

Half Year Report 31 December 2022

Minerals 260 Limited
ABN 34 650 766 911

Directors

Anthony James Cipriano
David Ross Richards
Timothy Rupert Barr Goyder
Craig Russell Williams
Emma Josephine Scotney

Chairman
Managing Director
Non-Executive Director
Non-Executive Director (resigned 22 November 2022)
Non-Executive Director

Company Secretary

Curtis Abbott (appointed 4 October 2022)
Clint McGhie (resigned 4 October 2022)

Principal Place of Business & Registered Office

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Email: info@minerals260.com.au

Auditors

HLB Mann Judd (WA Partnership)
Level 4, 130 Stirling Street
PERTH, WESTERN AUSTRALIA 6000

Share Registry

Automic Pty Limited
Level 5, 191 St Georges Terrace,
PERTH, WESTERN AUSTRALIA 6000
Tel: 1300 288 664

Home Exchange

Australian Securities Exchange Limited
Level 40, Central Park
152- 158 St Georges Terrace
PERTH, WESTERN AUSTRALIA 6000

ASX Code

Share Code: M16

Minerals 260 Limited

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Your directors submit the financial report for Minerals 260 Limited ("Minerals 260" or "Company") and the entities it controlled as at and for the half-year ended 31 December 2022 ("the Group"). In compliance with the provisions of the *Corporations Act 2001*, the directors report as follows:

DIRECTORS

The names of directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Anthony Cipriano	Chairman
David Richards	Managing Director
Timothy Goyder	Non-Executive Director
Craig Williams	Non-Executive Director (resigned 22 November 2022)
Emma Scotney	Non-Executive Director

REVIEW OF OPERATIONS

1. Overview

The Company's primary focus during the reporting period was the combined Moora/Koojan Projects area which together comprise a large (~1,000km²), contiguous land position in the emerging Julimar Mineral Province of SW Western Australia.

Previous exploration at Moora and Koojan has confirmed the potential for significant precious and base metal mineralisation and a 10,000-15,000m Reverse Circulation (RC) and Diamond Core (DD) drilling program begun in November 2022 to test for extensions of mineralisation at known prospects and 22 new targets defined by geochemical and geophysical surveys. This drilling program completed in mid-late February 2023. Subsequent to completion of the program, further drilling at Mynt has been planned to follow up copper-gold intercepts received in late February 2023 which highlight the potential for a significant mineralised system.

The Company was also awarded a State Government Co-Funded Exploration Drilling grant of up to \$185,000 which will be applied the above drilling program.

Importantly, Minerals 260 finished the reporting period with a cash balance of \$21.1m meaning the Company can continue to fund its existing projects as well as its pursue new value accretive business development opportunities.

2. Moora Gold-Copper-Nickel-PGE Project, Western Australia (100%)

The Moora Project, which is located in the Julimar Mineral Province of south-west Western Australia, approximately 150km north-east of Perth, comprises wholly-owned tenure considered prospective for precious and battery-related metals. Drilling has intersected multiple zones of bedrock mineralisation, confirming the potential for an economic discovery.

Activities undertaken on the Moora Project included processing of data from exploration completed during the first half of 2022 and planning and commencement of a follow-up drilling program.

A highlight of the period was the discovery of significant PGE* mineralisation at the Acga prospect where RC drilling intersected 3m @ 0.52g/t PGE from 177 - 180m associated with disseminated sulphides hosted within a mafic intrusive rock.

The Acga discovery is fourth significantly mineralised zone defined at Moora with previous drilling intersecting strong gold +/- copper mineralisation at Angepena, Mynt and Zest.

All four prospects are coincident with the margin of the Moora Gravity Anomaly (MGA), a large gravity high 13km long and up to 4km wide, interpreted to define a mafic/ultramafic intrusion obscured by shallow sedimentary cover. The contact margin of the mafic/ultramafic intrusion with the country rock is considered to be an important control on localising mineralisation and will be a priority focus for future drilling programs.

Project-scale geochemical and geophysical surveys have defined multiple other targets, including a number coincident with margin of the MGA, that have yet to be tested by drilling.

A Reverse Circulation (RC) drilling program comprising up to 8,500m commenced in November 2022 to follow up multiple targets including extensions of previously intersected base and precious metal mineralisation and the untested, new anomalies defined by geochemical and geophysical surveys. Subsequent to the end of the report period, the Company released significant copper-gold intercepts at the Mynt prospect. These intercepts include:

- **MRRC0089** 21m @ 1.3% Cu and 0.4g/t Au from 119 - 140m; and
- **MRRC0100** 11m @ 1.5% Cu and 0.6g/t Au from 118 - 129m

The results confirm the strike continuity of the discovery hole reported in March 2022 that assayed:

- **MRRC0040** 24m @ 1.9% Cu and 0.7g/t Au from 99 - 123m

In addition, recent diamond drilling below MRRC0040 intersected a ~35m thick zone of strong sulphides similar to that observed in the holes referred to above suggesting the mineralized zone may be thickening at depth. The Company is encouraged by these results and is planning further drilling at Mynt to test additional extensions. These latest results highlight the potential for a significant mineralised system, with a +1km long trend identified which remains open along strike and down dip.

The Company will provide further updates as it receives additional assays and information from the program.

3. Koojan JV Project, Western Australia (30% with right to earn 51%)

The Koojan Project adjoins the western boundary of the Moora Project and is considered prospective for gold-copper-nickel-PGE mineralisation similar to that being targeted at Moora. Minerals 260 is in joint venture with Lachlan Star Limited (ASX: LSA) and has earned a 30% interest in the Project with the right to increase its equity to 51%.

The Koojan JV (KJV) is interpreted to contain the extension of several prospective trends including the adjacent Mt Yule corridor, which hosts the Mynt, Zest and Angepena prospects on the Moora Project, and the stratigraphy which hosts the Julimar PGE-nickel-copper discovery, approximately 90km to the south.

A maiden, up to 6,500m RC drilling program, using the same drill rigs as the Moora Project, commenced on the KJV during the Quarter to test multiple geochemical and/or geophysical targets.

Assays were pending for all holes at end of the report period with subsequent releases made in February 2023 highlighting elevated gold at the Mallory prospect. A review will be undertaken once all assays are received from drilling at this prospect to determine whether future work is warranted.

In December 2022 Minerals 260 satisfied its Stage 1 Farm-In obligation for the KJV by incurring exploration expenditure of \$1,500,000. The expenditure entitles Minerals 260 (through its wholly owned subsidiary ERL (Aust) Pty Ltd ("ERL")) to 30% equity in the KJV with the remaining 70% held by Coobaloo Minerals Pty Ltd ("Coobaloo"). Coobaloo is 75% owned by Lachlan Star Limited (ASX: LSA). Minerals 260 continues to fund exploration on the KJV and can increase its equity to 51% by spending a further \$2,500,000 prior to January 2026.

4. Dingo Rocks, Western Australia (100%)

The Dingo Rocks Project is in SE Western Australia, approximately 600km south-east of Perth and 100km south of Norseman, proximal to the southern margin of Eastern Goldfields Superterrane of the Archaean Yilgarn Block. Previous geochemical exploration has been largely ineffective due to transported cover; however, regional aeromagnetic data indicate the potential for mafic-ultramafic intrusions that may be prospective for Ni-Cu-PGE mineralisation.

During the reporting period, preliminary heritage and flora surveys were completed across the Project area with the data to be used to plan access routes to drill test the prospective geophysical anomalies. The proposed access routes, once designed, will require further surveying to ensure heritage and environmentally sensitive areas are avoided.

Subsequent to the report period, Program of Works have been received for drilling and ground geophysics with earthworks and further surveying to commence late March 2023.

5. Yalwest, Western Australia (100%)

The Yalwest Project comprises two adjoining Exploration Licence located ~400km north of Perth in the Murchison Gold Province of the Archaean Yilgarn Block. The tenements were acquired to secure unexplained magnetic gravity features that have not been assessed by modern exploration.

Assays from a soil sampling program did not define any anomalous geochemical trends. A data review will be completed for the Project to determine whether any further exploration is warranted.

6. WBR Project, Western Australia (right to acquire 80%)

The WBR Project comprises six Exploration Licences located throughout the wheatbelt of SW Western Australia. Minerals 260 has an Option and Joint Venture Agreement with private group Koojan Exploration Pty Ltd which gives the Company the right to earn 80% equity in the tenements, which were acquired to assess magnetic anomalies considered prospective for base and precious metal mineralisation.

The Option and Joint Venture Agreement for the WBR Project was finalised during the report period.

Land access agreements have been executed with key farmers and grid-based geochemical programs designed to assess multiple aeromagnetic anomalies and trends commenced in mid February 2023.

RESULTS OF OPERATIONS

At 31 December 2022 the Group had net assets of \$21,014,034 (30 June 2022: \$23,160,380) and an excess of current assets over current liabilities of \$20,869,686 (30 June 2022: \$23,114,268). At 31 December 2022, cash at bank totalled \$21,126,182 (30 June 2022: \$23,471,130).

The Group has reported a net loss for the period of \$3,455,740 (31 December 2021 net loss: \$84,879,055) which includes \$1,391,114 in incurred exploration costs with approximately 70% of that expenditure pertaining to the Moora and Koojan Project. The significant reduction in the net loss is due to the one off nature of expensing \$79,999,500 in exploration and evaluation acquisition costs last financial year (in accordance with the Company's accounting policy) following the demerger from Lontown Resources Ltd and associated acquisition of ERL (Aust) Pty Ltd, the entity which holds the Moora, Koojan JV, Dingo Rocks and Yalwest Projects.

CORPORATE

On 4 October 2022, Mr Curtis Abbott was appointed Company Secretary, succeeding Mr Clint McGhie who resigned. Mr Abbott now holds the joint role of Chief Financial Officer and Company Secretary having supported the Board and Mr McGhie following the demerger of the Company from Lontown and its subsequent ASX listing in October 2021.

On 22 November 2022, Non-Executive Director Mr Craig Williams retired. As a long-serving Director of Lontown Resources (ASX: LTR), Mr Williams became a foundation director of Minerals 260 last year following the Company's establishment through the demerger and subsequent successful ASX listing of Lontown's non-lithium exploration assets in October 2021.

During the six month period ending 31 December 2022, the Company issued a total of 5,650,000 options to directors and employees pursuant to the Company's employee share incentive plan. Further details can be found in Financial Report below.

IMPACT OF COVID-19

The Group's cash position provides insulation to any longer-term unforeseen impacts to funding and operating that may occur. All of Minerals 260's projects are located in Western Australia and, although the future risk from COVID-19 cannot be reliably estimated, the potential impact on Group's operations over the next 12 months does not appear significant. In line with its commitments to safeguard the health and well-being of its employees and contractors, Minerals 260 introduced company-wide protocols consistent with the ongoing advice from the Government and health authorities. The Company continues to monitor the advice to ensure its protocols remain relevant.

EVENTS SUBSEQUENT TO THE REPORTING DATE

There are no other significant events after balance date that required disclosure in this report.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the directors of the Company with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 8 and forms part of this directors' report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to Section 306(3) of the *Corporations Act 2001*.



David Richards
Managing Director

Dated at Perth this 1st day of March 2023

COMPETENT PERSON'S STATEMENT

The Information in this Report that relates to Exploration Results for the Moora and Koojan Projects is extracted from:

- "Multiple zones of gold mineralisation intersected in initial follow-up drilling at Moora" released on 3 February 2022;
- "Wide copper-gold zone confirmed at Moora" released on 4 March 2022;
- "Second significant copper-gold zone discovered at Moora" released on 19 April 2022;
- "New intercept of 16m @ 2.8g/t Au confirms scale and potential of Angepena gold prospect at Moora" released on 27 September 2022;
- "Significant bedrock palladium-platinum intersected for the first time at Moora ahead of major new drilling program" released on 4 November 2022; and
- "Significant new Cu-Au intercepts from Mynt prospect" released on 27 February 2023

which are available on www.minerals260.com.au.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and that all material assumptions and technical parameters underpinning the estimates or production targets or forecast financial information derived from a production target (as applicable) in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

FORWARD LOOKING STATEMENT

This report contains forward-looking statements which involve a number of risks and uncertainties. These forward-looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Minerals 260 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:

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

Perth, Western Australia
1 March 2023


D I Buckley
Partner

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Liability limited by a scheme approved under Professional Standards Legislation.

HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

Minerals 260 Limited**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income****For the half-year ended 31 December 2022**

	Note	31 Dec 22 \$	31 Dec 21 \$
Continuing Operations			
Exploration and evaluation expenditure expensed	3(a)	(1,391,114)	(81,260,605)
Corporate administrative expenses	3(b)	(1,036,019)	(279,408)
Listing & IPO expenses		-	(510,349)
Share-based payments	5	(1,309,394)	(2,829,000)
Net finance income		280,787	307
Loss before income tax		(3,455,740)	(84,879,055)
Income tax expense		-	-
Net loss after tax		(3,455,740)	(84,879,055)
Other comprehensive income/(loss), net of tax		-	-
Total comprehensive loss		(3,455,740)	(84,879,055)
Earnings per share from operations			
Basic loss per share (cents per share)		(1.57)	(79.20)
Diluted loss per share (cents per share)		(1.57)	(79.20)

The condensed consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

Minerals 260 Limited

Condensed Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 22 \$	30 Jun 22 \$
Current assets			
Cash and cash equivalents		21,126,182	23,471,130
Trade and other receivables		553,986	94,294
Prepayments		53,984	8,771
Security deposits		50,285	50,000
Total current assets		21,784,437	23,624,195
Non-current assets			
Property, plant and equipment		109,724	105,475
Right of use assets		99,624	-
Security deposits		16,025	-
Total non-current assets		225,373	105,475
Total assets		22,009,810	23,729,670
Current liabilities			
Trade and other payables		685,049	425,577
Employee benefits		195,809	84,350
Lease liabilities		33,893	-
Total current liabilities		914,751	509,927
Non-Current liabilities			
Employee benefits		4,171	59,363
Lease liabilities		76,854	-
Total non-current liabilities		81,025	59,363
Total liabilities		995,776	569,290
Net assets		21,014,034	23,160,380
Equity			
Share capital	4	108,721,826	108,721,826
Accumulated losses		(92,047,045)	(88,591,305)
Reserves		4,339,253	3,029,859
Total equity		21,014,034	23,160,380

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

Minerals 260 Limited
Condensed Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2022

	Issued capital \$	Accumulated losses \$	Share based payments reserve \$	Total equity \$
Balance at 1 July 2021	1,000	(1,124)	-	(124)
Loss for the period	-	(84,879,055)	-	(84,879,055)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(84,879,055)	-	(84,879,055)
Transactions with Owners in their capacity as Owners:				
Issue of shares (net of costs)	108,723,661	-	-	108,723,661
Share-based payments	-	-	2,829,000	2,829,000
Balance at 31 December 2021	108,724,661	(84,880,179)	2,829,000	26,673,482
Balance at 1 July 2022	108,721,826	(88,591,305)	3,029,859	23,160,380
Loss for the period	-	(3,455,740)	-	(3,455,740)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(3,455,740)	-	(3,455,740)
Transactions with Owners in their capacity as Owners:				
Issue of shares (net of costs)	-	-	-	-
Share-based payments	-	-	1,309,394	1,309,394
Balance at 31 December 2022	108,721,826	(92,047,045)	4,339,253	21,014,034

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

Minerals 260 Limited
Condensed Consolidated Statement of Cash Flows
For the half-year ended 31 December 2022

	31 Dec 22	31 Dec 21
	\$	\$
Cash flows from operating activities		
Cash paid to suppliers and employees	(1,029,772)	(124,378)
Payments for exploration and evaluation	(1,388,977)	(665,072)
Payments for IPO & ASX listing	-	(446,663)
Interest received	212,683	308
Interest paid	(549)	(172)
Security deposit paid	(16,025)	(50,000)
Net cash (used in) operating activities	(2,222,640)	(1,285,977)
Cash flows from investing activities		
Payments for plant and equipment	(17,215)	(51,901)
Payments to acquire tenement(s)	(104,133)	-
Net cash (used in) investing activities	(121,348)	(51,901)
Cash flows from financing activities		
Proceeds from issue of shares	-	30,000,000
Payments for share issue costs	-	(1,324,449)
Repayment of lease liabilities	(960)	-
Net cash from financing activities	(960)	28,675,551
Net increase in cash and cash equivalents	(2,344,948)	27,337,673
Cash and cash equivalents at 1 July	23,471,130	-
Cash and cash equivalents at 31 December	21,126,182	27,337,673

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

1. Significant accounting policies

(a) Statement of compliance

The financial report was authorised for issue on 1 March 2023.

These interim condensed 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).

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 financial statements comprise the condensed consolidated interim financial statements for the Group. For the purposes of preparing the condensed consolidated financial statements, the Group is a for-profit entity.

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

It is recommended that these interim statements be read in conjunction with the annual financial report for the year ended 30 June 2022 and any public announcements made by Minerals 260 Limited during the half year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001* and the ASX Listing Rules.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year, except for the impact of the new Standards and Interpretations effective disclosed in note 1(d). These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. They also include the following:

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The recognised right-of-use assets are depreciated on a straight-line basis over the lease term. Right-of-use assets are subject to impairment or adjustment for any remeasurement of lease liabilities.

Lease liabilities

The Group recognises Lease Liabilities at the commencement date of the lease and will measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the incremental borrowing rate.

Lease payments comprise of fixed payments less and lease incentives receivable and variable lease payments. Carrying amounts are remeasured if there is a change in the following:

- i) Changes in lease term;
- ii) Changes to future lease payments
- iii) Any adjustment is made to the corresponding right of use asset,

In the statement of cash flows, the Group classifies cash payments for the principal portion of the lease liability within financing activities, cash payments for the interest portion of the lease liability applying the requirements in AASB 107 Statement of Cash Flows for interest paid and for short-term lease payments, payments for leases of low-value assets and variable lease payments not included in the measurement of the lease liability within operating activities.

1. Significant accounting policies (continued)

(b) Basis of preparation

The interim report has been prepared on a historical cost basis. Historical cost is based on the fair values of the consideration given in exchange for assets, goods and services. The Group is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

(c) Significant accounting judgments and key estimates

The preparation of interim financial reports requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim report, 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 next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity. Refer to note 5 for further information.

Right of Use Assets and Lease Liabilities

Right of Use Assets and Lease liabilities are measured as the present value of the lease payments that are not paid at that date. Assessing whether, or if option periods to a lease should be included or excluded in the unpaid lease payment profile thus affects the net present value of lease payments. Should a reassessment occur and alter the Group's assessment of including or excluding an option period of a lease, a material change could occur to the Right of Use Asset or Lease Liability however the net asset impact on the Statement of Financial Position would be minimal due as the increase in both asset and liability accounts would offset.

(d) Adoption of new and revised Accounting Standards

Standards and Interpretations applicable for the half year ended 31 December 2022

In the period ended 31 December 2022 the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current reporting period. Their adoption has not had a material impact on the disclosures and/or amounts reported in these financial statements.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all Standards and Interpretations in issue not yet adopted for the period ended 31 December 2022. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

e) Going Concern

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

Minerals 260 Limited
Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2022

2. Segment reporting

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the allocation of costs; whether they are corporate related costs or exploration and evaluation costs. Results of both segments are reported to the Board of Directors at each board meeting.

	Exploration and Evaluation		Corporate		Total	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
	\$	\$	\$	\$	\$	\$
Exploration and evaluation expenditure expensed	(1,391,114)	(81,260,605)	-	-	(1,391,114)	(81,260,605)
Listing & IPO expenses	-	-	-	(279,408)	-	(279,408)
Corporate and administrative expenses	-	-	(1,036,019)	(510,349)	(1,036,019)	(510,349)
Share-based payments	-	-	(1,309,394)	(2,829,000)	(1,309,394)	(2,829,000)
Net finance income	-	-	280,787	307	280,787	307
Profit / (loss) before income tax	(1,391,114)	(81,260,605)	(2,064,626)	(3,618,450)	(3,455,740)	(84,879,055)
	31 Dec 22	30 Jun 22	31 Dec 22	30 Jun 22	31 Dec 22	30 Jun 22
	\$	\$	\$	\$	\$	\$
Segment assets	529,787	77,340	353,841	181,200	883,628	258,540
Unallocated assets					21,126,182	23,471,130
Total assets					22,009,810	23,729,670
Segment liabilities	593,348	322,728	402,428	246,562	995,776	569,290
Total Liabilities					995,776	569,290

Minerals 260 Limited
Notes to the Condensed Consolidated Financial Statements
For the half-year ended 31 December 2022

3. Expenses

The following expense items are relevant in explaining the financial performance for the half-year:

(a) Exploration and evaluation expenditure

Australia

- Acquisition costs ⁽¹⁾
- Moora
- Koojan ⁽²⁾
- Dingo Rocks
- Wheatbelt Regional
- Yalwest
- Other

31 Dec 22	31 Dec 21
\$	\$
(102,583)	(79,999,500)
(584,998)	(1,013,831)
(392,322)	(87,972)
(76,645)	(139,581)
(95,374)	-
(127,121)	(12,740)
(12,071)	(6,981)
(1,391,114)	(81,260,605)

⁽¹⁾ In the 2022 financial year, Minerals 260 Ltd acquired ERL (Aust) Pty Ltd for consideration of 159,990,000 shares at a fair value of \$0.50 per share at the date control was obtained. This asset acquisition has been accounted for under AASB 2 Share Based Payments.

⁽²⁾ Koojan project costs are presented on a net reimbursable basis. Pursuant to the KJV agreement, Minerals 260 are to be reimbursed a total of \$333,426 (net of GST) from Coobaloo Minerals Ltd as at 31 December 2022. A total of \$326,546 (net of GST) is outstanding for receipt at the end of the reporting period.

(b) Corporate administrative expenses

- Depreciation and amortisation
- Insurance
- Legal fees
- Office costs
- Personnel expenses (3(c))
- Promotions and investor relations
- Conferences and travel
- Regulatory and compliance
- Business development
- Other

31 Dec 22	31 Dec 21
\$	\$
(15,840)	(36)
(37,824)	(12,722)
(22,878)	(347)
(82,456)	(58,542)
(474,210)	(161,903)
(30,200)	(16,815)
(20,614)	(10,616)
(107,967)	(18,356)
(244,030)	(195)
-	124
(1,036,019)	(279,408)

(c) Personnel expenses

- Directors' fees, wages and salaries to staff
- Annual leave and long service leave

31 Dec 22	31 Dec 21
\$	\$
(441,204)	(154,900)
(33,006)	(7,003)
(474,210)	(161,903)

4. Issued capital

	6 months to 31 Dec 22		Year to 30 Jun 22	
	No.	\$	No.	\$
On issue at the beginning of the year	220,000,000	108,721,826	1,000	1,000
Issue of shares to acquire ERL (Aust) Pty Ltd	-	-	159,999,000	79,999,500
Issue of shares in IPO	-	-	60,000,000	30,000,000
Less share issue costs	-	-	-	(1,278,674)
Movement during the period	-	-	219,999,000	108,720,826
Balance at end of period	220,000,000	108,721,826	220,000,000	108,721,826

5. Share options

The share-based payment expense relating to options issued and vested during the period was \$1,309,394 (31 December 2021: \$2,829,000).

Share options issued

The number and weighted average exercise prices of share options is as follows:

	Weighted average exercise price \$	Number of options	Weighted average exercise price \$	Number of options
	6 months to 31 Dec 2022	6 months to 31 Dec 2022	Year to 30 June 2022	Year to 30 June 2022
At 1 July	0.72	12,400,000	-	-
Options granted	0.47	5,650,000	0.72	12,400,000
Options exercised	-	-	-	-
Options lapsed/expired	-	-	-	-
Total share options on issue at the end of the period	0.64	18,050,000	0.72	12,400,000
Exercisable at the end of the period	0.64	16,400,000	0.72	12,400,000

On 1 July 2022, the Company issued 150,000 share options (MI6OPT05) to an employee of Minerals 260 upon their employment. These options have an exercise price of \$0.355 and expire on 30 June 2025 with vesting milestones set based on length of employment.

At the Company's inaugural Annual General Meeting on 22 November 2022, shareholders approved the issue of 5,500,000 options to Minerals 260 Directors Messrs Richards, Cipriano and Goyder and Ms Scotney (MI6OPT06). These options have an exercise price of \$0.475 and expire 21 November 2025 having vested immediately.

The fair value of options granted was determined using a Black Scholes pricing model. The following table provides the assumptions made in determining the fair value of the options granted during the half year:

Series	MI6OPT05	MI6OPT06
Grant Date	01/07/2022	07/10/2022
Issue Date	01/07/2022	22/11/2022
Dividend yield (%)	-	-
Expected volatility	100%	100%
Risk-free interest rate	3.01%	3.27%
Expected life of option (years)	3	3
Exercise price (\$)	0.355	0.475
5 day VWAP Grant date share price (\$)	0.245	0.375

The weighted average contractual life remaining as at 31 December 2022 is 2.31 years (30 June 2022: 2.33).

The weighted average fair value of options granted during the period was \$0.21 (30 June 2022: \$0.27).

Non-market performance conditions are not taken into account in the grant date fair value measurement of the services received.

Other Share Based Payments - Performance Rights

No performance rights have been issued or cancelled during the period, nor were any outstanding as at 31 December 2022.

6. Related Parties

Key management personnel compensation is as follows:

	6 months to 31 Dec 22 \$	6 months to 31 Dec21
Short-term employee benefits	277,178	118,690
Post-employment benefits	25,268	13,253
Equity-settled transactions	1,171,500	2,151,500
	1,473,946	2,283,443

Other related parties transactions

The Group receives database management and field services from related parties of the Managing Director, Mr Richards. Amounts paid are on normal commercial terms. The total amount incurred during the period was \$79,033 (six months ended 31 December 2021: \$ 17,214).

Amounts payable to key management personnel at reporting date arising from related party transactions was \$ nil (31 December 2021: \$ nil).

7. Events Subsequent to Reporting Date

There are no other significant events after balance date that required disclosure in this report.

8. Exploration commitments

In order to maintain current rights of tenure to exploration tenements, the Group is required to perform minimum exploration work to meet the minimum expenditure requirements specified by various governments. These obligations are subject to renegotiation when application for a mining/exploration or other lease is made and at other times. The amounts stated are based on the maximum commitments. The Group may in certain situations apply for exemptions under relevant mining legislation. These obligations are not provided for in the financial report and are payable:

	31 Dec 22 \$	30 Jun 22 \$
Within 1 year	891,000	481,000
Within 2 – 5 years	3,977,283	2,049,808
	4,868,283	2,530,808

9. Contingent assets and liabilities

There has been no change in contingent assets and liabilities since the last annual reporting date.

10. Financial Instruments

The Company has financial instruments which are not measured at fair value in the statement of Financial Position. The carrying amount of financial assets and liabilities at balance date approximate their fair value.

Minerals 260 Limited
Directors' Declaration
For the half-year ended 31 December 2022

In the opinion of the directors of Minerals 260 Limited ('the Company'):

1. The accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - a. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year then ended; and
 - b. complying with Accounting Standards, the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2022.

This declaration is signed in accordance with a resolution of the board of Directors.

Dated this 1st day of March 2023.



David Richards
Managing Director

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Minerals 260 Limited

Report on the Condensed Half-Year Financial Report*Conclusion*

We have reviewed the accompanying half-year financial report of Minerals 260 Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed 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, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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 Minerals 260 Limited does not comply with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Group's 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 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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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 Group'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.

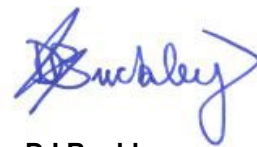
Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
1 March 2023



D I Buckley
Partner