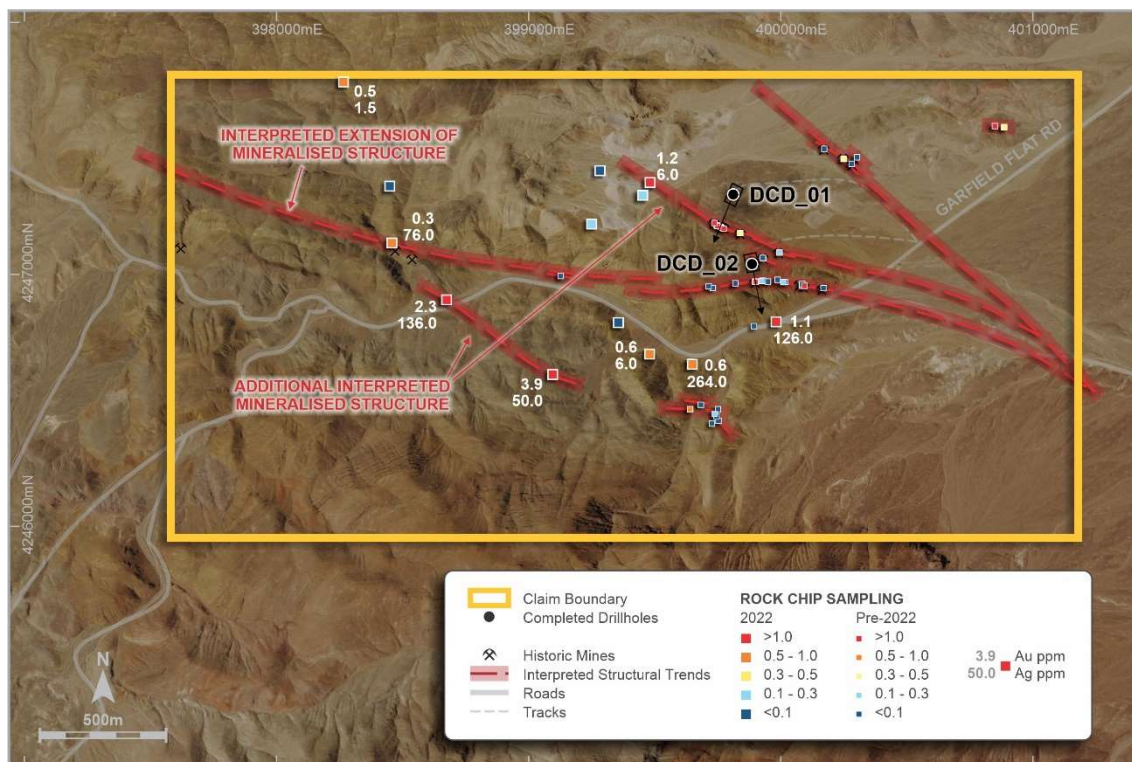


Figure 4: Gold and silver results received from the 2022 rock chip and mapping programs which included the new western lease extension

CHIMU GOLD PLANT, PERU

The Company continues to assess options to develop its 100%-owned Chimu Gold Project in Peru. The recent rally in the gold price has renewed interest in the project that remains fully permitted and construction ready with licensing in place to process up to 340 tons per day. The surrounding region in southern Peru features a significant number of small gold producers that are accustomed to this kind of processing arrangement.

The Company continues to keep the project in good standing while reviewing options to realise revenue through commissioning or divesting the asset.

CORPORATE

APPOINTMENT OF CEO

The Board of OAR was pleased to announce the appointment of Chief Executive Officer Mr Paul Stephen in November 2022.

Having held directorships across ASX and London Stock Exchange-listed companies, Mr Stephen has a strong knowledge of operations and compliance across multiple jurisdictions. He was co-founder and Executive Director of Crusader Resources Ltd, overseeing the discovery, development and operations of the Posse Iron Ore mine in Brazil and managing the discovery and delineation of over 2.6 million ounces of gold for Crusader while operating in Brazil. That resulted in the company achieving a market capitalisation of more than A\$160 million during Mr Stephen's tenure.

Mr Stephen's strong track record of delivering projects from discovery through to fully permitted and operational mines, as well as in-depth experience in commercial and corporate aspects required to successfully lead a publicly listed junior explorer, will be key to driving value for OAR shareholders.

COMPETENT PERSON'S STATEMENT

The information in this ASX Announcement for Oar Resources Limited was compiled by Mr Ross Cameron, a Competent Person, who is a member of the Australasian Institute of Mining and Metallurgy. Mr Cameron is an employee of Oar Resources Limited. Mr Cameron has sufficient experience, which is relevant to the style of mineralisation and types of deposits under consideration and to the activity to which he is undertaking to qualify as a "Competent Person" as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Cameron consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

All references to original source information are included as footnote and endnote references as indicated throughout the presentation where required.

For personal use only

DIRECTORS' REPORT

Your directors submit the financial report for the half-year ended 31 December 2022.

DIRECTORS

The names and details of the Company's directors at any time during or since the end of the financial period are as follows:

Christopher Gale – Non Executive Chairman

David Vilensky - Non-Executive Director

Anthony Greenaway - Non-Executive Director

CEO

Paul Stephen (appointed 8 November 2022)

COMPANY SECRETARY

The following person held the position of Company Secretary at the end of the financial period:

Yugi Gouw - Certified Practicing Accountant.

DIVIDENDS PAID OR RECOMMENDED

There were no dividends paid or declared by the Company during the financial period.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the course of the half-year were mineral exploration and project development. There were no significant changes in the nature of the principal activities during the financial period.

REVIEW AND RESULTS OF OPERATIONS

Over the past six months, the Group is actively progressing its battery metal projects which includes the Oakdale Graphite Project in South Australia and Denchi Lithium Project in Western Australia, as well as consolidating other existing non-core projects in its portfolio.

Highlights of the reported progress during the period include:

Denchi Lithium Project – (WA)

- Completion of the Denchi Project acquisition. The project initially comprised one granted and two pending tenements, covering a total area of 217.7km². The two pending tenements were granted shortly after the acquisition.
- The Denchi Lithium Project area hosts a number of prospective Lithium-Caesium-Tantalum (LCT) pegmatite outcrops. This type of pegmatite is the same host rock found at several key lithium projects including Pilbara Minerals' Pilgangoora project and Talison Lithium's Greenbushes operation. The project lies 120km north-west of Liontown Resources' Kathleen Valley lithium deposit.
- Since the acquisition, the exploration team has been working on the field to further validate the known pegmatites and subsequently to complete more reconnaissance across the entire area, with more rock chip samples were gathered for testing.

Oakdale Graphite – (SA)

- Ongoing metallurgical testwork with renewed focus on ultra-fine flake graphite which is in demand for battery applications.
- The Group plans to undertake an infill and extension drilling campaign with the aim to expand existing mineral resource.

DIRECTORS' REPORT (CONT'D)

Corporate

- Appointment of Paul Stephen as the Group's CEO.
- Completion of the sale of non-core Bramfield Iron Ore Project which has previously been fully written to nil.

RESULTS OF OPERATIONS

The financial result for the half year ended 31 December 2022 was a profit of \$102,885 (2021: loss of \$1,090,797) due to R&D tax incentive received during the period which is disclosed as Income Tax Benefit.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Apart from matters disclosed below and contained within Note 14: Events Subsequent to Reporting Date, Directors are not aware of any matters or circumstances not otherwise dealt with in this report that has significantly, or may significantly affect, the operations or the state of affairs of the Consolidated entity in future financial periods.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration under s 307C of the Corporations Act 2001 for the half year ended 31 December 2022 has been received and can be found on page 27 of the half year report.

Signed on 16 March 2023 in accordance with a resolution of the Board of Directors.



Christopher Gale
Non-Executive Chairman
Perth, 16 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$	31 Dec 2021 \$
Continuing operations			
Other income	2	401,241	-
Administrative expenses		(227,779)	(245,020)
Depreciation and amortisation		(1,210)	(900)
Finance costs		(1,882)	(2,181)
Occupancy costs		(26,100)	(18,300)
Employment costs		(185,921)	(208,651)
Development expenses		(97,735)	(304,757)
Share based payments		(62,442)	(187,524)
Net foreign exchange gain / (loss)		4,806	(31,090)
Other expenses from ordinary activities		(73,080)	(92,374)
Loss before income tax		(270,102)	(1,090,797)
Income tax benefit / (expense)		372,987	-
Net profit / (loss) for the year		102,885	(1,090,797)
<i>Other comprehensive income, net of income tax</i>			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that may be reclassified subsequently to profit or loss		-	-
□ Foreign currency movement		27,062	81,529
Other comprehensive income for the year, net of tax		27,062	81,529
Total comprehensive income attributable to members of the parent entity		129,947	(1,009,268)
Earnings per share			
Basic and diluted profit/(loss) per share (cents per share)		0.009	(0.06)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the attached notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 \$	30 June 2022 \$
<i>Current assets</i>			
Cash and cash equivalents	4	396,571	704,192
Trade and other receivables	5	18,455	37,240
Other assets	6	18,590	40,897
Total current assets		433,616	782,329
<i>Non-current assets</i>			
Other assets	6	196,558	165,057
Plant and equipment	7	715,778	716,711
Exploration and evaluation costs	8	5,499,130	3,145,759
Right-of-use asset	9	127,214	142,724
Total non-current assets		6,538,680	4,170,251
Total assets		6,972,296	4,952,580
<i>Current liabilities</i>			
Trade and other payables	10	1,430,237	782,688
Provisions	11	223,188	218,484
Lease liabilities	12	62,057	54,826
Total current liabilities		1,715,482	1,055,998
<i>Non-current liabilities</i>			
Lease liabilities	12	65,158	88,154
Total non-current liabilities		65,158	88,154
Total liabilities		1,780,640	1,144,152
Net assets/(liabilities)		5,191,656	3,808,428
<i>Equity</i>			
Issued capital	13	12,847,245	11,779,128
Reserves		1,671,582	1,459,356
Accumulated losses		(9,327,171)	(9,430,056)
Total equity		5,191,656	3,808,428

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2022

Note	Issued	Accumulated	Foreign	Share-Based	Total
	Capital	Losses	Exchange	Payment	
	\$	\$	Translation Reserve	\$	\$
Balance 1 July 2021	10,551,004	(5,650,199)	86,021	700,363	5,687,189
Profit/(Loss) for the period	-	(1,090,797)	-	-	(1,090,797)
Other comprehensive income for the period	-	-	81,529	-	81,529
Total comprehensive income for the period	-	(1,090,797)	81,529	-	(1,009,268)
Transactions with owners, directly in equity					
Options Issued during the period	-	-	-	353,391	353,391
Share application	32,500	-	-	-	32,500
Transaction costs	(202,390)	-	-	-	(202,390)
Balance 31 December 2021	10,381,114	(6,740,996)	167,550	1,053,754	4,861,422
Balance at 1 July 2022	11,779,128	(9,430,056)	240,790	1,218,566	3,808,428
Profit/(Loss) for the period	-	102,885	-	-	102,885
Other comprehensive income for the period	-	-	27,062	-	27,062
Total comprehensive income for the period	-	102,885	27,062	-	129,947
Transactions with owners, directly in equity					
Options Issued during the period	-	-	-	185,164	185,164
Share application	1,200,000	-	-	-	1,200,000
Transaction costs	(131,883)	-	-	-	(131,883)
Balance at 31 December 2022	12,847,245	(9,327,171)	267,852	1,403,730	5,191,656

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	
	31 Dec 2022 \$	31 Dec 2021 \$
<i>Cash flows from operating activities</i>		
Payments to suppliers and employees	(501,217)	(878,895)
Interests/other income received	774,228	-
Interests and other charges paid	(2,885)	(2,181)
Net cash outflows from operating activities	270,126	(881,076)
<i>Cash flows from investing activities</i>		
Payments for Alpine reclamation bond	-	-
Payments for exploration and evaluation activity	(568,482)	(797,665)
Payments for property, plant and equipment	(106)	(68,630)
Net cash (used in)/provided by investing activities	(568,588)	(866,295)
<i>Cash flows from financing activities</i>		
Proceeds from issue of shares	-	-
Costs associated with share issue	(9,159)	(46,200)
Net cash provided by financing activities	(9,159)	(46,200)
Net increase (decrease) in cash held	(307,621)	(1,793,571)
Cash and cash equivalents at beginning of the period	704,192	2,519,259
Cash and cash equivalents at the end of the period	396,571	725,688

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The interim 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 interim report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report in accordance with continuous disclosure requirements 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 noted.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the company's 2022 annual financial report for the financial year ended 30 June 2022, except for the impact of the Standards and Interpretations described below, and the change in accounting policy as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Accounting Standards that are mandatorily effective for the current reporting period

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2021.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the financial period are discussed below.

Impairment of Assets

Exploration Evaluation and Development Expenditure

Exploration, evaluation and development 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 which 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 year in which the decision to abandon the area is made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022**Impact of COVID-19**

The Group has upgraded the beneficiation operation license for the Chimu Plant from 40 tonnes per day to 340 tonnes per day during 2022 reporting period. The Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group from COVID-19 as at 31 December 2022.

Going concern

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

The Group incurred a profit for the period of \$102,885 (2021: \$1,090,797) and net operating cash inflow of \$270,126 (2021: outflow of \$881,076). As at 31 December 2022, the Group's cash and cash equivalents decreased to \$396,571 (2021: \$725,688) and had a working capital deficit of \$481,866 after taking into accounting the milestone payment to be paid via ordinary shares to the vendors of Denchi Lithium Project.

The directors have prepared a cash flow forecast, based on the assumption that the Group continues to be successful in raising capital and the contingent liabilities as disclosed do not require any cash outlay. The cashflow forecast indicates that the Consolidated Group will have sufficient cash flows to meet all commitments and working capital requirements for the 12-month period from the date of signing this report. The ability of the Group to continue as a going concern is principally dependent upon the ability of the Group to secure funds by raising capital from equity markets and managing cash flow in line with available funds.

Based on the cash flow forecast and other factors referred to above, the Directors are satisfied that the going concern basis of preparation is appropriate. In particular, given the Group's history of raising capital to date and the support from its shareholders, the directors are confident of the Group's ability to raise additional funds as and when they are required.

Should the Group be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Group be unable to continue as a going concern and meet its debts as and when they fall due.

NOTE 2 REVENUE AND OTHER INCOME

	31 Dec 2022	31 Dec 2021
	\$	\$
Other Income		
Interest income	1,241	-
Sale of project	400,000	-
	<u>401,241</u>	<u>-</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022**NOTE 3 SEGMENTAL REPORTING**

For management's purposes, the Group is organised into three main operating segments based on geographic areas, USA, Peru and Australia during the current period.

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board (chief operating decision maker) in assessing performance and in determining the allocation of resources. The Group's three operating segments for current period are USA, Australia and Peru. The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

The following is an analysis of the Group's revenues, results, assets, liabilities by reportable operating segment for the current period.

31 December 2022	Australia	Peru	USA	Total
Revenue	\$	\$	\$	\$
Other income	401,241	-	-	401,241
Total revenue	401,241	-	-	401,241
Depreciation & amortisation expense	(935)	(275)	-	(1,210)
Finance costs	(650)	(1,232)	-	(1,882)
Development expenses	-	(97,735)	-	(97,735)
Net foreign exchange gain(loss)	-	4,806	-	4,806
Other expenses	(575,322)	-	-	(575,322)
Total expenses	(576,907)	(94,436)	-	(671,343)
Segment loss	(175,666)	(94,436)	-	(270,102)
31 December 2022				
Segment assets	5,240,483	881,929	849,884	6,972,296
Segment liabilities	(1,733,455)	(47,185)	-	(1,780,640)
Additions to non-current assets				
Exploration & evaluation assets	315,992	-	37,372	353,364
Acquisition of Denchi Lithium Project	2,000,000	-	-	2,000,000
Plant & equipment	441	-	-	441
Tax credits	-	1,134	-	1,134
Total additions to non-current assets	2,316,433	1,134	37,372	2,354,939
31 December 2021				
Revenue				
Total revenue	-	-	-	-
Depreciation & amortisation expense	(808)	(92)	-	(900)
Finance costs	(632)	(1,549)	-	(2,181)
Development expenses	-	(304,757)	-	(304,757)
Net foreign exchange gain(loss)	-	(31,090)	-	(31,090)
Other expenses	(751,821)	(48)	-	(751,869)
Total expenses	(753,261)	(337,536)	-	(1,090,797)
Segment loss	(753,261)	(337,536)	-	(1,090,797)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022**NOTE 3 SEGMENTAL REPORTING CONTINUED...**

30 June 2022	Australia	Peru	USA	Total
	\$	\$	\$	\$
Segment assets	3,269,449	878,028	805,103	4,952,580
Segment liabilities	(848,622)	(55,626)	(239,904)	(1,144,152)
Additions to non-current assets				
Exploration & evaluation assets	717,866	-	913,038	1,630,904
Plant & equipment	81,641	-	-	81,641
Tax credits	-	55,502	-	55,502
Alpine Reclamation Bond	-	-	7,340	7,340
Total additions to non-current assets	799,507	55,502	920,378	1,775,387

NOTE 4 CASH AND CASH EQUIVALENTS

	31 Dec 2022	30 Jun 2022
	\$	\$
Reconciliation of cash		
Cash at bank	395,993	703,505
Petty Cash	578	687
	396,571	704,192

NOTE 5 TRADE AND OTHER RECEIVABLES

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current</i>		
GST receivable	-	17,124
Other receivables	18,455	20,116
	18,455	37,240

NOTE 6 OTHER ASSETS

	31 Dec 2022	30 Jun 2022
	\$	\$
<i>Current</i>		
Prepayments	18,590	40,897
	18,590	40,897
<i>Non-Current</i>		
Tax Credits	144,312	143,178
Alpine Reclamation Bond	22,246	21,879
Exploration Bond	30,000	-
	196,558	165,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTE 7	PLANT AND EQUIPMENT	31 Dec 2022	30 Jun 2022
		\$	\$
	<i>Current</i>		
	Balance at the beginning of the period	716,711	565,623
	Additions during the period	441	86,447
	Depreciation	(1,210)	(2,049)
	Foreign currency effect	(164)	66,690
	Balance at the end of period	715,778	716,711

The Group has upgraded the beneficiation operation license for the Chimu Plant from 40 tonnes per day to 340 tonnes per day during 2022 reporting period. The Group assessment has determined that there has been no significant impact on the performance nor financial position of the Group from COVID-19 and no impairment is necessary as at 31 December 2022.

NOTE 8	EXPLORATION AND EVALUATION COSTS	31 Dec 2022	30 Jun 2022
		\$	\$
	<i>Non-Current</i>		
	Costs carried forward in respect of areas of interest in:		
	- Exploration and evaluation phases	5,499,130	3,145,759
	Movement on Exploration and Evaluation Costs		
	Balance at beginning of period	3,145,759	3,287,462
	Acquisition of exploration assets	339,399	1,539,109
	Acquisition of Denchi Lithium Project	1,200,000	-
	Milestone consideration for the granting of Denchi Lithium Project Tenement ¹	800,000	-
	Provision for impairment on Alpine Project ²	-	(1,841,482)
	Foreign currency translation movement	13,972	160,670
	Balance at end of period	5,499,130	3,145,759

¹ The Milestone Consideration comprising of 160 million OAR ordinary shares will be issued once shareholder approval has been received at shareholder meeting due to be held on 30 March 2023 (Refer to Note 10: Trade and Other Payables).

² The Company is focussing exploration work at Douglas Canyon after relinquishing Lambarson Canyon and Tonopah North project area in prior reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTE 9	RIGHTS OF USE ASSETS	31 Dec 2022	30 Jun 2022
		\$	\$
	Leased office and storage building	195,945	178,422
	Accumulated Depreciation	(68,731)	(35,698)
		<u>127,214</u>	<u>142,724</u>
	Movement in carrying amounts:		
	<i>Lease office and storage building</i>		
	Opening balance as at 30 June	142,724	8,011
	Addition to right-of-use assets	17,523	155,134
	Depreciation for the period	(22,997)	(3,833)
	Depreciation capitalised in exploration and evaluation costs	(10,036)	(16,588)
	Net Carrying amount	<u>127,214</u>	<u>142,724</u>
	<i>The statement of Profit and Loss shows the following amounts relating to leases:</i>		
	Depreciation charged related to rights-of-use assets	22,997	3,833
	Interest expense on lease liabilities	1,003	167
	Short-term leases expense	-	-
	Low-value asset leases expense	-	-
		<u>24,000</u>	<u>4,000</u>

NOTE 10	TRADE AND OTHER PAYABLES	31 Dec 2022	30 Jun 2022
		\$	\$
	<i>Current</i>		
	Trade payables	499,553	325,128
	Accruals	28,817	301,651
	Denchi Lithium Project – Milestone Consideration *	800,000	-
	Employment related payables	35,119	54,428
	Payable to a shareholder/director	47,543	47,543
	Others	19,205	53,938
		<u>1,430,237</u>	<u>782,688</u>

* The Milestone Consideration comprising of 160 million OAR ordinary shares will be issued once shareholder approval has been received at shareholder meeting due to be held on 30 March 2023 (Refer to Note 8: Exploration and Evaluation Costs).

NOTE 11	PROVISIONS	31 Dec 2022	30 Jun 2022
		\$	\$
	<i>Current</i>		
	Employee entitlements	35,361	31,067
	Deferred payments	187,827	187,417
		<u>223,188</u>	<u>218,484</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022**NOTE 12 LEASE LIABILITY**

Gross lease liabilities – minimum lease payments:

Less than one year

Between one and five years

Future finance charges on leases

The present value of lease liabilities classified as:

*Current**Non- Current*

	31 Dec 2022	30 Jun 2022
	\$	\$
Less than one year	64,765	57,144
Between one and five years	68,000	92,000
	132,765	149,144
Future finance charges on leases	(5,550)	(6,164)
	127,215	142,980
The present value of lease liabilities classified as:		
<i>Current</i>	62,057	54,826
<i>Non- Current</i>	65,158	88,154
	127,215	142,980

NOTE 13 ISSUED CAPITAL**a. Ordinary shares**

Balance at beginning of reporting period

Conversion of Incentive and Deferred rights

Acquisition of Denchi Lithium Project

Transaction costs in relation to share issues

Balance at end of reporting period

	No of Shares	Total
		\$
Balance at beginning of reporting period	2,154,564,724	11,779,128
Conversion of Incentive and Deferred rights	16,473,174	-
Acquisition of Denchi Lithium Project	240,000,000	1,200,000
Transaction costs in relation to share issues	-	(131,883)
Balance at end of reporting period	2,411,037,898	12,847,245
	No of Options	Total
		\$

b. Options

Balance at beginning of reporting period

OARAH Options issued to Broker

Conversion of Incentive and Deferred rights

Incentive and Deferred rights amortisation

Balance at end of reporting period

Balance at beginning of reporting period	412,885,394	1,218,566
OARAH Options issued to Broker	60,000,000	122,722
Conversion of Incentive and Deferred rights	(17,100,000)	-
Incentive and Deferred rights amortisation	-	62,442
Balance at end of reporting period	455,785,394	1,403,730

For personal use only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTE 14 EVENTS SUBSEQUENT TO REPORTING DATE

On 17 January 2023, the Company announced the lodgement of applications for five additional prospective tenements at the Denchi Lithium Project, which expands the project area to more than 1,000 km².

NOTE 15 PROJECT ACQUISITION

Denchi Lithium Project

On 3 November 2022, the Company announced that it had signed a binding agreement to acquire a lithium project near Wiluna in Western Australia, consisting of granted tenement EL53/2198 and two tenement applications, ELA53/2229 and ELA53/2230 (the Project).

The acquisition of the Project was settled through issuing the Vendors, fully paid ordinary shares as follows:

- 40,000,000 fully paid ordinary shares as a non-refundable deposit.
- 200,000,000 fully paid ordinary shares on completion of the acquisition.
- 160,000,000 fully paid ordinary shares subject to the granting of ELA53/2229 and ELA53/2230 within 12 months from completion of the acquisition.
- \$250,000 in fully paid ordinary shares, with each share having a deemed price equal to the higher of \$0.01 or the 30-day VWAP of the share price prior to issue, contingent upon the Company having delineated a maiden inferred JORC Code compliant Mineral Resource, which exceeds 10 million tonnes of Li₂O, within five years from the completion of the acquisition.

As at the date of this Report, only 240,000,000 fully paid ordinary shares valued at \$1,200,000 have been issued to the Vendors. The Milestone Consideration comprising of 160 million fully paid OAR ordinary shares which has vested on the granting of ELA53/2229 and ELA53/2230 will be issued once shareholder approval has been received at shareholder meeting due to be held on 30 March 2023 (Refer to Note 8: Exploration and Evaluation Costs and Note 10: Trade and Other Payables).

NOTE 16 CONTINGENT LIABILITIES

The following liabilities are treated as contingent liabilities as it is dependent on certain milestone to occur, with no current obligation at present.

Acquisition of Denchi Lithium Project:

- Fully paid ordinary shares in the Company valued at \$250,000, with each share having a deemed price equal to the higher of \$0.01 or the 30-day VWAP of OAR share price prior to issue, contingent upon the Company having delineated a maiden inferred JORC Code compliant Mineral Resource, which exceeds 10 million tonnes of Li₂O, within five years from the completion of the acquisition (“JORC Milestone Shares”).

Acquisition of Crown Project:

- 27,000,000 fully paid ordinary shares in the Company contingent on the granting of the drilling program approval by the WA Mines Department.

Acquisition of Alpine Project:

- At the Company election to either issue 80,000,000 fully paid ordinary shares in OAR by 31 August 2023 (Deferred Consideration Shares) or facilitate the transfer of the gold projects back to the Vendor.
- 80,000,000 fully paid ordinary shares in the Company on the announcement of the first 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.

- 175,000,000 fully paid ordinary share in the Company on the announcement on a second 500,000 ounces of gold or gold equivalent JORC Code compliant resource on any of the Alpine gold projects.

For personal use only

DIRECTORS' DECLARATION

The Directors of Oar Resources Limited declare that:

- the attached financial statements and notes thereto comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Act 2001*;
- the attached financial statements and notes thereto give a true and fair view of the Consolidated entity's financial position as at 31 December 2022 and of its performance for the half year ended on that date;
- there are reasonable grounds to believe that the Consolidated entity will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.



Christopher Gale

Non-Executive Chairman

Perth, 16 March 2023

For personal use only

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



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 OAR 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 AUDIT (WA) PTY LTD
ABN 42 163 529 682

MICHAEL HILLGROVE CA
Director

Dated this 16th day of March 2023
Perth, Western Australia

For personal use only

INDEPENDENT AUDITOR'S REPORT



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

Report on the half-year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of OAR Resources Limited (the Company) and its controlled entities (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the half year financial report, which indicates that the Consolidated Entity incurred a net profit of \$102,885 during the half year ended 31 December 2022. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Consolidated Entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (CONT'D)



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 Company's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick Audit (WA) Pty Ltd
ABN 42 163 529 682

Michael Hillgrove
Director

Dated this 16th day of March 2023
Perth, Western Australia

For personal use only