Financial Report

for the half-year ended 31 December 2022

Saturn Metals Limited

ABN: 43 619 488 498

CORPORATE DIRECTORY

Directors

Brett Lambert	Non-Executive Chairman
Ian Bamborough	Managing Director
Andrew Venn	Non-Executive Director
Robert Tyson	Non-Executive Director
Adrian Goldstone	Non-Executive Director

Company Secretary

Natasha Santi

Share Registry

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PERTH WA 6000

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Website:	www.linkmarketservices.com

Registered Office & Principal Place of Business

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WEST PERTH WA 6005

Telephone:	+ 61 (0)8 6234 1114
Email:	info@saturnmetals.com.au
Website:	www.saturnmetals.com.au
ABN:	43 619 488 498
ACN:	619 488 498

Auditors

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Stock Exchange Listing

Securities of Saturn Metals Limited are listed on the Australian Securities Exchange (ASX).
ASX Code: STN

CONTENTS

DIRECTORS REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Saturn Metals Limited ("Saturn" the "Group" or the "Company") and its subsidiary for the financial half-year ended 31 December 2022 and the auditor's report thereon.

Directors

The following persons were directors of Saturn during the financial period and up to the date of this report.

Brett Lambert	Non-Executive Chairman
Ian Bamborough	Managing Director
Andrew Venn	Non-Executive Director
Robert Tyson	Non-Executive Director
Adrian Goldstone	Non-Executive Director

Principal Activities

The principal activity of the Group is the exploration for economic deposits of precious metals.

For the period of this report, the emphasis has been gold focused exploration near Leonora, in Western Australia.

Review of Operations

Financial Review

During the half year the Group incurred a loss from ordinary activities after income tax of $1,482,569 (31 December 2021: $1,246,751).

The Group had a cash balance of $7,140,847 as at 31 December 2022 (30 June 2022: $7,108,560).

Corporate Review

On 16 December 2022, Saturn announced the successful completion of a non-renounceable pro rata rights issue to existing shareholders raised $3.88m (before costs) through the issue of 21,543,347 shares at a price of $0.18 per share.

At the Annual General Meeting (AGM) held on 29 November 2022 approval was given for the issue of 2,200,000 unquoted options to Non-Executive Directors of the Company and 1,000,000 performance rights to the Managing Director, with the issue of these securities completed on 30 November 2022.

On 15 December 2022 1,575,000 performance rights, on the same vesting terms as those issued to the Managing Director, were issued to employees of the Company under the terms of the Employee Incentive Option & Performance Rights Plan last approved by shareholders 24 November 2021.

Operations Review

Saturn Metals' vision is to bring its large scale, low cost, Apollo Hill gold project into production in the heart of Western Australia's Goldfields. A growing resource, excellent metallurgy and early studies are showing the potential for a scalable, single, simple, open pit operation with an uncomplicated flow sheet. An aggressive exploration campaign in the Company's strategic land holding is returning exciting exploration results and add on potential. During the period, the Company has made solid progress towards publishing its first preliminary economic assessment. In addition, towards the end of the period the Company announced plans to undertake a large bulk sample and pilot plant exercise in 2024, as a part of feasibilities studies

The following sections are a summary of the work undertaken and results returned during the half year period.

Apollo Hill Resource – Drilling

Diamond drilling at Apollo Hill late in the period saw multiple zones of gold mineralisation returned in assays following completion of a step out diamond hole

Intersections up to 200m down dip from the 1.47Moz Apollo Hill Mineral Resource[1] include:

- 5.8m @ 2.7g/t Au from 322.4m (Hanging Wall Lode) – AHRCDD0482
- 11.6m @ 1.39g/t Au from 641.4m (Main Lode) – AHRCDD0482

Results (Figure 1) indicate that the gold system is open, and potential exists for step change discovery with ongoing targeting.

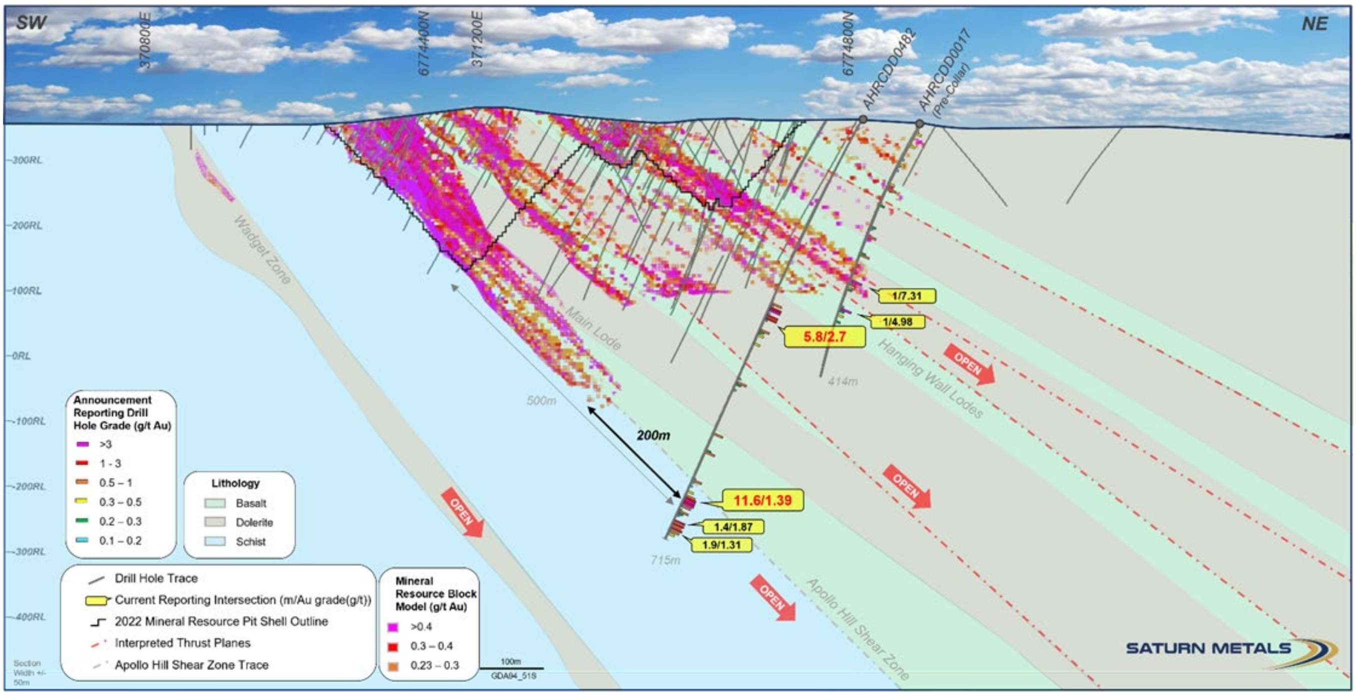

Figure 1 – Section view of the Apollo Hill Deposit – step out diamond drilling has intersected mineralisation 200m below the current mineral resource and 500m below the current pit shell. (a) **Refer page 9**

Apollo Hill Resource – Metallurgy

During the half year following from the successful resource upgrade in May 2022, Saturn continued a program of metallurgical test work.

Results returned from scaled up metallurgical test work via column leaching demonstrated the potential for bulk tonnage gold mining and mineral processing at Apollo Hill. Excellent gold recovery results highlighted the deposit's amenability to simple low-cost mineral processing via heap leach.

Excellent Recovery at Targeted Commercial Fresh Rock Crush Sizes

- An Apollo Hill composite column sample (grading 0.51 g/t Au) derived from diamond drill core gave an excellent recovery of 74.5% using high pressure grinding roll (HPGR) crushing to 8mm P100.
- Results from the 6mm P100 conventional stage crushed column sample (grading 0.60g/t Au and thus corresponding well to average resource grade of 0.60g/t Au) gave an impressive 84% recovery.

First Rate Recovery of Lower Grades – A Pathway to Economies of Scale

- A strong recovery of 85% was obtained at a ~8 mm P100 average HPGR crush size at the deposit's lower grade range (0.27g/t Au).
- Importantly, this result, which is now validated at laboratory and column scale, indicates gold recovery is viable from material which would normally be considered marginal in the absence of a low unit cost processing solution. This validates Saturn's use of lower cut off grades to improve

economics through greater resource utilisation, yielding lower waste to ore stripping ratios and subsequent application of lower cost bulk mining scenarios and big selective mining units to capture and efficiently process Apollo Hill's nuggety gold distribution.

Validation of the Mineral Resource Upgrade

The recovery figures validate and potentially offer room for improvement on the 73% recovery figure used to estimate the 1.47Moz[1] Mineral Resource Whittle Shell in May this year.

Apollo Hill Resource – Other Study Work

Other study work undertaken or commenced during the half year to 31 December 2022 towards Preliminary Economic Assessment and Feasibility Studies included:

- Metallurgical test work – Apollo Hill Resource area; comminution testing, bottle roll and column leach test work focussing on the Ra Tefnut zone and geology;
- Metallurgical test work – Apollo Hill Resource area; additional bottle roll and column leach test work focussing on process optimisation; work on another 10 representative samples commenced;
- Geotechnical assessment of the Apollo Hill Resource area; geotechnical logging of drilled core, down hole televiewer survey data collection and interpretation of geotechnical parameters and their application to Open Pit/Whittle Shell design;
- Resource modelling recommenced focussing on optimising selective mining unit size within the model towards consideration of larger bench heights, larger more efficient mining equipment, and further economies of scale. Work will be underpinned by an upgraded 3D geological model completed during the half year;
- Further open pit optimisations, design and open pit scheduling studies commenced to search for potential areas of project and resource shell optimisation;
- Archaeological Surveys – Detailed archaeological heritage survey of proposed Apollo Hill project infrastructure locations was undertaken; and
- Pilot Plant and Pilot Mining Concept design work commenced as part of the Apollo Hill's Feasibility Study process.

Apollo Hill Regional Exploration

Results from AC drilling undertaken on wide spaced drill lines (generally 1-2km line spacing by 300m drill spacing) and interpretation of results from recent systematic AC drilling of the 1,000km^2 Apollo Hill land package have highlighted the scale, continuity and prospectivity of a major gold system under largely covered terrain (Figure 2). Results highlight the potential for either a long-life, large-scale set of gold assets centred around our initial Apollo Hill Mineral Resource or the opportunity for another major discovery.

Highlights include:

- Evidence of a continuous gold system outlined over 40km of strike length, within a 10km wide corridor.
- Six Prospects identified to date centred around the current 1.47Moz[1] Apollo Hill Gold Deposit.
- Three tiers of target opportunities identified, including undrilled corridor sections, linking mineralised structures and under drilled down hole gold maximum assay contours.

[1] Details of the Mineral Resource which currently stands at 76.6 Mt @ 0.6 g/t Au for 1,469,000 oz Au and a breakdown by category are presented in Table 1a (page 8 of this document) along with the associated Competent Persons statement and details of the ASX announcement that this information was originally published in.

Drilling is successfully targeting stand out geophysical features, interpreted structural corridors, previous gold anomalies and accretive intersections included:

- **5m @ 0.96g/t Au** from 52m including **4m @ 1.06 g/t Au** from 53m – AHAC1166
- **6m @ 0.56g/t Au** from 41m including **2m @ 1.02 g/t Au** from 45m – AHAC1199
- **5m @ 0.55g/t Au** from 75m including **1m @ 2.23 g/t Au** from 75m – AHAC1247

Regional reconnaissance Aircore drilling on the Bob's and Calypso trend further outlined the large-scale gold anomaly associated with these prospects. Better intersections included:

- **1m @ 3.11g/t Au** from 100m in AHAC1485 at Bob's South.
- **9m @ 0.64g/t** Au from 88m in AHAC1455 at Calypso.

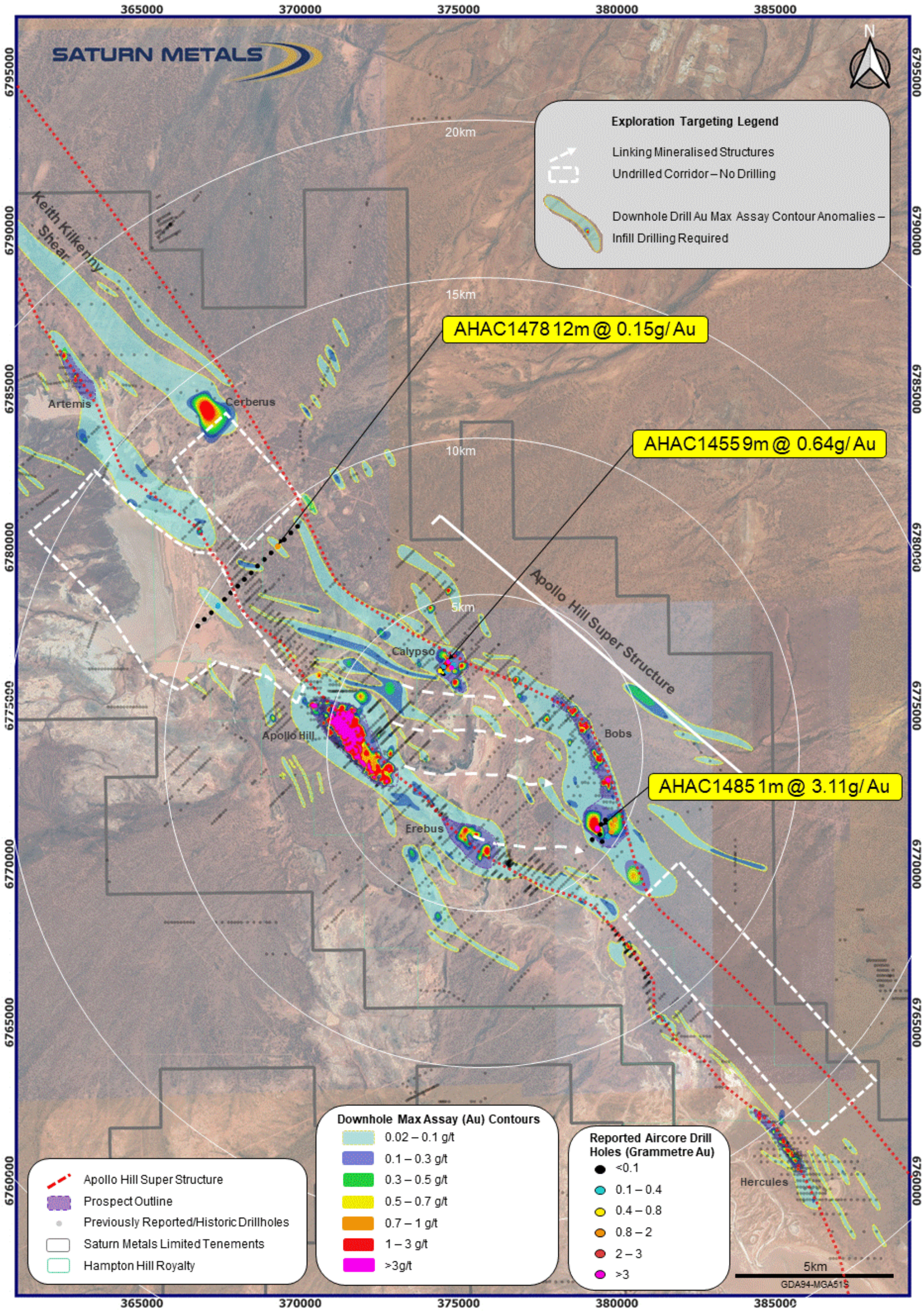

Figure 2 – Plan view of recent drilling and drill results within the Apollo Hill Gold Camp. (a) Refer page 9

DIRECTORS REPORT *(Cont.)*

West Wyalong Exploration – NSW

During the half year the Company commenced on ground activities and site preparation for planned Aircore and RC drilling at the high-grade West Wyalong gold joint venture in New South Wales. Work was postponed until 2023 due to extremely wet weather conditions rendering many drill sites inaccessible. Work is also underway to obtain optimal land access agreements for some drill sites prior to the commencement of drilling.

Events Occurring After Reporting Period

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

Auditor's Independence Declaration

The lead auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors Report for the half-year ended 31 December 2022.

This report is made in accordance with a resolution of the board of directors and signed for on behalf of the board by:

Ian Bamborough
Managing Director
Perth, Western Australia
15 March 2023

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Australia

DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SATURN METALS LIMITED

As lead auditor for the review of Saturn Metals Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Saturn Metals Limited and the entity it controlled during the period.

Dean Just

Director

BDO Audit (WA) Pty Ltd

Perth

15 March 2023

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

There was no update to the Apollo Hill Mineral Resource estimate during the half year period.

Saturn Metals Limited has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Saturn Metals Limited carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company. Competent Persons Statements for the estimation are included in the following section of this report.

The Mineral Resource estimate for Apollo Hill was compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

As at 31 December 2022

May 2022 Apollo Hill Mineral Resource

Lower Cut-off Grade Au g/t	Oxidation State	Measured			Indicated			Inferred			MII Total		
		Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)	Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)	Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)	Tonnes (Mtonnes)	Au (g/t)	Au Metal (KOzs)
0.23	Oxide	0	0	0	1.08	0.54	19	0.75	0.61	15	1.8	0.57	34
	Transitional	0	0	0	8.3	0.58	155	3.1	0.61	61	11	0.59	216
	Fresh	0	0	0	31	0.58	586	32	0.62	634	63	0.60	1,220
	Total	**0**	**0**	**0**	**41**	**0.58**	**760**	**35**	**0.62**	**710**	**76**	**0.60**	**1,469**

Preliminary Whittle pit optimizations using approximated regional mining and processing costs for multiple processing scenarios have been run on the resource model using a gold price of US$1,800/oz to generate a range of pit shells and cut-off grades. A pit shell for a heap leach scenario representing a revenue factor of 1.2 was selected as a nominal constraint within which to report the Apollo Hill Mineral Resource, thereby satisfying the JORC Code requirement for a Mineral Resource to have reasonable prospects for eventual economic extraction. Other relevant information is described in the JORC Code Table 1 as appropriate. A nominal 0.23 g/t Au lower cut-off grade was selected for all material types. Classification is according to JORC Code Mineral Resource categories. Totals may vary due to rounded figures. There is no known depletion by mining within the model area. Estimation is by LMIK for Apollo Hill ZONECODE=100 and 300 while Ra ZONECODE=200 and Tefnut (ZONECODE=400, 402) were estimated using ROK due to limited data. Grade field AU_FIN1. The model currently assumes a 5mE x 12.5mN x 5mRL SMU for selective open pit mining. Selectivity may vary with changed mining and processing scenarios. The final models are SMU models and incorporate internal dilution to the scale of the SMU. The models do not account for mining related edge dilution and ore loss. These parameters should be considered during the mining study as being dependent on grade control, equipment and mining configurations including drilling and blasting. Classification is according to JORC Code Mineral Resource categories. Totals may vary due to rounded figures.

Details of this Mineral Resource were reported to the ASX in an announcement titled 'Apollo Hill Gold Resource Upgraded to 1.47Moz' dated 2 May 2022.

COMPETENT PERSONS STATEMENTS

Competent Persons Statements – May 2022 Mineral Resources

The information in this report that relates to exploration targets, geology, and exploration results and data compilation is based on information compiled by Ian Bamborough (IB), a Competent Person who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee (Managing Director) of the Company and a shareholder in the Company. Ian Bamborough has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Ian Bamborough consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this report that relates to Apollo Hill Mineral Resource estimates (gold) is based on information compiled and generated by Ingvar Kirchner, an employee of AMC Consultants. Mr Kirchner consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Competent Persons Statement – Exploration

The information in this report that relates to exploration targets and exploration results is based on information compiled by Phillip Stevenson, a Competent Person who is a Member of The Australian Institute of Mining and Metallurgy. Phillip Stevenson is a fulltime employee of the Company. Phillip Stevenson has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken 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'. Phillip Stevenson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

[a] This document contains exploration results and historic exploration results as originally reported in fuller context in Saturn Metals Limited ASX Announcements, Quarterly Reports and Prospectus - as published on the Company's website. Saturn Metals Limited confirms that it is not aware of any new information or data that materially affects the information on results noted. Announcement dates to refer to include but are not limited to 12/07/21, 30/07/21, 19/08/21, 27/10/21, 28/10/21,29/10/21, 29/10/21, 19/10/21, 27/01/22, 28/01/22, 31/01/22, 29/03/22, 31/03/22, 26/04/22, 02/05/22, 19/05/22, 16/06/22, 22/06/22 and 27/07/22.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2022

	Note	31 December 2022	31 December 2021 $
Interest and other income		20,887	8,904
Share-based remuneration	8	(242,209)	(290,027)
Employee and Directors' benefit expense		(593,999)	(484,623)
Administration expense		(387,018)	(441,490)
Finance costs		(3,591)	(4,188)
Exploration expenditure expensed		(55,408)	(35,327)
Impairment expense		(221,231)	-
Loss before income tax		**(1,482,569)**	**(1,246,751)**
Income tax benefit (expense)		-	-
Loss from continuing operations after income tax		**(1,482,569)**	**(1,246,751)**
Other comprehensive income		-	-
Total Loss and comprehensive income for the half-year attributable to the members of Saturn Metals Limited		**(1,482,569)**	**(1,246,751)**
Earnings per share:			
Basic Loss per share for the year attributable to the members of Saturn Metals Limited		(0.01)	(0.01)
Diluted Loss per share for the year attributable to the members of Saturn Metals Limited		(0.01)	(0.01)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
Current Assets			
Cash and cash equivalents	4	7,140,847	7,108,560
Trade and other receivables		53,435	62,610
Other Current Assets		114,681	112,652
Total Current Assets		7,308,963	7,283,822
Non-Current Assets			
Trade and other receivables		42,974	42,974
Plant & equipment		283,962	355,520
Exploration assets	5	31,069,038	28,379,483
Total Non-Current Assets		31,395,974	28,777,977
Total Assets		**38,704,937**	**36,061,799**
Current Liabilities			
Trade and other payables		788,494	622,808
Lease liabilities		124,651	117,870
Total Current Liabilities		913,145	740,678
Non-Current Liabilities			
Lease liabilities		30,250	93,550
Total Non-Current Liabilities		30,250	93,550
Total Liabilities		**943,395**	**834,228**
Net Assets		**37,761,542**	**35,227,571**
Equity			
Contributed equity	6	44,697,287	40,922,956
Accumulated losses	7	(9,245,616)	(7,763,047)
Option reserve	7	2,309,871	2,067,662
Total Equity		**37,761,542**	**35,227,571**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2022

	Contributed Equity $	Accumulated Losses $	Share based Payment Reserve $	Option Revaluation Reserve $	Total Equity $
Balance at 1 July 2021	**33,265,409**	**(5,479,856)**	**1,258,437**	**408,900**	**29,452,890**
Loss for the half-year	-	(1,246,751)	-	-	(1,246,751)
Total comprehensive loss for the half-year	-	(1,246,751)	-	-	(1,246,751)
Issue of share capital	6,842,752	-	-	-	6,842,752
Share issue costs	(445,319)	-	-	-	(445,319)
Share based payments	-	-	290,027	-	290,027
Balance at 31 December 2021	**39,662,842**	**(6,726,607)**	**1,548,464**	**408,900**	**34,893,599**
Balance at 1 July 2022	**40,922,956**	**(7,763,047)**	**1,658,762**	**408,900**	**35,227,571**
Loss for the half-year	-	(1,482,569)	-	-	(1,482,569)
Total comprehensive loss for the half-year	-	(1,482,569)	-	-	(1,482,569)
Issue of share capital	3,877,802	-	-	-	3,877,802
Share issue costs	(103,471)	-	-	-	(103,471)
Share based payments	-	-	242,209	-	242,209
Balance at 31 December 2022	**44,697,287**	**(9,245,616)**	**1,900,971**	**408,900**	**37,761,542**

The above consolidated statement of changes in equity should 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 $
Cash flows from operating activities			
Payments to suppliers and employees		(827,898)	(958,830)
Net cash outflow from operating activities		**(827,898)**	**(958,830)**
Cash flows from investing activities			
Payments for exploration expenditure		(2,901,984)	(3,513,179)
Payments for purchase of plant and equipment		(8,930)	(18,260)
Interest received		20,887	8,904
Net cash outflow from investing activities		**(2,890,027)**	**(3,522,535)**
Cash flows from financing activities			
Proceeds from issue of shares		3,877,802	6,842,752
Transaction costs of issue of shares		(67,480)	(445,321)
Repayment of lease liability		(60,110)	(33,474)
Net cash inflow from financing activities		**3,750,212**	**6,363,957**
Net increase in cash and cash equivalents		32,287	1,882,592
Cash and cash equivalents at the beginning of the half-year		7,108,560	5,131,938
Cash and cash equivalents at the end of half-year	4	**7,140,847**	**8,155,144**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Saturn Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the Group
Certain new accounting standards and interpretations have been published that are mandatory for the current reporting period and have not been early adopted by the group. The Group assessed that none of the new accounting standards and interpretations will have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

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

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for the year ended 30 June 2022.

2. Significant Changes in the Current Reporting Period

During the half-year period, Saturn completed a non-renounceable rights issue to shareholders which resulted in the issue of 21,543,347 new ordinary shares to existing shareholders on 16 December 2022. The issue was completed at a share price of 18 cents per share and raised $3,877,802 ($3,744,331 net of costs).

In addition, Saturn issued 2,575,000 unlisted Director and employee performance rights, which are subject to performance hurdles and 2,200,000 unlisted Director options, which are subject to vesting over a period of time. Shareholder approval for these issues, where required, was received at the Annual General Meeting held on 29 November 2022.

The Group had no other significant changes in the reporting period to disclose.

3. Contingencies & Commitments

The Group had no contingent assets or liabilities as at 31 December 2022 (30 June 2022: $Nil).

Exploration commitments

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement or may seek exemptions from the relevant authority. Expenditure commitments under the terms of mineral tenement licences within one year at the reporting date but not recognised as liabilities were $995,080 (30 June 2022: $975,080).

4. Cash & Cash Equivalents

For statement of cash flows preparation purposes, cash and cash equivalents includes cash on hand and short-term deposits held at call (other than deposits used as cash backing for performance bonds) with financial institutions. Any bank overdrafts are shown within borrowings in the current liabilities on the statement of financial position.

	31 December 2022 $	30 June 2022 $
Cash at bank and in hand	7,140,847	7,108,560
	7,140,847	7,108,560

5. Exploration & Evaluation Assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

	31 December 2022 $	30 June 2022 $
At cost	31,069,038	28,379,483
Reconciliation:		
Opening balance	28,379,483	22,255,694
Exploration expenditure	2,966,194	6,219,842
Exploration expenditure expensed	(55,408)	(96,053)
Impairment	(221,231)	-
Closing balance	31,069,038	28,379,483

6. Contributed Equity

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

	December 2022		June 2022	
	Number of Shares	$	Number of Shares	$
Opening balance	129,899,177	40,922,956	112,464,510	33,265,409
Shares issued:				
Exercise of options	-	-	768,000	202,752
Share placements	-	-	16,666,667	8,000,000
Pro-rata rights issue	21,543,347	3,877,802	-	-
Transaction costs on share issues	-	(103,471)	-	(545,205)
Closing balance	151,442,524	44,697,287	129,899,177	40,922,956

7. Reserves & Accumulated Losses

	31 December 2022	30 June 2022
(a) Accumulated losses	**$**	**$**
Opening balance	7,763,047	5,479,856
Loss for the period	1,482,569	2,283,191
Closing balance	9,245,616	7,763,047
(b) Share-based payments reserve		
Opening balance	1,658,762	1,258,437
Options expenses (Directors options)	154,048	232,706
Options expenses (Employee options)	60,622	88,049
Performance rights expenses (Director's rights)	139,450	1,086
Lapsed performance rights (Director's Rights)	(135,800)	-
Performance rights expenses (Employee's rights)	140,709	78,484
Lapsed performance rights (Employee's Rights)	(116,820)	-
Closing balance	1,900,971	1,658,762
(c) Option revaluation reserve		
Opening balance	408,900	408,900
Options issued to third party	-	-
Closing balance	408,900	408,900

8. Share–Based Payments

During the period directors and employees held a total of 1,200,000 unquoted options which expired unexercised and 530,000 performance rights which lapsed when hurdles for vesting were not met.

In addition, during the half year 1,000,000 performance rights were issued to the Managing Director, 1,575,000 performance rights issued to employees and 2,200,000 unquoted options issued to Non-Executive Directors.

(a) Performance Rights

On 29 November 2022, 1,000,000 Director Performance Rights were granted with a further 1,575,000 Employee Performance Rights granted on 14 December 2022. The Performance Rights were granted in four tranches (20%Tranche 1, 3 and 4 ; 40% Tranche 2) for nil consideration.

Fair value of performance rights granted in the half year to 31 December 2022

Performance Rights (Tranche 1, 2, 3 and 4)

The fair value of the for each tranche of the Performance Rights is determined to be 18 cents per performance right issued to a Director and 19 cents per performance right issued to an employee.

The performance rights were valued on a prorated basis as a result of the vesting conditions attached. The fair value at grant date is independently determined using a Black-Scholes option model that takes into account the exercise price, the term of the performance right, the share price at grant date. Performance rights granted during the 6 months ended 31 December 2022 included:

	Director	Employee
Exercise price	Nil	Nil
Grant date	29 November 2022	14 December 2022
Performance measurement date	29 November 2024	29 November 2024
Expiry date	29 November 2025	29 November 2025
Share price at issue date	$0.18	$0.19
Expected price volatility	64%	62%
Expected dividend yield	0%	0%
Risk-free interest rate	3.235%	3.070%

NOTES TO THE FINANCIAL STATEMENTS *(Cont.)*

(b) Unquoted Options

On 29 November 2022, 2,200,000 Director unquoted options were granted, for nil consideration.

Fair value of unquoted options granted in the half year to 31 December 2022:

2,200,000 options issued to Director's vest in one tranche over a one-year period with 100% vesting 12 months from the grant date. The fair value

	Director
Exercise price	$0.28
Grant date	29 November 2022
Expiry date	27 November 2025
Share price at issue date	$0.18
Expected price volatility	64%
Expected dividend yield	0%
Risk-free interest rate	3.235%
Fair value per unquoted option	$0.058

9. Related Party Transactions

There were no related party transactions in the half year period to 31 December 2022.

Key Management Personal Remuneration

Details of the Group's key management personnel compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 30 June 2022.

Significant changes in the nature of key management personal compensation since 30 June 2022 are as follows.

- On 29 November 2022, 2,200,000 unquoted options with an exercise price of $0.28 per share, expiring 27 November 2025 were granted to Non-Executive Directors.

Non-Executive Director	**Options**
Brett Lambert	700,000
Robert Tyson	500,000
Andrew Venn	500,000
Adrian Goldstone	500,000
	2,200,000

- On 29 November 2022, 1,000,000 performance rights were granted to the Managing Director.

Managing Director	**Performance Rights**
Ian Bamborough	1,000,000
	1,000,000

Other than as set out above, the Group had no other transactions with related parties.

10. Events After the Reporting Period

There are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

The Board of Directors of Saturn Metals Limited declares that:

(a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:

- (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (ii) give a true and fair view of the financial position as at 31 December 2022 and performance for the half-year ended on that date and

(b) In the directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

Ian Bamborough

Managing Director
Perth, Western Australia
15 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saturn Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Saturn Metals Limited (the Company) and its subsidiaries (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 the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, 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 accompanying half-year financial report of the Group does not comply 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 financial performance for the half-year ended on that date; and

(ii) 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 the 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 the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the directors for the financial report

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

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 financial 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.

BDO Audit (WA) Pty Ltd

BDO

Dean Just

Director

Perth

15 March 2023