

Loyal Metals Limited

(formerly known as Loyal Lithium Limited)

ABN 20 644 564 241

Interim Report - 30 June 2025

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Directors

Mr. Peretz Schapiro- Non-Executive Chairman
Mr. Adam Ritchie- Managing Director
Mr. Blair Way - Non-Executive Director

Company secretary

Mr. Ian Pamensky

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Auditor

BDO Audit Pty Ltd
Level 18, 727 Collins Street
Melbourne VIC 3008

Stock exchange listing

Loyal Metals Limited shares are listed on the Australian Securities Exchange (ASX code: LLM)

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The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Loyal Metals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2025.

Directors

The following persons were directors of Loyal Metals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr. Peretz Schapiro	Non-Executive Chairman
Mr. Adam Ritchie	Managing Director
Mr. Andrew Graham	Non-Executive Director (Resigned 6 January 2025)
Mr. Blair Way	Non-Executive Director (Appointed 6 January 2025)

Principal activities

The principal activities of the Group during the course of the financial half-year were the exploration and evaluation of mineral interests. There were no significant changes in the nature of those activities during the financial half-year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Review of operations

The loss for the Group after providing for income tax and non-controlling interest amounted to \$1,553,000 (30 June 2024: \$1,770,000).

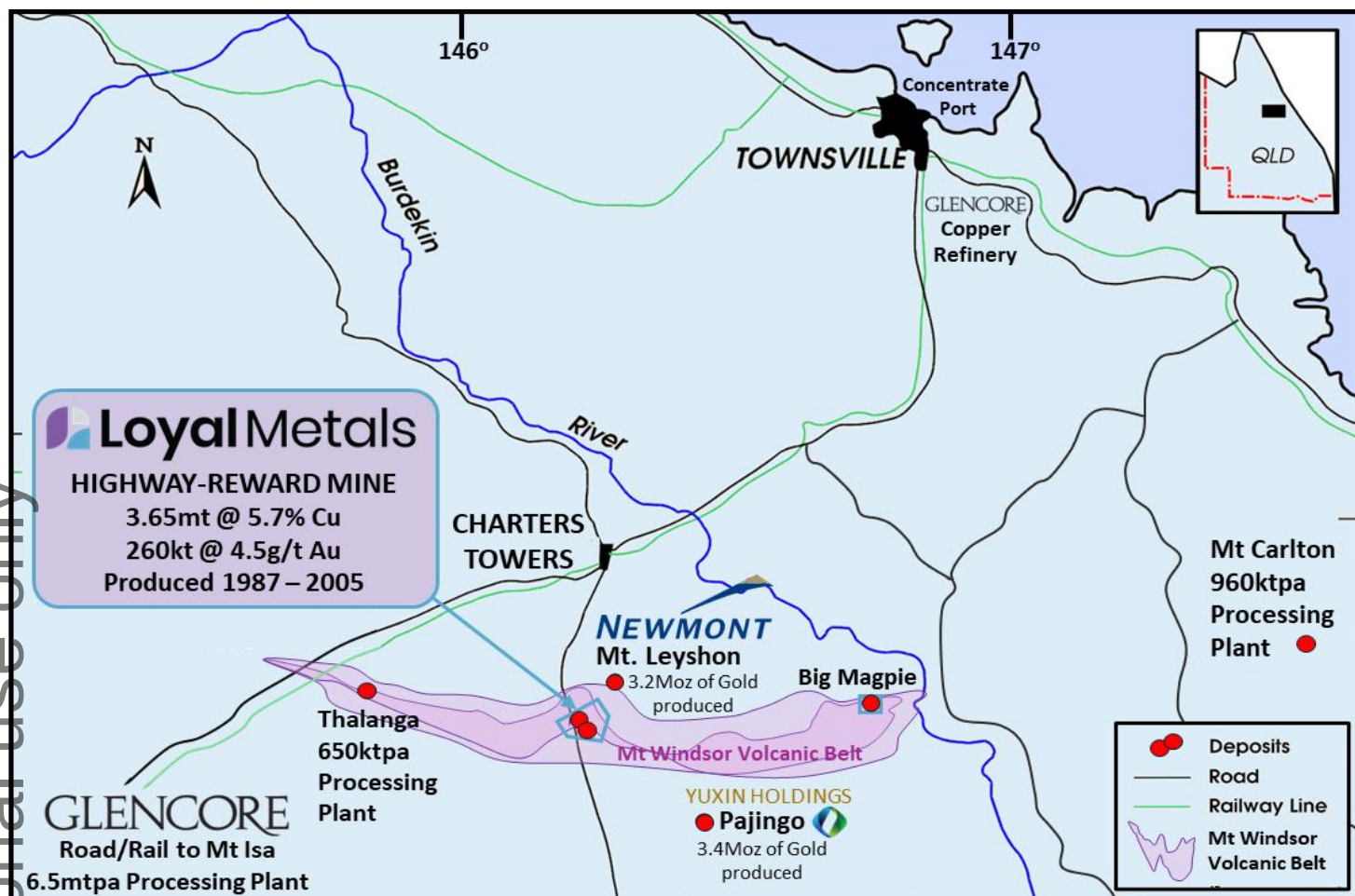
During the half year, Loyal Metals Ltd. (Loyal, LLM or the Company), formerly Loyal Lithium Ltd, changed its name to reflect the Company's "Ground to Grid" strategy to broaden its critical minerals and technology portfolio beyond hard rock lithium. The "Ground to Grid" strategy supports our electric future by focusing on critical minerals, with a particular emphasis on copper, which is needed for reliable and dynamic energy grids.

Loyal Metals also completed reporting requirements and interpretation work associated with the Trieste Lithium Project exploration program that occurred in Q3 2024. During the half year, the Company also strategised to broaden its North American lithium-led battery minerals and technology business beyond hard and soft rock lithium exploration.

Subsequent to the half year, on 01 July 2025, the Company secured a binding option to acquire the Highway Reward Copper Gold Mine in Queensland, Australia - one of the world's highest-grade copper mines, with past production totalling 3.65Mt at 5.7% Cu and 260kt at 4.5 g/t Au. The acquisition is the first step in Loyal Metals' 2025 Strategic Plan to broaden its critical minerals portfolio into copper.

HIGHWAY REWARD COPPER GOLD MINE OVERVIEW (subsequent to the half year)

Loyal Metals secured a binding option on 01 July 2025 to acquire the Highway Reward Copper Gold Mine in Queensland, Australia - one of the world's highest-grade copper mines, with past production totaling 3.65Mt at 5.7% Cu and 260kt at 4.5 g/t Au. No exploration has been conducted on the granted mining leases since operations ceased in July 2005 despite a ~680% increase in copper prices and a ~1,256% increase in gold prices since the 1997 feasibility study. Exploration potential for new discoveries both along strike and at depth, as previous mining only reached depths of 220 metres for open pit and 390 metres for underground operations, with limited exploration beyond mined zones.

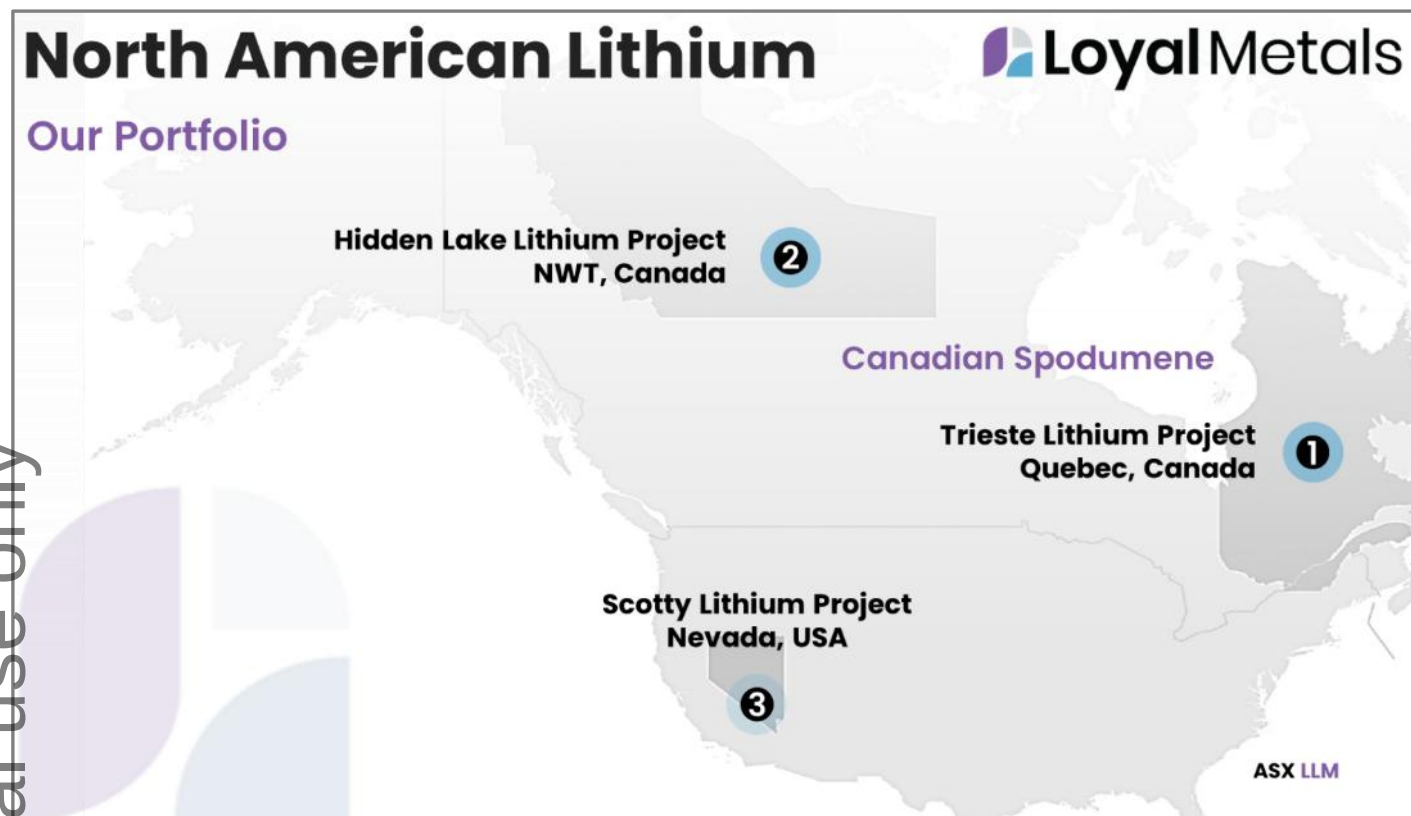


Highway Reward Copper-Gold Mine: Located 37 km south of Charters Towers within the Mt Windsor Volcanic Belt. Accessible via an all-weather highway, 172 km from the Port of Townsville, Queensland, Australia.

Loyal Metals has joined forces with Dr. Simon Beams of Terra Search, a highly regarded Townsville-based geologist with over 38 years of hands-on experience at the Highway Reward Copper-Gold Mine and the broader Mount Windsor Volcanic Belt. Together, they have launched an accelerated digitisation and data consolidation initiative, enabling advanced AI-powered mining software to create 3D geological models and identify promising exploration targets for drilling. Throughout the mine's 20-year dormancy, Terra Search has preserved a comprehensive and robust archive of both exploration and mining data - an invaluable foundation for revitalisation. Dr. Simon Beams, a key figure in the late 1980s discovery drillhole, has shaped the Highway-Reward project through his geological expertise, geochemical research, and over 15 technical publications.

The Company announced on 29 July 2025 that it will commence the world's highest-resolution geophysical drone MobileMTd survey over the Highway Reward Copper-Gold Mine, which has seen no geophysics since the 1997 feasibility study. Using Expert Geophysics' cutting-edge MobileMTd technology, the survey will generate a high-resolution 3D model of remnant mineralisation potential to depths of up to 1,000 metres. Results will be integrated with existing exploration and mining data to enable AI-powered software to model subsurface geology and define new drill targets at depth and along strike.

LOYAL METALS' LITHIUM ASSETS – NORTH AMERICA

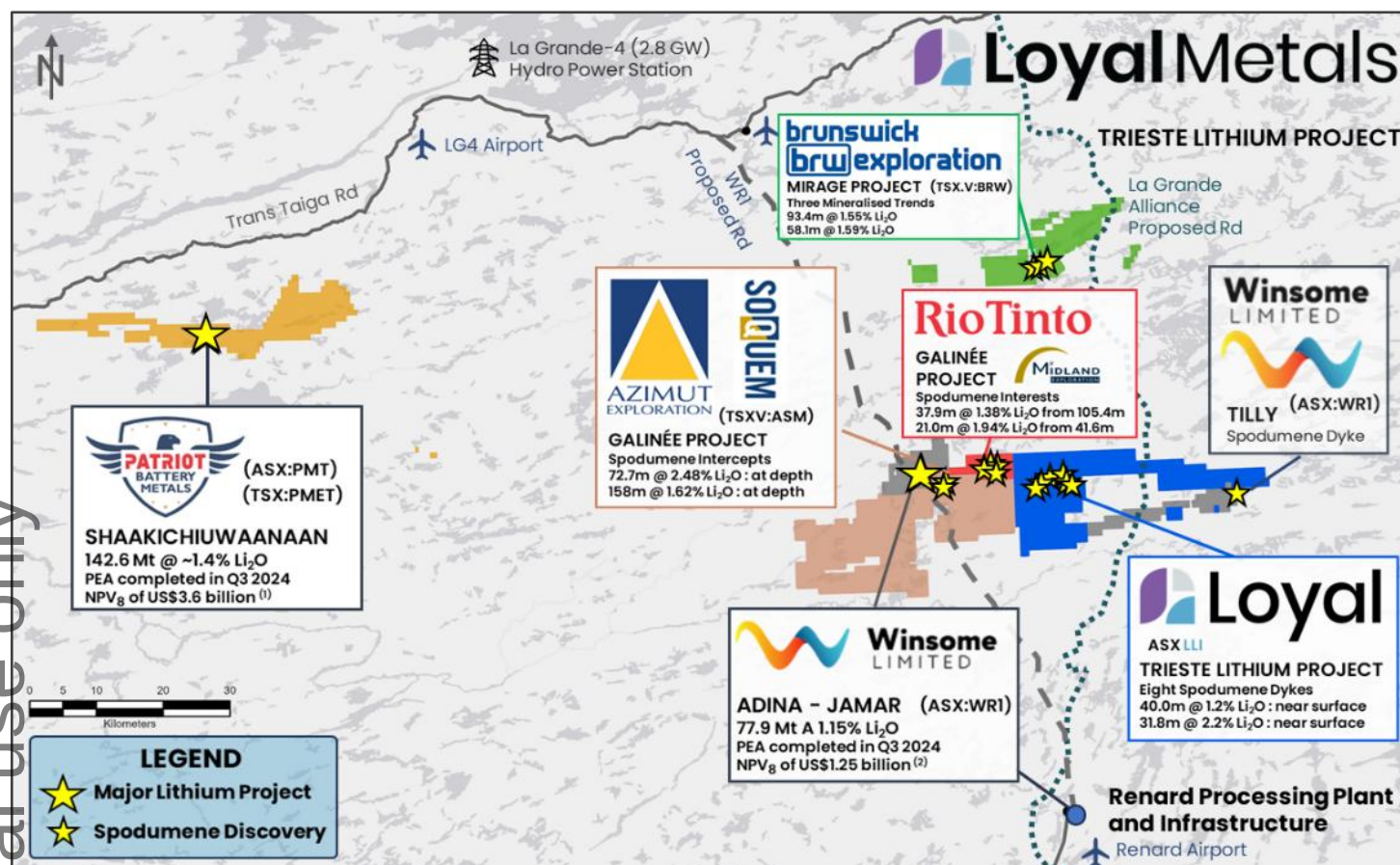


Loyal Metals: North American Lithium Portfolio

TRIESTE LITHIUM PROJECT OVERVIEW

The Trieste Lithium Project is a large scale $\approx 250\text{km}^2$ spodumene pegmatite project that hosts eight lithium mineralised pegmatite dykes, notable for spodumene mega crystals, that predominantly occur within metasediments. Dyke #01 through Dyke #06 were discovered during the project's maiden field program in August 2023 while Dyke #07 and Dyke #08 were discovered in Q3 2024; Dyke #07 occurs within the Trieste greenstone. Throughout late 2023 and into 2024, the Company completed drilling campaigns on three of the eight lithium bearing dykes (Dyke #01, Dyke #04, and Dyke #05) with a total of 41 drillholes, confirming world class lithium and tantalum grades over thick intervals and mineralisation at each dyke from near surface, including:

- Dyke #01 - 40.0m at 1.2% Li₂O from 15.0m
- Dyke #04 - 32.8m of 1.2% Li₂O from 27.6m and 31.1m of 1.5% Li₂O from 21.4m
- Dyke #05 - 31.8m of 2.2% Li₂O and 499ppm Ta₂O₅ from 2.9m
- Dyke #05 - 28.6m of 1.7% Li₂O and 1,050ppm Ta₂O₅ from 6.5m

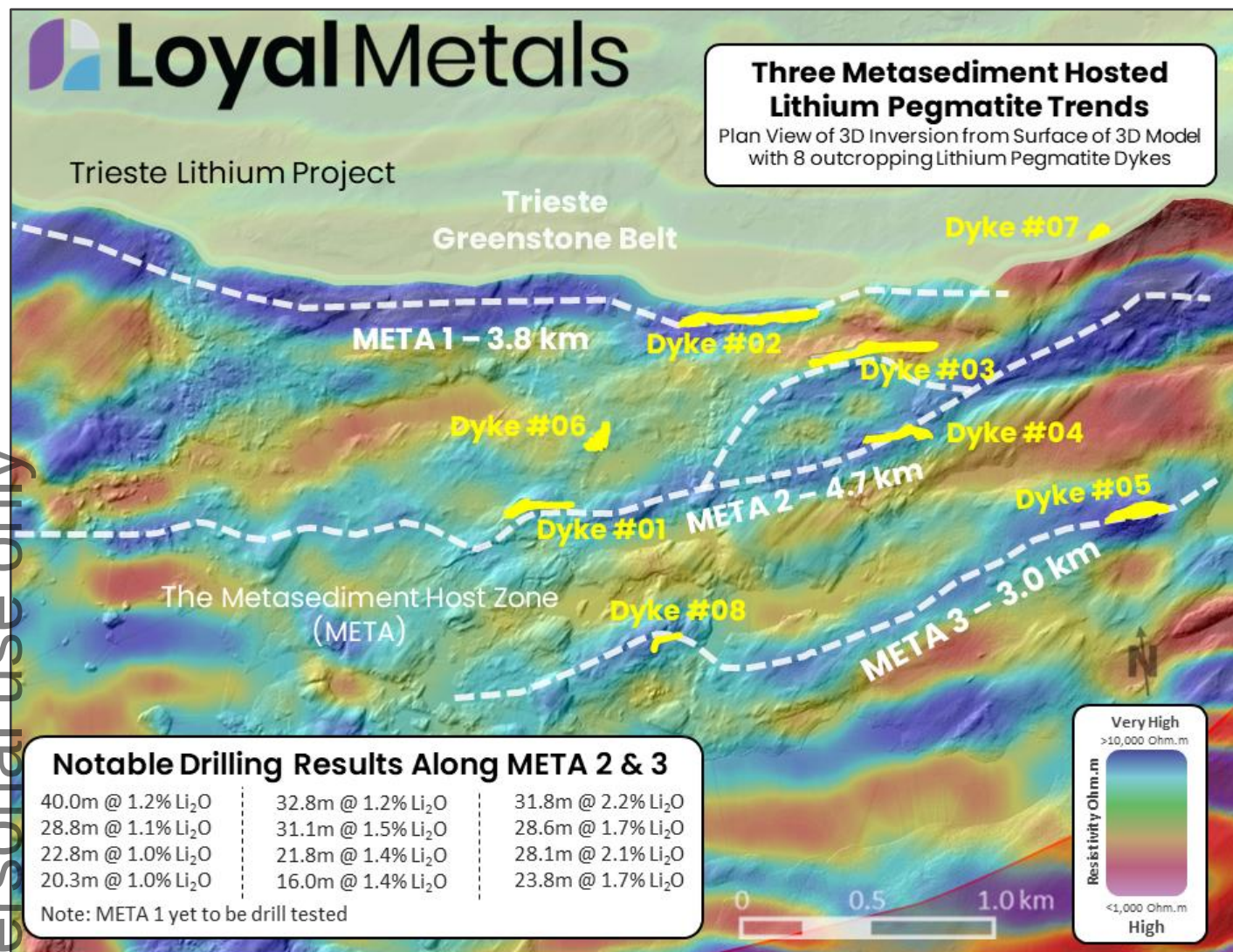


Trieste Lithium Project: Location relevant to other nearby projects, Quebec, Canada. (1) Patriot Battery Metals 21 August 2024 announcement (TSX: PMET) (ASX: PMT). (2) Winsome Resources 17 September 2024 announcement (ASX: PMT) (FSE: 4XJ).

In Q3 2024, the Company completed a comprehensive innovative geophysical survey utilising Mobile Magnetotellurics (Mobile MTm) over a 77km² area employing sensors for in-depth analysis beyond 600 metres. The Company released subsequent Mobile MTm results, including plans, sections and 3D inversions. The Mobile MTm 3D model interpretations derived from geophysical resistivity inversions reveal significant inferred extensions of the seven lithium pegmatites hosted within metasediments at the Trieste Lithium Project. The 3D model highlights three distinct high-resistivity metasediment (META) hosted trends, META 1 (3,800m), META 2 (4,700m) and META 3 (2,500m), extending over 300 metres below the surface, validated by the correlation of known outcropping lithium (spodumene-bearing) pegmatite dykes and 41 completed drillholes.

The Company is currently undertaking two studies on the Trieste Lithium Project:

- Loyal Metals partnered with the prestigious McGill University in Q2 2024 to access a CAD\$1M research grant from the Natural Sciences and Engineering Research Council of Canada. McGill University's Hydrothermal Geochemistry Group (HGG) will investigate the unique geological settings of the Trieste Lithium Project and the Hidden Lake Lithium Project under the research title 'Lithium in Pegmatites – from Source to Sink'. This work is still ongoing.
- Quebec Government-Led Structural Geology Study – Geologists from the Quebec government undertaking a structural geology study (Q3 2025) at the Trieste site to assess regional mineralisation controls and potential lithium-bearing pegmatites. This work is ongoing.



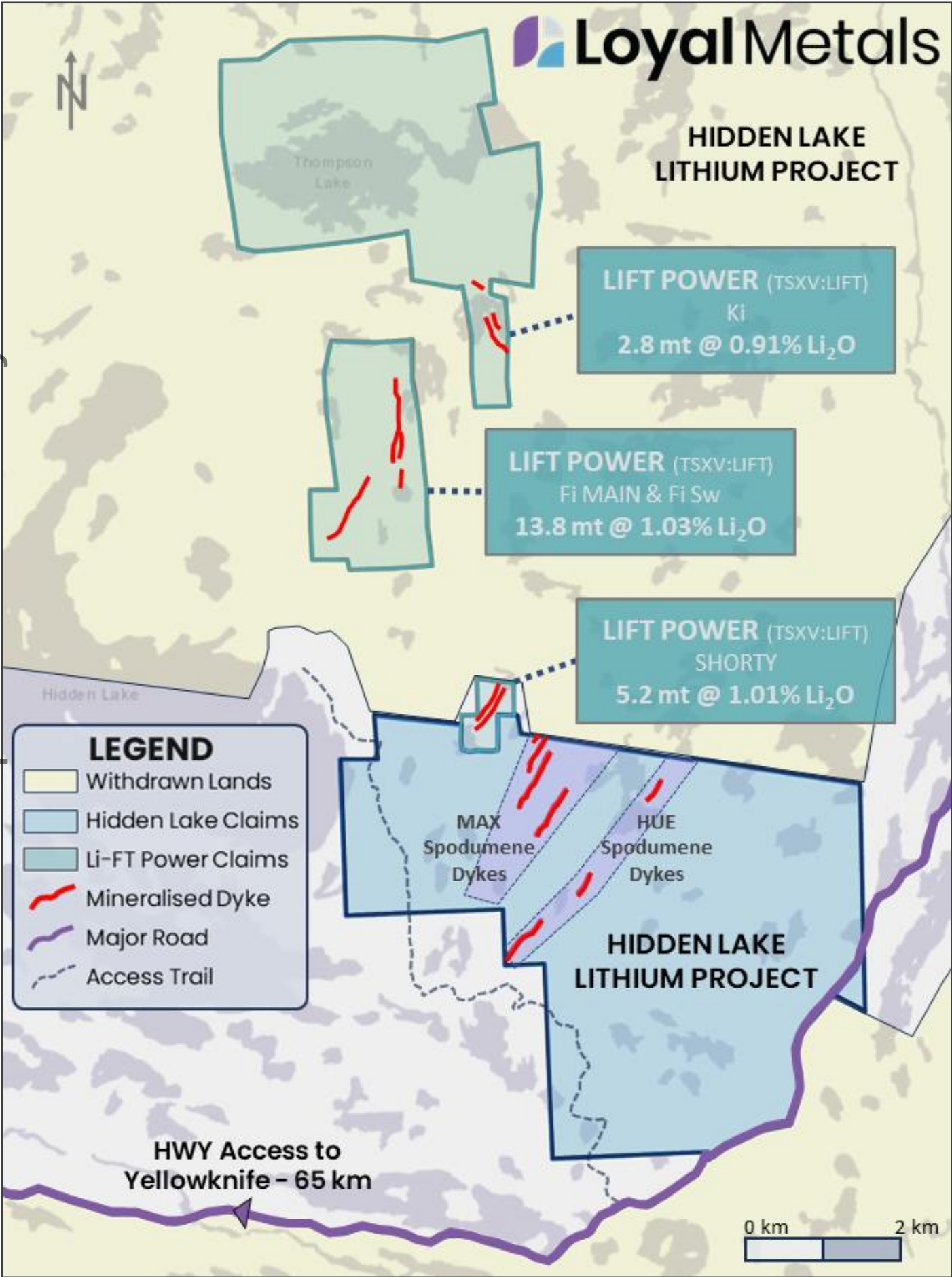
Trieste Lithium Project: Three Metasediment Hosted Lithium Pegmatite Trends – Plan view of 3D model.

HIDDEN LAKE LITHIUM PROJECT OVERVIEW

Loyal Metals' 100% owned Hidden Lake Lithium Project is strategically located 65 km from the mining city of Yellowknife, NWT. It is positioned between Li-FT Power (TSXV:LIFT), which has a regional MRE of 50.4 Mt @ 1.0% Li₂O, and the all-weather Highway 4. The Company completed extensive field mapping and channel sampling in 2023 and confirmed seven mineralised spodumene dykes that span 3,250m, increasing the previously known strike length by 44%. Four of the seven main dykes have been drill-tested to a depth of 30-50 metres, with all 10 drill holes intercepting high-grade spodumene pegmatite intervals, with individual grades of up to 1.81% Li₂O. Historical metallurgical testwork indicates consistency across spodumene rich dykes with simple mineralogy of predominantly coarse-grained spodumene, quartz, and feldspars, with low impurities (<0.25% FeO). New in-house test work is in progress to understand, confirm and build upon this work. A Dense Media Separation (DMS) pilot plant produced a high-grade concentrate of 6.11% Li₂O from a 400kg bulk sample with minimal loss to tailings.

During the half year, a claims survey was undertaken at the Hidden Lake Lithium Project in preparation for the conversion to mineral leases.

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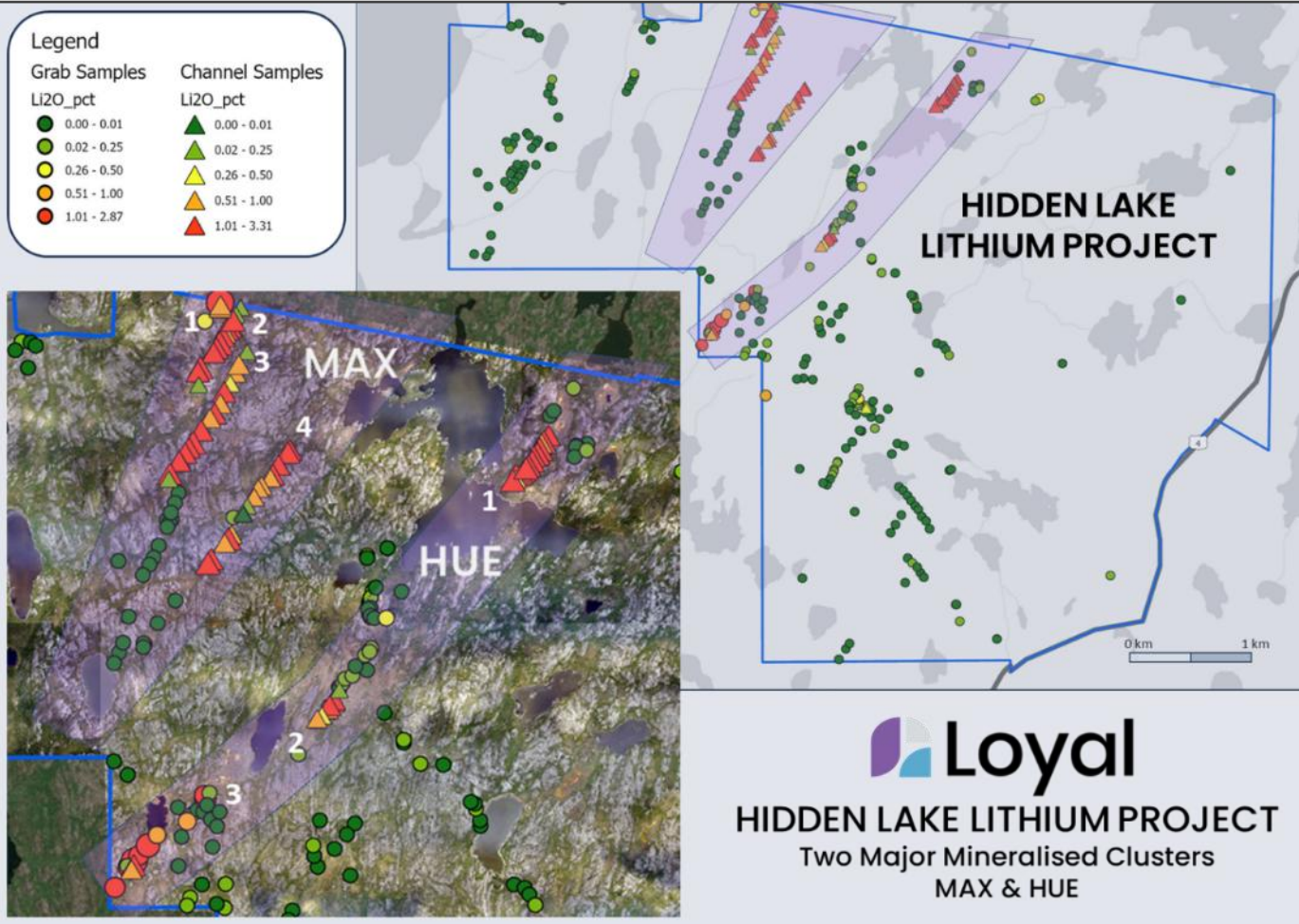


Hidden Lake Lithium Project: Map showing the Hidden Lake mineralised dykes and Li-FT Power's mineralised dykes to the north ⁽¹⁰⁾.

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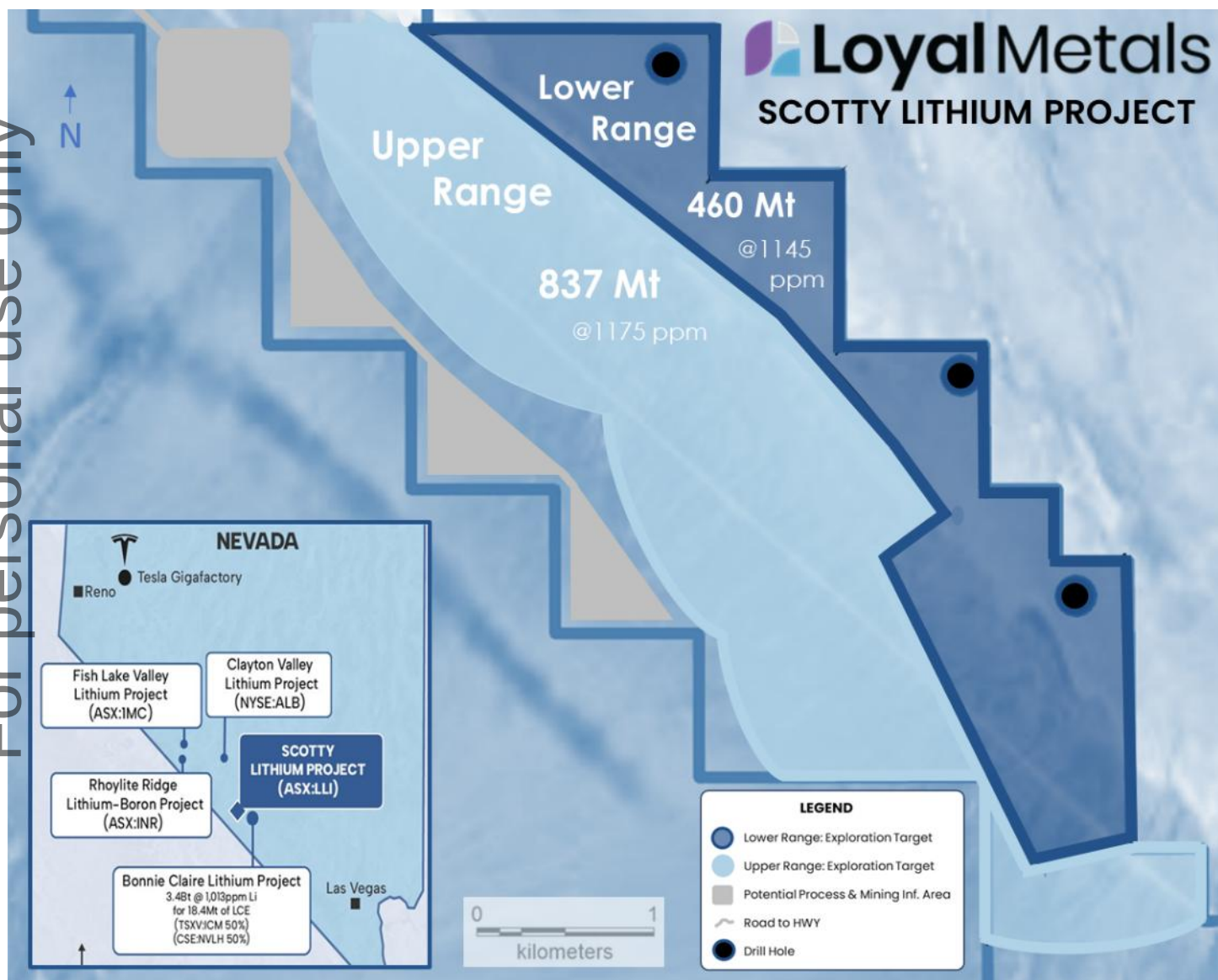
Hidden Lake Lithium Project: Loyal Metals' Managing Director, Adam Ritchie, on a spodumene-bearing dyke.



Hidden Lake Lithium Project: Map showing the Max and Hue dyke swarms containing seven spodumene dykes spanning 3.2km in mineralised strike length.

SCOTTY LITHIUM PROJECT OVERVIEW

No work during the half year was completed on the Scotty Lithium Project, located north of the mining town of Beatty, 220km from Las Vegas and 330km from Tesla's Nevada Gigafactory with existing all-weather roads and power infrastructure within proximity. The Company announced a robust Exploration Target in 2023 with a range of 460 million tonnes at 1,145 ppm to 837 million tonnes at 1,175 ppm at a 700ppm lithium cut-off-grade. The potential quantities and grades are conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource, and the Company is uncertain if further exploration will result in the estimation of a Mineral Resource. With strong lithium mineralisation from near surface and close to the western basin edge, the Scotty Lithium Project has the potential to adopt a traditional mining solution which supports strong developmental concepts. The adjacent property to the east of the Scotty Lithium Project, the Bonnie Claire Project, is being advanced by Nevada Lithium Resources (CSE:NVLH) who recently announced they achieved 97% lithium and 98% boron recovery on high-grade mineralisation.



Scotty Lithium Project: Map showing the Exploration Target domains.

Scotty Lithium Project will be progressed to realise value in a non-dilutive way for shareholders. To achieve this, it is planned that 51% of the Scotty Lithium Project will be spun out into an ASX listing, with a priority offer to LLM shareholders. The Western Australia assets listed below will also be included within this IPO.

WESTERN AUSTRALIA OVERVIEW

Mining lease application discussions advanced for the tenement containing the Providence JORC Inferred Gold MRE of 16,400 oz at 2.5 g/t. The project surrounds the Daisy Milano Gold mine of Vault Minerals Ltd (ASX: VAU). A second mining lease application was progressed for the Hoffmann Gold Prospect. Prospects generated include the Hoffmann, Prophecy, and Samocydna gold prospects, at Monger North, and at Monger South; Tommies Dam and Daisy Milano Trend gold prospects and a zinc-copper-silver outcrop and as well as a CSIRO machine learning Ultrafine® Soils soil anomaly and a nickel-cobalt outcrop and soil anomaly. The copper anomaly will be examined in the field in the next Quarter to determine potential drilling locations.

Significant changes in the state of affairs

Following shareholder approval at the Company's AGM held on 30 May 2025, the Company changed its name from Loyal Lithium Limited to Loyal Metals Limited.

There were no other significant changes in the state of affairs of the Group during the financial half-year.

Matters subsequent to the end of the financial half-year

Receiving of tax refund and fund raising

The Group received its tax refund from its Canadian operation for \$1,500,000 and have successfully raised \$2,000,000 (before cost) through a targeted placement.

Acquisition of Highway Reward project

On 1 July 2025, the Group secured a binding option to acquire the Highway Reward Copper-Gold project in Australia. The Group entered into a share sale agreement to acquire 100% of the fully paid ordinary share of Highway Copper Gold Pty Ltd (HCG). The acquisition ensures that the Group has exclusivity to undertake exploration on the tenements comprising the Highway Reward Project and Big Magpie Project in Queensland, Australia. The key terms of the share sale agreements are:

- Issue to vendors 9,000,000 ordinary shares
- Performance shares 5,000,000 upon satisfying certain performance conditions
- Royalty 2% net smelter return royalty on minerals recovered from the tenements.

Prior to the acquisition, on 27 June 2025, the acquiree, HCG, entered into a binding option agreement with Thalanga Copper Mines Pty Ltd and BML Holdings Pty Ltd (together, the Vendors). The vendor granted HCG an option to undertake exploration on the tenements. The option is 12 months and may be extended by 6 months. The key terms of the option Agreement are:

- Cash payments of AUD\$250,000 to the vendors in three trenches
- Royalty Payment on achieving certain performance Milestone
- Satisfy condition precedents.

For details of the transaction and the agreement, refer to ASX announcements.

Spin off subsidiary

The Group's subsidiary, Desert Minerals Limited ('Desert Minerals') lodged a prospectus for an Initial Public Offering (IPO). Upon completion of the IPO, Desert Minerals will hold a 51% interest in the Scotty Lithium Project in Nevada, US and 80% interest in the Mt Monger North and South Gold Projects in Western Australia. The Group will be issued 1,000,000 shares of Desert Minerals at \$0.20 per share.

No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Rounding of amounts

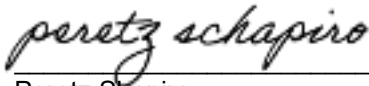
The company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peretz Shapiro
Non-Executive Chairman

12 September 2025

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DECLARATION OF INDEPENDENCE BY CHRISTIAN PATONE TO THE DIRECTORS OF LOYAL METALS LIMITED

As lead auditor for the review of Loyal Metals Limited for the half-year ended 30 June 2025, 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 Loyal Metals Limited and the entities it controlled during the period.



Christian Patone
Director
BDO Audit Pty Ltd

Melbourne, 12 September 2025

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General information

The financial statements cover Loyal Metals Limited as a consolidated entity consisting of Loyal Lithium Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Loyal Metals Limited's functional and presentation currency.

Loyal Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

5/10 Johnston Street
Peppermint Grove WA 6011

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 12 September 2025. The directors have the power to amend and re-issue the financial statements

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Loyal Metals Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 30 June 2025



		Consolidated	
	Note	30 June 2025	30 June 2024
		\$'000	\$'000
Revenue			
Other income		-	55
Interest income		106	116
Expenses			
Employee benefits		(232)	(344)
Depreciation and amortisation	3	-	(4)
Professional fees		(496)	(414)
Administration		(350)	(374)
Project due diligence		(195)	(25)
Impairment of exploration expenditure		(145)	(169)
Share-based payments	9	(239)	(610)
Finance costs	3	(2)	(1)
Loss before income tax expense		(1,553)	(1,770)
Income tax expense		-	-
Loss after income tax expense for the half-year		(1,553)	(1,770)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		47	(380)
Other comprehensive income for the half-year, net of tax		47	(380)
Total comprehensive income for the half-year		<u>(1,506)</u>	<u>(2,150)</u>
		Cents	Cents
Basic earnings per share	12	(1.32)	(1.71)
Diluted earnings per share	12	(1.32)	(1.71)

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

		Consolidated 31 December 2024 \$'000	30 June 2025 \$'000	Note
Assets				
Current assets				
Cash and cash equivalents	4	3,054	2,086	
Trade and other receivables	5	2,001	1,804	
Total current assets		<u>5,055</u>	<u>3,890</u>	
Non-current assets				
Exploration and evaluation	6	14,857	14,913	
Total non-current assets		<u>14,857</u>	<u>14,913</u>	
Total assets		<u>19,912</u>	<u>18,803</u>	
Liabilities				
Current liabilities				
Trade and other payables	7	386	534	
Provisions		136	146	
Total current liabilities		<u>522</u>	<u>680</u>	
Total liabilities		<u>522</u>	<u>680</u>	
Net assets		<u>19,390</u>	<u>18,123</u>	
Equity				
Issued capital	8	34,153	34,153	
Reserves		5,811	6,097	
Accumulated losses		(20,574)	(22,127)	
Total equity		<u>19,390</u>	<u>18,123</u>	

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

Loyal Metals Limited
Consolidated statement of changes in equity
For the half-year ended 30 June 2025



Consolidated	Issued capital \$'000	Foreign currency reserves \$'000	Share based payment reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2024	30,122	(35)	4,845	(9,167)	25,765
Loss after income tax expense for the half-year	-	-	-	(1,770)	(1,770)
Other comprehensive income for the half-year, net of tax	-	(380)	-	-	(380)
Total comprehensive income for the half-year	-	(380)	-	(1,770)	(2,150)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 9)	-	-	565	-	565
Issue of shares	3,202	-	-	-	3,202
Balance at 30 June 2024	<u>33,324</u>	<u>(415)</u>	<u>5,410</u>	<u>(10,937)</u>	<u>27,382</u>

Consolidated	Issued capital \$'000	Foreign currency reserves \$'000	Share based payment reserves \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 1 January 2025	34,153	(34)	5,845	(20,574)	19,390
Loss after income tax expense for the half-year	-	-	-	(1,553)	(1,553)
Other comprehensive income for the half-year, net of tax	-	47	-	-	47
Total comprehensive income for the half-year	-	47	-	(1,553)	(1,506)
<i>Transactions with owners in their capacity as owners:</i>					
Share-based payments (note 9)	-	-	239	-	239
Balance at 30 June 2025	<u>34,153</u>	<u>13</u>	<u>6,084</u>	<u>(22,127)</u>	<u>18,123</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Loyal Metals Limited
Consolidated statement of cash flows
For the half-year ended 30 June 2025



		Consolidated	
	Note	30 June 2025	30 June 2024
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		-	55
Payments to suppliers and employees (inclusive of GST)		(712)	(2,425)
		(712)	(2,370)
Interest received		106	116
Finance charges		(2)	(1)
Net cash used in operating activities		(608)	(2,255)
Cash flows from investing activities			
Payments for exploration activities	6	(360)	(2,614)
Net cash used in investing activities		(360)	(2,614)
Cash flows from financing activities			
Proceeds from issue of shares		-	3,352
Share issue transaction costs		-	(150)
Net cash from financing activities		-	3,202
Net decrease in cash and cash equivalents		(968)	(1,667)
Cash and cash equivalents at the beginning of the financial half-year		3,054	6,400
Cash and cash equivalents at the end of the financial half-year	4	2,086	4,733

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

Note 1. Material accounting policy information

These general purpose financial statements of Loyal Lithium Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled (referred to hereafter as the 'Group'), consisting of the interim half-year reporting period ended 30 June 2025, have been prepared in accordance with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 '*Interim Financial Reporting*'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2024 and any public announcements made by the company 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, unless otherwise stated.

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') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern

For the half-year ended 30 June 2025, the Group recorded a loss after income tax of \$1,553,000; incurred net cash outflow from investing activities of \$360,000 and net cash outflows from operating activities of \$608,000. The Group's ability to continue as a going concern is dependent upon it being able to successfully raise further funding in the next 12 months from the date of the half year financial report.

These factors indicate a material uncertainty which may cast significant doubt as to whether the Group will continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The financial report has been prepared on a going concern basis which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. The directors have considered the following, in their assessment of the future funding of the Group :

- As at the date of the half year financial report 30 June 2025, the entity had cash and cash equivalents of approximately \$2,086,000.
- Subsequent to year end, the Group received its tax refund relating to its Canadian operation for \$1,500,000 and has successfully raised \$2,000,000 (before costs) through a targeted placement.
- Management have prepared budgets which demonstrates that, based on the above factors the Group has sufficient funds, inclusive of planned capital raising, available to meet its commitments for at least twelve months from the date of the half year financial report.

The directors are of the opinion that the Group will continue to have the ability to raise additional capital when required it and accordingly have prepared the financial statements on a going concern basis.

In the event that the Group is not able to obtain additional capital as and when required, there is a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in these financial statements.

At the date of approval of these financial statements, the directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial statements at 30 June 2025. Accordingly, no adjustments have been made to the financial statements relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary.

Note 2. Operating segments

Operating segment information is disclosed on the same basis as information used in internal reporting.

At regular intervals, the Board is provided management information for the Group's cash position, the carrying values of exploration permits and Company cash forecast for the next twelve months of operation. On this basis, the Board considers the Group operates in one segment being exploration of minerals and three geographical areas, being Australia, Canada and United States.

	Geographical non-current assets	
	30 June 2025	31 December 2024
	\$'000	\$'000
Australia	-	-
Canada	14,913	14,857
United States	-	-
	<u>14,913</u>	<u>14,857</u>

Note 3. Expenses

	Consolidated	
	30 June 2025	30 June 2024
	\$'000	\$'000
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	-	4
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	2	1
Defined contribution superannuation expense	31	30
Employee benefits expense excluding superannuation	201	314

Note 4. Cash and cash equivalents

	Consolidated	
	30 June 2025	31 December 2024
	\$'000	\$'000
Cash at bank	2,086	2,404
Cash on deposit	-	650
	<u>2,086</u>	<u>3,054</u>

Note 5. Trade and other receivables

	Consolidated 30 June 2025 \$'000	31 December 2024 \$'000
Prepayments	158	1,090
Other receivables	1,646	911
	<u>1,804</u>	<u>2,001</u>

As of 31 December 2024, prepayments included an amount of \$895,000 for the Hidden Lake project. The Group issued 8,000,000 shares to the vendor to acquire the remaining 40% claim in interest with respect to 5 contiguous mineral exploration claims. The transaction only completed after 31 December 2024. Upon completion, this amount was reclassified as exploration and evaluation assets (note 6).

As at 30 June 2025, other receivables include \$1,205,000 refundable tax credit receivables (note 6).

Note 6. Exploration and evaluation

	Consolidated 30 June 2025 \$'000	31 December 2024 \$'000
Trieste lithium project	6,723	7,710
Hidden Lake lithium project	8,190	7,147
	<u>14,913</u>	<u>14,857</u>

	1 January to 30 June 2025 \$'000	1 July to 31 December 2024 \$'000	1 January to 30 June 2024 \$'000
Balance at the beginning of the period	14,857	22,417	19,803
Cost of project acquisition	895	-	-
Expenditure during the half year	360	1,759	2,614
Impairment during the period	-	(9,319)	-
Accrual for tax refund*	(1,199)	-	-
Balance at the end of the period	<u>14,913</u>	<u>14,857</u>	<u>22,417</u>

*: The accrual for tax refund is related to refundable tax credit in Canada. The Group has operations in Quebec, Canada, for its Trieste and Brisk projects. The projects' spending is eligible for a refundable tax credit relating to resources of 38.75%, subject to meeting the requirement upon submitting the annual tax return. As at the reporting date, the Group has recognised a receivable of CAD1,075,000 (A\$1,205,000) for its past claim (note 5). Subsequent to the reporting date, the amount has been fully received.

Note 7. Trade and other payables

	Consolidated 30 June 2025 \$'000	31 December 2024 \$'000
Trade payables	479	281
Other payables	55	105
	<u>534</u>	<u>386</u>

Note 8. Issued capital

	Consolidated 30 June 2025 Shares	31 December 2024 Shares	Consolidated 30 June 2025 \$'000	31 December 2024 \$'000
Ordinary shares - fully paid	<u>117,983,063</u>	<u>117,983,063</u>	<u>34,153</u>	<u>34,153</u>

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 January 2025	117,983,063		34,153
Movement		<u>-</u>	\$0.00	<u>-</u>
Balance	30 June 2025	<u>117,983,063</u>		<u>34,153</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 9. Share-based payments

From time to time, the company provides Incentive Options and Performance Rights to officers, employees, consultants, vendors and other key advisors as part of remuneration and incentive arrangements. The number of options or rights granted, and the terms of the options or rights granted are determined by the Board. Shareholder approval is sought where required. The movement of the share-based payment reserve is set out below:

	\$'000
30 June 2025	
Balance at 1 January 2025	5,845
Share-based payment expenses	239
Balance at 30 June 2025	6,084
30 June 2024	\$'000
Balance at 1 January 2024	4,845
Share-based payment expenses	610
Exercise performance rights	(45)
Balance at 30 June 2024	5,410

Options

Set out below are summaries of options granted under the plan:

For the options granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

30 June 2025							
Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
02/05/2022	25/05/2025	\$0.30	500,000	-	-	(500,000)	-
12/12/2022	15/12/2025	\$0.70	2,000,000	-	-	-	2,000,000
29/06/2022	25/07/2025	\$0.35	1,000,000	-	-	-	1,000,000
04/04/2023	31/03/2026	\$0.60	2,000,000	-	-	-	2,000,000
31/05/2023	31/05/2026	\$0.50	3,499,999	-	-	-	3,499,999
26/06/2023	28/03/2026	\$0.60	4,000,000	-	-	-	4,000,000
08/08/2023	09/08/2026	\$0.75	400,000	-	-	-	400,000
21/03/2024	02/02/2027	\$0.75	1,200,000	-	-	-	1,200,000
			14,599,999	-	-	(500,000)	14,099,999

No new option is granted during the half year (2024 half year: granted 1,200,000 options).

Note 9. Share-based payments (continued)

Performance Rights

Set out below are the summaries of Performance rights at the end of the reporting period as share based payments:

Grant date	Expiry Date	Fair value on grant date	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited	Balance at end of the half-year
25/07/2022	no expiry date	\$0.1754	500,000	-	-	-	500,000
26/06/2023	27/07/2027	\$0.0225	2,000,000	-	-	-	2,000,000
26/06/2023	21/03/2028	\$0.1079	500,000	-	-	-	500,000
26/06/2023	21/03/2028	\$0.2375	250,000	-	-	-	250,000
26/06/2023	21/03/2028	\$0.2375	250,000	-	-	-	250,000
26/06/2023	21/03/2028	\$0.1022	1,000,000	-	-	-	1,000,000
26/06/2023	21/03/2028	\$0.1083	250,000	-	-	-	250,000
26/06/2023	21/03/2028	\$0.1022	250,000	-	-	-	250,000
15/11/2023	15/11/2028	\$0.1773	333,333	-	-	-	333,333
15/11/2023	15/11/2028	\$0.1605	333,333	-	-	-	333,333
15/11/2023	15/11/2028	\$0.1667	333,334	-	-	-	333,334
15/11/2023	15/11/2028	\$0.1773	1,000,000	-	-	-	1,000,000
15/11/2023	15/11/2028	\$0.1605	1,000,000	-	-	-	1,000,000
15/11/2023	15/11/2028	\$0.1667	1,000,000	-	-	-	1,000,000
21/03/2024	01/02/2029	\$0.3100	1,400,000	-	-	-	1,400,000
			<u>10,400,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,400,000</u>

No additional performance rights or performance shares were issued during the half year. Please refer to the annual report of 31 December 2024 for the detail information of the existing performance rights.

Note 10. Contingent liabilities

The Group has royalty payables for its exploration projects if certain milestones are achieved. Other than the royalties, there are no other contingent liabilities or contingent assets at 30 June 2025 and 31 December 2024.

Note 11. Commitments

There are no additional commitments at 30 June 2025 other than what was disclosed in the annual report.

Note 12. Earnings per share

	Consolidated 30 June 2025 \$'000	30 June 2024 \$'000
Loss after income tax	(1,553)	(1,770)
Non-controlling interest	-	-
Loss after income tax	<u>(1,553)</u>	<u>(1,770)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	117,983,063	103,699,618
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>117,983,063</u>	<u>103,699,618</u>

Note 12. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	(1.32)	(1.71)
Diluted earnings per share	(1.32)	(1.71)

The share-based payments were not assumed to be exercised because they were anti-dilutive in the periods.

Note 13. Events after the reporting period

Acquisition of Highway Reward project

On 1 July 2025, the Group secured a binding option to acquire the Highway Reward Copper-Gold project in Australia. The Group entered into a share sale agreement to acquire 100% of the fully paid ordinary share of Highway Copper Gold Pty Ltd (HCG). The acquisition ensures that the Group has exclusivity to undertake exploration on the tenements comprising the Highway Reward Project and Big Magpie Project in Queensland, Australia. The key terms of the share sale agreements are:

- Issue to vendors 9,000,000 ordinary shares
- Performance shares 5,000,000 upon satisfying certain performance conditions
- Royalty 2% net smelter return royalty on minerals recovered from the tenements.

Prior to the acquisition, on 27 June 2025, the acquiree, HCG, entered into a binding option agreement with Thalanga Copper Mines Pty Ltd and BML Holdings Pty Ltd (together, the Vendors). The vendor granted HCG an option to undertake exploration on the tenements. The option is 12 months and may be extended by 6 months. The key terms of the option Agreement are:

- Cash payments of AUD\$250,000 to the vendors in three tranches
- Royalty Payment on achieving certain performance Milestone
- Satisfy condition precedents.

Receiving of tax refund and fund raising

The Group received its tax refund from its Canadian operation for \$1,500,000 and have successfully raised \$2,000,000 (before cost) through a targeted placement.

Spin off subsidiary

The Group's subsidiary, Desert Minerals Limited ('Desert Minerals') lodged a prospectus for an Initial Public Offering (IPO). Upon completion of the IPO, Desert Minerals will hold a 51% interest in the Scotty Lithium Project in Nevada, US and 80% interest in the Mt Monger North and South Gold Projects in Western Australia. The Group will be issued 1,000,000 shares of Desert Minerals at \$0.20 per share.

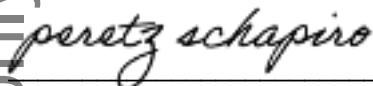
No other matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2025 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Peretz Shapiro
Non-Executive Chairman

12 September 2025

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Loyal Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Loyal Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2025, 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, material accounting policy information 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 30 June 2025 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.

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

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 is true and fair 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 30 June 2025 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.

BDO Audit Pty Ltd

BDO


Christian Patone
Director

Melbourne, 12 September 2025