



Winsome Resources
LIMITED

ABN 77 649 009 889

**Interim Financial Report for the Half-Year
Ended 31 December 2023**

CORPORATE DIRECTORY

Directors

Stephen Biggins (Non-Executive Chairman)

Chris Evans (Managing Director)

Justin Boylson (Non-Executive Director)

Dr Qingtao Zeng (Non-Executive Director)

Company Secretaries

Peter Youd

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Stock Exchange Listings

The Company is listed on the **Australian Securities Exchange** under the trading code **WR1**.

The company is quoted on the **OTCQB** in the United States under the trading code **WRSLF**.

The company is quoted on the **Frankfurt Stock Exchange** under the trading code **FSE:4XJ**.

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Chairman's Report

Dear Shareholder

Announcing a maiden Mineral Resource Estimate (MRE) of 59Mt at 1.12% Li₂O for our flagship Adina project marked a notable achievement at the close of the 2023 half-year. The December announcement underscored the extensive effort invested by the Winsome team and our partners, who have diligently and efficiently conducted the drill campaigns, even through the adversity of unprecedented wildfires, to deepen our understanding of the resource's scale within Quebec's James Bay region.

The MRE results, classified in the Inferred category, unveiled 1.62Mt of Lithium Carbonate Equivalent (LCE), securing Adina's position among the top-5 hard rock lithium deposits in North America and within the top-20 globally.

Following our MRE announcement, Winsome has received nearly 17,000 meters of assay results from further drilling at Adina. These will be crucial in updating and enhancing our MRE. Importantly, with the resource and its extensive 3.1km strike length of lithium mineralisation at Adina still open, we're presented with significant opportunities for growth. Alongside plans for up to 50,000 meters of additional exploration and infill drilling this year, we are confident in our capability to broaden our resource size and elevate our status both in North America and globally.

Publishing the Mineral Resource Estimate (MRE) not only marked a significant achievement but also paved the way for further development initiatives, aligning with WR1's expanding presence in Canada. We are actively engaging in a range of activities, from conducting environmental assessments to laying the groundwork for mine design, engineering studies, and metallurgical test work.

In September, we established an operations office in Val-d'Or, a key hub of the Quebec mining industry, creating a strategic base for our in-country team under Carl Caumartin's leadership. This move not only solidifies our corporate and operational presence in the region but also facilitates continuous engagement with important stakeholders, including the Eeyou Istchee James Bay Cree. Our collaboration with these important regional stakeholders remains active and constructive, furthering our commitment to positive partnerships.

Despite facing challenges in the global lithium market throughout 2023, emerging signs of stabilisation fuel our confidence in a sustained recovery. This anticipated rebound is pivotal, offering insights into future supply and demand dynamics crucial for our precise planning and development strategies.

Our recent engagement at the PDAC conference has further solidified our optimism about the North American lithium market. With our strategic positioning, Winsome is poised to make a significant impact on the expanding EV battery market, expected to undergo considerable growth by 2030. As one of the few scalable, 100% owned operations slated to commence production later this decade, we are well ahead of many competitors. This advantageous positioning promises a bright future for Winsome in the dynamic energy landscape.

Fortunate to have a strong financial position, a resource poised for near-term growth, accelerated development strategies, and a dedicated and experienced lithium development and delivery team led by Managing Director Chris Evans, Winsome is well-prepared to achieve unprecedented success in 2024. This robust foundation distinguishes us, readying us not only to meet our objectives but to exceed them.

As we pursue excellence and significant achievements for our shareholders, we express our deep gratitude for your steadfast support. Your trust propels us forward.

Stephen Biggins
Chair
Winsome Resources Limited

Directors' Report

The Directors of Winsome Resources Limited ('the Company' or 'Winsome') submit the financial report of the consolidated entity (or "the Group") consisting of Winsome Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2023. In order to comply 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.

Stephen Biggins	Non-Executive Chairman
Christopher Evans	Managing Director
Justin Boylson	Non-Executive Director
Dr Qingtao Zeng	Non-Executive Director

Results

The loss after tax for the half-year ended 31 December 2023 was \$411,074 (2022 – \$8,967,960).

Review of Operations

The half year to 31 December 2023 was a transformative period for Winsome Resources.

During the period the Company announced a globally significant maiden Mineral Resource Estimate (MRE) of 59Mt at 1.12% Li₂O at Adina.¹ classified in the Inferred category.

Corresponding to a contained tonnage of 1.62Mt Lithium Carbonate Equivalent (LCE), this MRE was based on more than 27,600m of drilling with assays taken from an approximate spacing of 100m x 100m.

Assay results were pending from over 25,000m of additional infill and extensional drilling to the end of 2023, with five drill rigs on site at Adina at the end of the half year. Data from these assays was anticipated to be received in early 2024 and will be used to upgrade the maiden Mineral Resource during H1 2024.

A total strike length of 3.1km of lithium mineralisation in spodumene-bearing pegmatites had been defined at the Adina Lithium Project to date, across two primary zones - the Main Zone and the Footwall Zone.

The resource and geological modelling outlined significant potential for growth at Adina Main and Footwall Zones, which remained open to the east and west along strike, up-dip to the north, and at depth.

The declaration of Winsome's maiden MRE for the Adina Lithium Project allowed preliminary development studies to commence, including initial mine designs with a view to publishing project studies in H2 2024.

Environmental baseline and infrastructure studies were already underway, in consultation with representatives from the local Eeyou Istchee James Bay Cree and local stakeholders in Quebec.

Initial process engineering planning, including building on previous outstanding metallurgical test work results², were also advancing with drill core to be collected in Q1 2024 to feed Pre-Feasibility Study (PFS) metallurgical test work.

¹ ASX release – 11 December 2023 – "Globally significant MRE of 59MT at Adina Lithium Project"

² ASX release – 1 June 2022 & 8 June 2022 – "Exceptional Results from Metallurgical Testing"

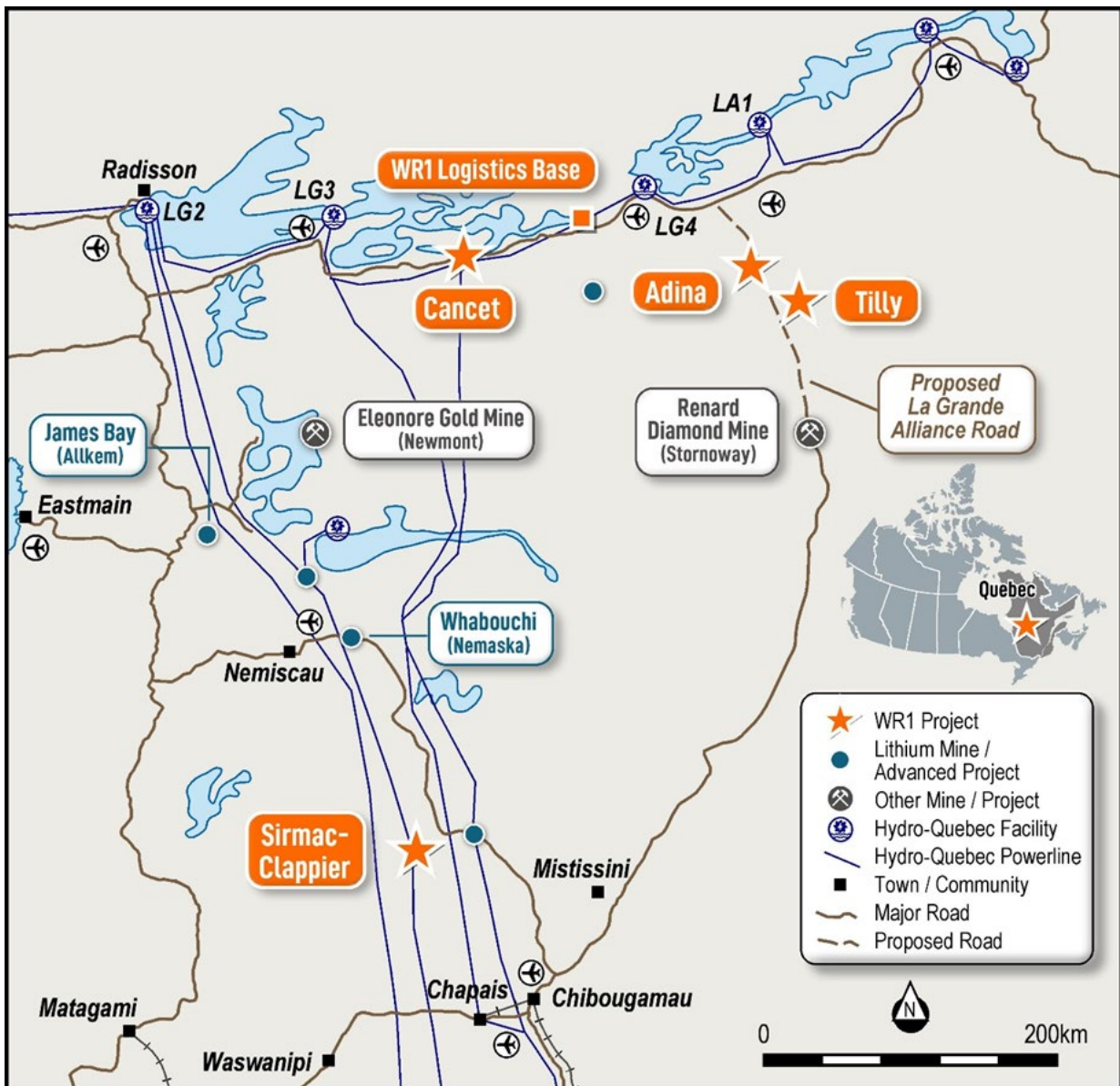


Figure 1. Winsome Resources projects in the Eeyou Istchee James Bay region of Quebec, Canada

The Mineral Resource was not closed off and ongoing drilling continues to intersect mineralisation both within and outside the bounds of the Mineral Resource. Drilling results will be compiled and published on a regular basis and will be used to develop a more detailed geological model in preparation for an updated MRE in H1 2024. The updated resource will be informed by a significantly greater amount of drilling data used in the initial MRE which is anticipated to result in an increase in the classification of the resource as well as growth of the resource itself.

Tilly Exploration

In October 2023, the Company announced it was exercising its option to acquire the Tilly project, located approximately 14km to the East of Adina. The Tilly Project was acquired in April for an initial payment of C\$70,000 with further share-based payments due upon the project achieving certain milestones (refer ASX Announcement 19 April 2023). Exploration of the Tilly Project has been undertaken as part of exploration at Adina, in parallel with drilling activities.

Exploration at Tilly comprised a series of helicopter traverses across the project area and prospecting outcrops identified during flight or from interpretation of high resolution aerial imagery. In the east of the project a sizeable (400m x 200m) pegmatite outcrop was discovered. Closer inspection and removal of moss identified a spodumene-rich zone. Channel samples were taken along this zone with assays returning a result of 7m at 1.43% Li₂O within a total sampled length of 10m. Further channel sampling was undertaken across this zone and results

from these samples are awaited. Given these encouraging results follow up sampling is planned for this outcrop to try and ascertain the true width and orientation of this zone as well as any extensions and repetitions in the surrounding area ahead of a potential maiden drilling programme at Tilly.

Successful discovery of this pegmatite at Tilly reflects the Company's systematic exploration approach which has been refined during exploration of the Cancet and Adina properties and led to the discovery of the Adina Main Zone (formerly Jamar).



Mineralised Pegmatite outcrop at Tilly

Adina Exploration

As detailed in the ASX announcement of 29 August 2023 a detailed airborne geophysical survey has been carried out over the Adina Project (including the recently acquired Jackpot Property to the north). The survey was successfully completed with processed datasets now received from the contractor Prospectair Geophysics. The survey has resolved the magnetic and radiometric responses for Adina in greater detail which will enable an improved geological and structural interpretation to be completed for the project. Interpretation work occurred during the half year, following which the data was incorporated in the MRE as well as to generate targets for follow up and field investigation.

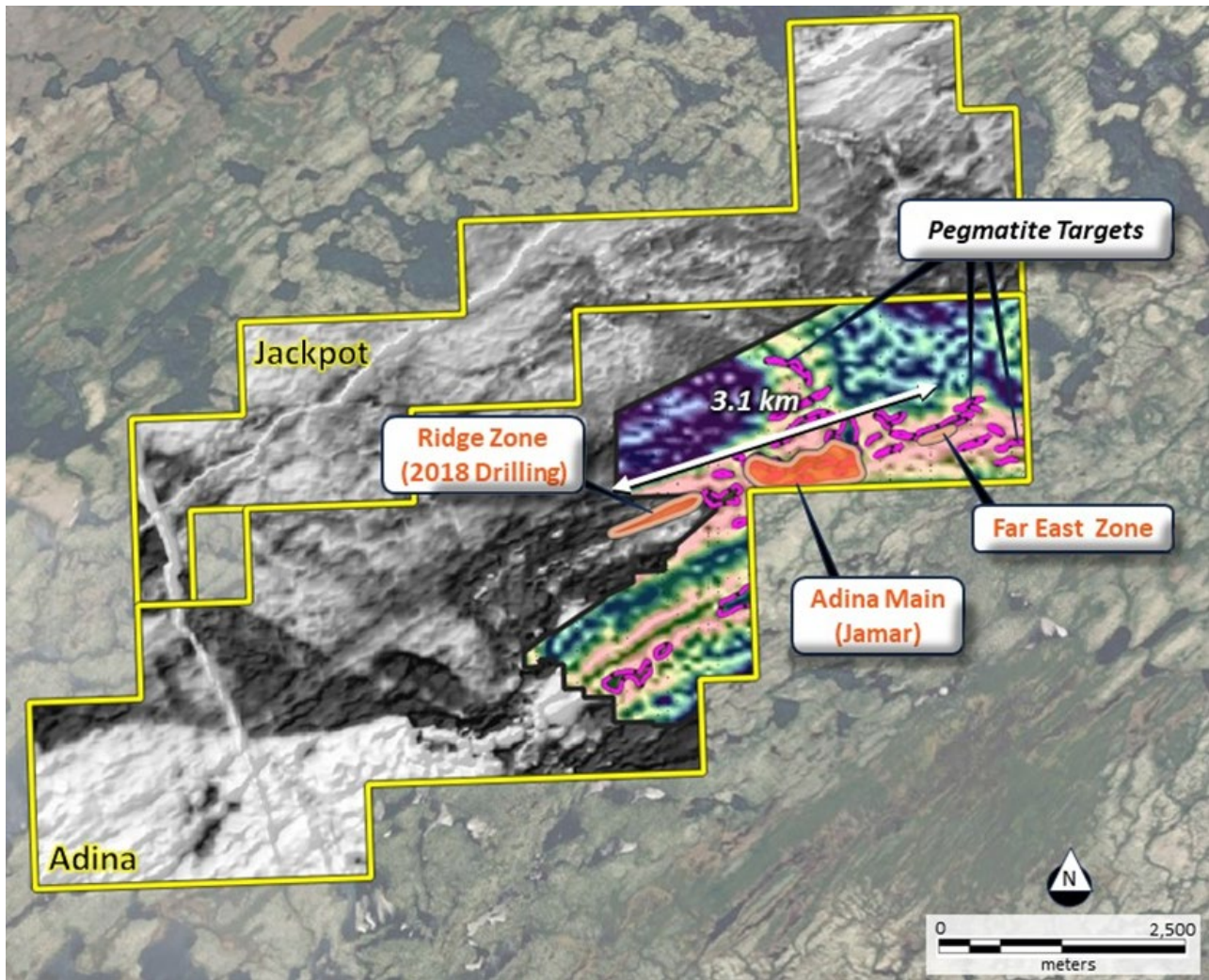


Figure 2. Adina Lithium Project airborne survey and gravity data

Cancel Exploration

During the Half year, mapping and sampling programmes were carried out at Cancel, after access restrictions in the James Bay area were lifted in August 2023. A number of new areas of outcrop were identified and sampled with results awaited. Winsome has built up a substantial dataset from drilling, mapping, and geophysical surveys over the last three field seasons and a detailed targeting exercise is planned to map out the next phase of exploration at Cancel. Cancel represents a significant landholding in a highly prospective and strategic location and it is anticipated systematic exploration will yield results.

Corporate

The Company successfully secured AUD\$34 million during a capital raise consisting of Flow-Through Shares earlier in October 2023, providing a strong financial position for ongoing exploration work in Canada.

The proceeds will be used to accelerate infill drilling programs at Adina, as well as other exploration activities over the next 12 months at Winsome's Cancet, Tilly, Jackpot and Sirmac-Clappier projects.

Strong backing for the capital raise reinforced global support for the Company's vision for its Canadian portfolio, with a high level of interest from quality investors secured during the raise.

Under Canadian tax laws, the Flow-Through Share provisions meant capital was raised at a significant premium to the share price at the time, ensuring shareholder dilution was minimised.

Health & Safety Performance

At Winsome, we recognise our long-term success is closely linked to preserving the environment and promoting the well-being of the communities around us. This recognition is directly aligned with our values: harmony, collaboration, respect and sharing.

The implementation of Winsome's Environmental, Social and Governance (ESG) strategy continues to guide its operations and decision-making processes, by following Winsome Resources' ESG Roadmap.

The Company is focussed on minimising its environmental impacts and acknowledging the importance of sustainability across our operations. All stages of the project lifecycle are being approached with a focus on reducing emissions, utilising renewable energy, and using benign reagents for any future ore processing across Winsome's project portfolio.

Winsome also remains dedicated to collaborating in close partnership with First Nations communities on the ground at all project sites to build long-term, trusting relationships, understand and protect local land use, and identify local employment and other opportunities for First Nations communities to work alongside the Company.

Events Occurring After the Reporting Period

There have been no significant events occurring since 31 December 2023.

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 11 and forms part of this Directors' Report for the half-year ended 31 December 2023.

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

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line that ends in a small hook.

Christopher Evans
Managing Director

Perth, Western Australia
15 March 2024

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Winsome Resources Limited for the half-year ended 31 December 2023, 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
15 March 2024



N G Neill
Partner

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2023

		31 December 2023 \$	31 December 2022 \$
Continuing operations	Note		
Other Income	7	16,836,627	34,822
Total other income		16,836,627	34,822
Exploration expenses	8(a)	(363,503)	-
General and administrative expenses	8(b)	(4,483,963)	(1,532,032)
Share based payment expense	8(c)	(7,019,015)	(7,470,750)
Total expenses		(11,866,480)	(9,002,782)
Profit/(Loss) from continuing operations before income tax		4,970,146	(8,967,960)
Income tax expense		(5,381,220)	-
Loss for the period		(411,074)	(8,967,960)
Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss:</i>			
Foreign currency translation of foreign operations		(2,022,743)	(744,743)
Changes in fair value of financial assets	14	(5,790,499)	-
Other comprehensive loss for the half-year, net of tax		(7,813,242)	(744,743)
Total comprehensive loss for the half-year		(8,224,316)	(9,712,703)
Basic and diluted loss per share - cents	9	(0.23)	(6.21)

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 2023*

	Note	31 December 2023 \$	30 June 2023 \$
Current Assets			
Cash and cash equivalents	10	53,865,419	42,316,613
Other receivables	11	2,972,677	1,782,544
Other current assets		648,793	293,303
Total Current Assets		57,486,889	44,392,460
Non-Current Assets			
Exploration and evaluation assets	13	42,875,596	30,953,948
Investments in other entities	14	9,320,062	6,810,013
Property, plant, and equipment		1,868,119	929,899
Total Non-Current Assets		54,063,777	38,693,860
Total Assets		111,550,666	83,086,320
Current Liabilities			
Trade and other payables	11	2,347,153	2,636,514
FTS share premium liability	11	15,033,591	8,148,439
Tax liability		1,656,344	-
Total Current Liabilities		19,037,088	10,784,953
Non-Current Liabilities			
Deferred tax liabilities		7,004,478	3,279,604
Total Non-Current Liabilities		7,004,478	3,279,604
Total Liabilities		26,041,566	14,064,557
Net Assets		85,509,099	69,021,763
Equity			
Issued capital	12	92,476,954	74,784,318
Reserves		11,860,510	12,654,736
Accumulated losses		(18,828,365)	(18,417,291)
Total Equity		85,509,099	69,021,763

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

Consolidated Statement of Cash Flows*for the half-year ended 31 December 2023*

		31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(6,488,752)	(944,199)
Interest received		455,631	34,822
Net cash outflows from operating activities		(6,033,121)	(909,377)
Cash flows from investing activities			
Cash outflows for investing in other entities		(1,564,114)	(2,211,411)
Cash outflows on purchase of property plant and equipment		(1,060,382)	(552,867)
Cash outflows on exploration activities		(12,433,681)	(5,642,027)
Net cash outflows from investing activities		(15,058,177)	(8,406,305)
Cash flows from financing activities			
Proceeds from issue of shares		34,376,957	6,818,461
Payment of share issue & capital raising costs		(881,460)	(215,320)
Net cash inflows from financing activities		33,495,497	6,603,141
Net increase/(decrease) in cash held		12,404,199	(2,712,541)
Cash and cash equivalents at beginning of period		42,316,611	13,471,994
FX adjustment		(855,391)	(524,278)
Cash and cash equivalents at the end of the period	10	53,865,419	10,235,175

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

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2023

	Note	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2023		74,784,318	(18,417,292)	11,349,023	1,305,713	69,021,762
Loss for the half-year		-	(411,074)	-	-	(411,074)
Asset revaluation reserve		-	-	(5,790,501)	-	(5,790,501)
Foreign currency translation		-	-		(2,022,743)	(2,022,743)
Total comprehensive loss for the half year		-	(411,074)	(5,790,501)	2,022,743	(8,224,316)
Share issued during the period	12	18,574,097	-	-	-	18,574,097
Shares issue costs		(881,460)	-	-	-	(881,460)
Share based payment transactions	20	-	-	7,019,015	-	7,019,015
Balance at 31 December 2023		92,476,955	(18,828,366)	12,577,541	(717,030)	85,509,099

	Note	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total
		\$	\$	\$	\$	\$
Balance at 1 July 2022		27,408,233	(3,238,347)	391,544	143,393	24,704,823
Loss for the half-year		-	(8,967,960)	-	-	(8,967,960)
Foreign currency translation		-	-	-	(744,743)	(744,743)
Total comprehensive loss for the half year		-	(8,967,960)	-	(744,743)	(9,712,703)
Share issued during the period	12	3,425,543	-	-	-	3,425,543
Shares issue costs		(215,320)	-	-	-	(215,320)
Share based payment transactions		-	-	7,470,750	-	7,470,750
Balance at 31 December 2022		30,618,456	(12,206,307)	7,862,294	(601,350)	25,673,093

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

Notes to the Consolidated Financial Statements

Corporate Information

The financial report consists of the consolidated financial statements of Winsome Resources Limited and its subsidiaries ("Group") for the half-year ended 31 December 2023 which was authorised for issue in accordance with a resolution of the Directors on 15 March 2024.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Winsome Resources Limited is a company limited by shares incorporated in Australia.

The nature of the operations of the Group are described in the Directors' Report.

1. Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*. These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as the annual financial statements. Accordingly, this report is to be read in conjunction with the Annual Financial Statements of Winsome Resources Limited as of 30 June 2023 and any public announcements made by Winsome Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies, estimates and methods of computation have been followed in this half year financial report as were applied in the most recent financial statements.

Flow-Through Shares

The Company may issue Flow Through Shares to fund a portion of its capital expenditure program. Pursuant to the terms of the Flow Through Share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to Flow Through Shares issued and the value which would have been received for shares with no tax attributes is initially recognised as a liability. When the expenditures are incurred, the liability is drawn down.

The half-year report has been prepared on an accruals basis and is based on historical costs.

2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption a majority of voting rights results in control.

A list of controlled entities at 31 December 2023 is contained in note 20. Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Notes to the Consolidated Financial Statements (continued)

Profit and loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to non-controlling interest, even if this results in the non-controlling interest having a debit balance.

3. New or amended Accounting Standards and Interpretations adopted.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') which are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations which are not yet mandatory have not been early adopted. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

4. Going concern

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and the discharge of liabilities in the normal course of business.

As disclosed in the financial statements, the Company incurred a loss after income tax of \$411,074 (2022 \$8,967,960) and had net cash outflows from operating activities of \$6,033,121 (2022 \$909,377) for the period ended 31 December 2023. As at that date, the Company had net current assets of \$38,449,800 (2022 \$33,607,507).

The directors believe it is reasonably foreseeable the Company will continue as a going concern and it is appropriate to adopt the going concern basis in the preparation of the financial statements.

5. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

6. Segment Reporting

The Group predominantly operated in one geographical segment for the financial period.

Notes to the Consolidated Financial Statements (continued)

The Group operates in the mineral exploration industry in Canada. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals. All the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment which is equivalent to the financial statements of the Group as a whole. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

7. Other Income

	31 December 2023 \$	31 December 2022 \$
Other income resulting from sale of tax claims in Flow Through Share placements	9,862,596	-
Profit from sale of exploration properties	6,445,185	-
Interest income received	528,846	2,424
	16,836,627	2,424

8. Operating expenses

	31 December 2023 \$	31 December 2022 \$
a) Exploration expenses		
Data software & compilation	45,413	-
Accommodation	110,001	-
Consultants	116,367	-
Travel expenses	19,120	-
Sundry	72,602	-
Total exploration expense	363,503	-
b) General & administrative expenses		
Employee expenses	1,945,361	209,265
Consulting cost	567,203	412,599
Travel and accommodation	336,414	107,045
Corporate accounting & secretarial	259,298	112,347
Legal costs	199,636	180,846
Listing & share registry fee	154,273	-
Advertising & conferences	150,224	-
Depreciation expense	128,599	35,084
Insurances	77,588	-
Directors' fees	75,000	59,000
Audit & taxation fees	18,073	-
General and administration	572,294	415,846
	4,483,962	1,532,032
c) Share based payment expense		
Non-cash share-based payments		
- Options	1,468,800	5,607,000
- Performance rights	5,550,215	1,863,750
	7,019,015	7,470,750

Notes to the Consolidated Financial Statements (continued)

9. Loss per Share

	31 December 2023 \$	31 December 2022 \$
Net loss attributable to ordinary shareholders for basic and diluted earnings per share	(411,074)	(8,967,960)
Weighted average number of ordinary shares used in calculating basic loss per share	177,432,355	144,334,510
Basic and diluted loss per share- in cents	(0.23)	(6.21)

10. Cash and Cash Equivalents

	31 December 2023 \$	30 June 2023 \$
Cash at bank	53,865,419	42,316,613
	53,865,419	42,316,613

11. Financial assets and liabilities

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities held by the Group as at 31 December 2023 and 30 June 2023:

	31 December 2023 \$	30 June 2023 \$
Financial assets		
Other receivables	2,972,677	1,782,544
	2,972,677	1,782,544
<i>Current</i>		
Total Financial assets	2,972,677	1,782,544
Financial liabilities		
Trade and other payables	2,347,153	2,636,514
Flow through share premium liability	15,033,591	8,148,439
Provision for tax	1,656,344	-
	19,037,088	10,784,953
<i>Current</i>		
Total Financial liabilities	19,037,088	10,784,953

Notes to the Consolidated Financial Statements (continued)

The Directors consider the carrying values of other receivables, trade and other payables are considered to be a reasonable approximation of their fair value.

Flow-Through Shares

The Company may issue Flow Through Shares to fund a portion of its capital expenditure program. Pursuant to the terms of the Flow Through Share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to Flow Through Shares issued and the value which would have been received for shares with no tax attributes is initially recognised as a liability. When the expenditures are incurred, the liability is drawn down.

12. Issued Capital

	31 December 2023 \$	30 June 2023 \$
(a) Issued and paid-up capital		
Ordinary shares fully paid	97,378,751	78,804,654
Share issue costs	(4,901,796)	(4,020,336)
Closing balance	92,476,955	74,784,318

(b) Movements in issued capital

	Number of shares	\$
Opening balance – 1 July 2023	170,719,524	74,784,318
Shares issued during period.		
- Flow-through share issue	14,450,171	17,629,209
- Other share issues	665,356	944,888
Share issue costs	-	(881,460)
Closing balance – 31 December 2023	185,835,051	92,476,955

13. Exploration and evaluation expenditure

	6 Months to 31 December 2023	12 months to 30 June 2023
Exploration and evaluation phase – at cost	42,875,596	30,953,948
Carrying amount at beginning of the period	30,953,948	11,038,206
Additions	13,477,077	19,840,150
Disposals	(949,462)	
Foreign exchange movements	(605,967)	75,591
Carrying amount at the end of the period	42,875,596	30,953,948

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each period to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at period end and the Directors are satisfied the value is recoverable. The carrying value of exploration and evaluation expenditure assets are assessed for impairment at an overall level whenever facts and circumstances suggest the carrying amount of the assets may exceed recoverable amount.

Notes to the Consolidated Financial Statements (continued)

An impairment exists when the carrying amount of the assets exceed the estimated recoverable amount. The assets are then written down to their recoverable amount. Any impairment losses are recognised in the income statement of profit or loss and other comprehensive income.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful and commercial exploitation or sale of the respective area.

14. Investments in other entities

During the period the Company increased its holding in Power Metals Corp (TSX/V:PWM) through the sale of the Decelles and Mazerac exploration projects to PWM. This increased the Company's holding in PWM to 19.6%.

	31 December 2023
	\$
Opening balance	6,810,013
Acquisitions during the period	8,300,548
Revaluation to market value	(5,790,499)
Closing balance	<u>9,320,062</u>

Investments in other entities are measured at fair value through other comprehensive income (FVTOCI). The value is reviewed at the end of each period and marked to market. Any resultant change is measured through Other Comprehensive Income.

15. Share based payments.

Employee Performance Rights

On 1 December 2023, the following Performance Rights were granted with an expiry date 5 years from the date of issue, being 1 December 2028. The terms and conditions of the Performance Rights is set out below.

Notes to the Consolidated Financial Statements (continued)

Class B	1,250,000	Class B Performance Rights will vest and convert (at the election of the holder) into Shares upon announcement by the Company of a maiden JORC Mineral Resource, with a minimum of 5 million tonnes containing a Lithium Oxide (Li ₂ O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) verified by an Independent Technical Consultant at any one of the Company's Projects (Class B Milestone);
Class C	1,640,000	Class C Performance Right will vest and convert (at the election of the holder) into Shares upon the Company announcing to ASX a positive study, either to the Scoping or Pre-Feasibility Level, showing a positive net present value (NPV), verified by an Independent Technical Consultant at any one of the Company's Projects (Class C Milestone)
Class F	1,650,000	Class F Performance Rights: Each Class F Performance Right will vest and convert (at the election of the holder) into one Share upon announcement by the Company of a maiden JORC Mineral Resource, with a minimum of 10 million tonnes containing a Lithium Oxide (Li ₂ O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) in total at Cancet Lithium Project, Adina Lithium Project, Sirmac-Clapier Lithium Project or any other project/s the company should acquire.(each located in Quebec, Canada) as verified by an Independent Technical Consultant (defined below) (the Class F Milestone);
Class M	2,000,000	Class M Performance Rights will vest and convert (at the election of the holder) into Shares upon announcement by the Company of a maiden JORC Mineral Resource, with a minimum of 50 million tonnes containing a Lithium Oxide (Li ₂ O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) at any one of the Company's Projects as verified by an Independent Technical Consultant (Class M Milestone)
Class N	750,000	Class N Performance Rights vest and convert (at the election of the holder) into Shares on the Company announcing it has successfully signed a binding agreement with a strategic partner on or prior to 31 December 2025 to secure financing of at least \$50,000,000 with respect to: (i) an equity or debt financing; (ii) an offtake agreement; or (iii) a share or asset acquisition, (Class N Milestone) .
Class O	550,000	Class O Performance Rights will vest and convert (at the election of the holder) into Shares upon announcement by the Company of a JORC Mineral Resource, with a minimum of 75 million tonnes containing a Lithium Oxide (Li ₂ O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) at any one of the Company's Projects as verified by an Independent Technical Consultant (Class O Milestone)

Notes to the Consolidated Financial Statements (continued)

Class P	225,000	Class P Performance Rights will vest and convert (at the election of the holder) into Shares upon announcement by the Company of a JORC Mineral Resource, with a minimum of 100 million tonnes containing a Lithium Oxide (Li ₂ O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) at any one of the Company's Projects as verified by an Independent Technical Consultant (Class P Milestone)
Class X	100,000	Each Class X Performance Right will vest and convert (at the election of the holder) into fully paid ordinary shares in the capital of the Company (Shares) on the Company announcing it has successfully signed a Development Agreement with First Nations Group (Class X Milestone)
Class Y	75,000	Each Class Y Performance Right will vest and convert (at the election of the holder) into fully paid ordinary shares in the capital of the Company (Shares) on the Company announcing it has successfully completed a Definitive Feasibility Study at any one of the Company's Projects as verified by an Independent Technical Consultant (Class Y Milestone)

The Class B Performance Rights have been valued at \$0.20 each, based on market value at grant date, for a total value of \$250,000. This milestone was achieved when the Company announced its Maiden Resources Estimate (MRE) of 59Mt at 1.12% Li₂O at Adina on 11 December 2023. This value has been expensed in the current half-year.

Class C Performance Rights have been valued at \$1.015 each based on market value at grant date. As the milestones attached to the rights are non-market basis, this value will be brought to account when it is considered probable the milestones will be met. It is not considered probable at 31 December 2023.

The Class F Performance Rights have been valued at \$1.065 each, based on market value at grant date, for a total value of \$1,757,250. This milestone was achieved when the Company announced its Maiden Resources Estimate (MRE) of 59Mt at 1.12% Li₂O at Adina on 11 December 2023. This value has been expensed in the current half-year.

The Class M Performance Rights have been valued at \$1.1015 each, based on market value at grant date, for a total value of \$2,030,000. This milestone was achieved when the Company announced its Maiden Resources Estimate (MRE) of 59Mt at 1.12% Li₂O at Adina on 11 December 2023. This value has been expensed in the current half-year.

The Class N, O, P, X and Class Y Performance Rights have been valued at \$1.1015 each, based on market value at grant date. As the milestones attached to the rights based on market value at grant date, this value will be brought to account when it is considered probable the milestones will be met. It is not considered probable at 31 December 2023.

Notes to the Consolidated Financial Statements (continued)

Options Issued to Directors and Senior Management

Using the Black Scholes option pricing model and based on the assumptions set out below, the Director and Senior Management Options were ascribed the following value:

Assumptions

Valuation date	30 November 2023
Underlying share price	\$1.015
Exercise price	\$2.50
Expiry date (length of time from issue)	2.82 Years
Risk free interest rate	4.02%
Volatility	95.0%
Indicative Value of Director & Senior Management Options (cents)	0.408
Number of options issued	3,600,000
Total Value of Director & Senior Management Options	\$1,468,800

These options have vested, and this value has been expensed in the current half-year.

16. Dividends

No dividends have been paid or provided for during the half-year.

17. Contingent Liabilities

There are no contingent liabilities.

18. Events Occurring After the Reporting Period

There have been no significant events occurring since 31 December 2023.

19. Commitments

There are no commitments to report.

Notes to the Consolidated Financial Statements (continued)

20. Related Party

(a) Ultimate parent

The ultimate parent entity is Winsome Resources Limited.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Winsome Resources Limited and the subsidiaries listed in the following table:

	Principal activity in the year	Place of Incorporation	Equity Holdings 31 Dec 2023
Winsome Cancet Lithium Inc	Exploration	Quebec Canada	100%
Winsome Adina Lithium Inc	Exploration	Quebec Canada	100%
Winsome Sirmac Lithium Inc	Exploration	Quebec Canada	100%

(c) Directors' and Senior Management remuneration

The share-based payment expense includes the value of the following options and performance rights issued to directors and senior management:

	December 2023 \$
Options expiring 30 November 2026	1,468,800
Performance Rights	5,550,215
	<u>7,019,015</u>

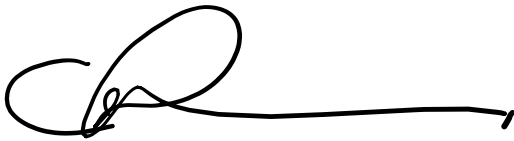
Directors' Declaration

In the opinion of the Directors of Winsome Resources Limited ('the Group'):

1. The financial statements and notes thereto, as set out on pages 12 to 25, are in accordance with the *Corporations Act 2001* including:
 - a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - b. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
2. There are reasonable grounds to believe Winsome Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Christopher Evans
Managing Director

A handwritten signature in black ink, consisting of a large, stylized 'C' followed by a horizontal line that ends in a small upward tick.

Perth, Western Australia
15 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT
To the Members of Winsome Resources Limited**Report on the Half-Year Financial Report***Conclusion*

We have reviewed the half-year financial report of Winsome Resources Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2023, 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, selected explanatory notes, 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 accompanying half-year financial report of Winsome Resources 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 2023 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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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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 2023 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
15 March 2024



N G Neill
Partner

Additional Securities Information

(Note, this information does not form part of the audit reviewed financial statements)

Additional information is complete as at 1 March 2024.

a) Distribution of Shareholdings – Fully Paid Ordinary Shares:

Size of Holding	Number of Shareholders	Number of Shares
1 – 1,000	707	395,958
1,001 – 5,000	1,514	4,111,535
5,001 – 10,000	666	5,125,315
10,001 – 100,000	1,169	36,711,109
100,001 and over	214	144,441,134
Totals	4,270	190,785,051

Equity Security

Fully paid ordinary shares

Quoted

190,785,051

b) Top 20 Security Holders – Fully Paid Ordinary Shares

	Name of Holder	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited - A/C 2	26,080,805	13.67
2	HSBC Custody Nominees (Australia) Limited	17,899,803	9.38
3	BNP Paribas Nominees Pty Ltd ACF Clearstream	5,418,068	2.84
4	Citicorp Nominees Pty Limited	5,117,662	2.68
5	Christopher Evans	4,423,333	2.32
6	Mr Gino D'Anna <The Internazionale A/C>	4,282,769	2.24
7	BNP Paribas Noms Pty Ltd	3,444,132	1.81
8	Mr Daniel Robert Paton	3,424,000	1.79
9	BNP Paribas Nominees Pty Ltd <IB AU Noms Retail Client>	3,268,209	1.71
10	Mrs Rachel D'Anna	3,237,610	1.70
11	Mr Kenneth Joseph Hall <Hall Park A/C>	2,900,033	1.52
12	UBS Nominees Pty Ltd	1,662,634	0.87
13	Geosmart Consulting Pty Ltd	1,640,006	0.86
14	David Edwards Palm Beach Realty Pty Ltd	1,250,000	0.66
14	Mithril Forge Pty Ltd <Turul A/C>	1,250,000	0.66
15	Courchevel 1850 Pty Ltd <Courchevel Investment A/C>	1,230,000	0.64
16	Mr Gary Stewart & Mrs Fiona Stewart & Mr Jamie-Iain Stewart <Stewart Family SMSF A/C>	1,217,500	0.64
17	Mr Christopher Michael Andrews	1,110,000	0.58
18	HSBC Custody Nominees (Australia) Limited <GSCO Customers A/C>	1,098,361	0.58
19	Mr Glenn Griesbach	1,074,232	0.56
20	Mr Robert Gregory Wroth & Mrs Catherine Fay Wroth	1,060,000	0.56
	Total	92,089,157	48.27
	Total issued capital	190,785,051	100.00

Shareholders with less than a marketable parcel

At 1 March 2023, there were 360 shareholders holding less than a marketable parcel of shares (\$0.92 cents on this date) in the Company totalling 110,449 ordinary shares. This represented 0.06% of the issued capital.