FIRETAIL RESOURCES

Interim Financial Report

For the half-year ended
31 December 2023

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ASX:FTL

ABN 67 651 057 822

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The Directors present their report together with the financial report of Firetail Resources Limited ("Firetail" or "the Company") and its wholly owned subsidiary (together referred hereafter as "the Group" or "the Consolidated Entity") for the half-year ended 31 December 2023 and the independent auditors' review report thereon.

The Directors of the Company at any time during or since the end of the half-year are:

Brett Grosvenor	- Executive Chairman
Simon Lawson	- Non-executive Director
George Bauk	- Non-executive Director (appointed 5 September 2023)
Kecheng Cai	- Non-executive Director
Frank Bierlein	- Non-executive Director (resigned 5 September 2023)

REVIEW OF OPERATIONS

During the six months to 31 December 2023, Firetail Resources Limited ("**Firetail**" or the "**Company**") focused on advancing exploration and onsite activities across its portfolio of battery minerals.

PERU COPPER PROJECTS

Picha Copper Project

In early September 2023, Firetail completed the acquisition ("Acquisition")[1] of 60% of the issued share capital of Kiwanda S.A.C. ("Kiwanda") from Valor Resources Limited (ASX: VAL) ("Valor"). Kiwanda is the entity holding the mining concessions prospective for copper comprising the Picha and Charaque Projects in Peru.

Final regulatory approval was received by Valor and announced on 4 August 2023 for the Picha area which allows for up to 120 holes to be drilled within the approved Effective Area (see Figure 1), comprising up to 40 drill platforms with three holes per platform.

Exploration camp site works were completed in September 2023 (Figure 2) ahead of the commencement of the maiden drilling program and subsequent to the end of the September quarter, experienced drilling contractor, Explo Drilling Peru mobilised to site (Figure 3) and commenced the planned diamond drilling program comprising of ten drill holes for ~5,000m[2].

The maiden diamond drilling program is designed to test four targets within the Effective Area – Cobremani, Cumbre Coya, Maricate and Fundicion[3].

Details of the high potential targets and proposed drill-holes include:

- Cobremani Target – drill hole 23PCMD0001 (surface geochemical anomaly including channel sample of 41.6m @1.12% Cu and 22.85g/t Ag, and strong geophysical anomaly at ~200m depth).
- Maricate Target – drill hole 23PMCD0001 (surface geochemical anomaly including channel sample of 17.6m @ 1.95% Cu).
- Cumbre Coya Target – drill hole 23PCCD0001 (surface geochemical anomaly including channel sample of 32.85m @ 0.61% Cu and 209 g/t Ag and chargeability anomaly) and Drill-hole PDH-76 (geochemical and chargeability anomaly at ~250m depth).
- Fundicion Target – drill hole 23PFND0001 (chargeability anomaly at ~250m depth), Drill-hole PDH-87 (geophysical chargeability anomaly at ~250m depth), Drill-hole PDH-91 (geophysical chargeability anomaly at ~300m depth) and drill holes PDH-102 and 112 (chargeability anomaly at ~150m depth).

Firetail expects the drill program will be at least three months in duration, with assays to be received progressively throughout the drilling campaign.

[1] ASX Announcement 6 September 2023 – Firetail completes acquisition of Peru Copper Projects
[2] ASX Announcement 5 October 2023 - Peru Maiden Drilling Campaign underway
[3] ASX Announcement 10 July 2023 - Drill Targets Identified at Peru Base Metals Projects

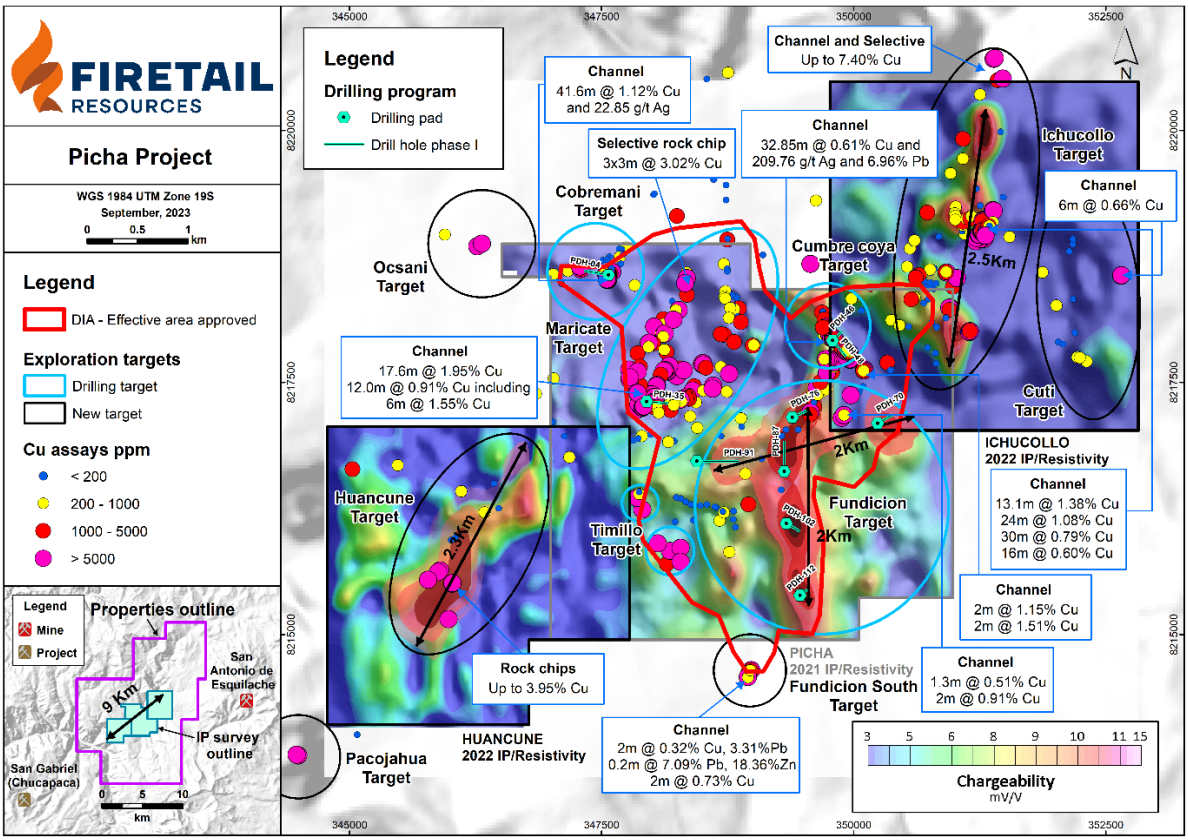

FIGURE 1: PICHA APPROVED DRILL PROGRAM AND DIA APPROVED AREA

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FIGURE 2: PICHA EXPLORATION TEAM AND CAMP SITE, BASED IN PERU

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FIGURE 3: PICHA PROJECT DRILL PROGRAM UNDERWAY

Cobremani Target

The first drillhole (23PCMD0001) of the program was completed at the Cobremani target where a surface geochemical anomaly was identified including a channel sample of 41.6m @ 1.12% Cu and 22.85g/t Ag[4]. In November 2023, assay results were reported for the first 62m, with a best assay result in 23PCMD0001 of 13m @ 2.81% Cu and 27.1g/t Ag from 2m (using a cut-off of 0.1% Cu).

Subsequent to the end of the December quarter, assay results were received for the remainder of 23PCMD0001[5]. The new results did not return any significant copper intercepts (>0.1% Cu), however returned 1.3m @ 18.6 g/t Ag and 0.04% Cu from 64.10m associated with a hydrothermal breccia with a pyritic matrix.

23PCMD0001 also targeted a resistivity anomaly which was intersected between 250m and 300m downhole that appears to be caused by moderate propylitic and argilliic alteration and trace disseminated pyrite. No visible copper mineralisation was observed associated with the resistivity anomaly.

The drillhole predominantly intersected andesitic volcanics of the Tacaza Group. The first 60m of the drillhole intersected occasional hydrothermal breccias with secondary copper including malachite and chalcocite (Figure 4). Between 65m and 225m downhole depth the andesites have been consistently hematite altered with opaline silica veinlets, weak siliciachlorite alteration and minor breccias. Thereafter, the andesites display propyltic and argillic alteration with silica and calcite veins, minor breccias and trace disseminated pyrite.

[4] ASX Announcement 14 Nov 2023 – Encouraging First Assay Results from Picha Copper Project

[5] ASX Announcement 10 Jan 2024 – Clarification Announcement - Evidence of porphyry system at Fundicion Target, Picha

FIGURE 4: EXAMPLE OF SECONDARY COPPER MINERALISATION AT AROUND 4.5M DEPTH IN 23PCMD0001

Fundicion Target

Subsequent to the end of the December quarter, drill hole 23PFND0001 at the Fundicion target, was drilled to a depth of 520.5m to test a geophysical chargeability.

From around 250m downhole 23PFND0001 intersected distal indicators of a potential porphyry system, including sheeted quartz veins and narrow intervals of phyllic alteration including significant pyrite mineralisation. Mineralisation includes silver, bornite, covellite and chalcopyrite together with significant quartz veining and alteration. Results are expected in early 2024 and follow up drilling will take place at Fundicion as part of the current drill program.

Cumbre Coya Target

Also subsequent to the end of the December quarter, two drill holes were completed at the Cumbre Coya Target[6]. Assay results were received for the first hole, 23PCCD0001 which was designed to test a surface geochemistry anomaly which included a channel sample of 32.85m @ 0.61% Cu, 209g/t Ag and 6.96% Pb1.
Significant assay results from 23PCCD0001 include (using a 0.1% Cu cut-off) 15.5m @ 0.72% Cu, 130g/t Ag 1.92% Pb and 0.16% Zn from 3.25m, including 1.70m @ 0.50% Cu, 500g/t Ag and 5.9% Pb from 9.6m.

A second drill hole, 23PCCD0002, has been completed at Cumbre Coya as follow-up, and is located around 120m south-southeast of 23PCCD0001. The hole was drilled towards the east to test the continuity of mineralisation that appears to be controlled by a northwest–southeast trending horst - graben type structure (see Figure 5). It was also designed to test a surface geochemistry anomaly including a channel sample of 40.5m @ 0.49% Cu and 6.37g/t Ag1.

The hole was completed to a depth of 341.4m with secondary copper mineralisation observed in the form of malachite, chalcocite and azurite in veins and breccias between 63m and 102m. Details of the secondary mineralisation observed in 23PCCD0002.

In addition, one hole was completed at the Maricate target. No significant copper mineralisation has been observed with only trace to minor amounts of chalcopyrite noted.

[6] ASX Announcement 5 Feb 2024 – Significant polymetallic mineralisation at Picha Project

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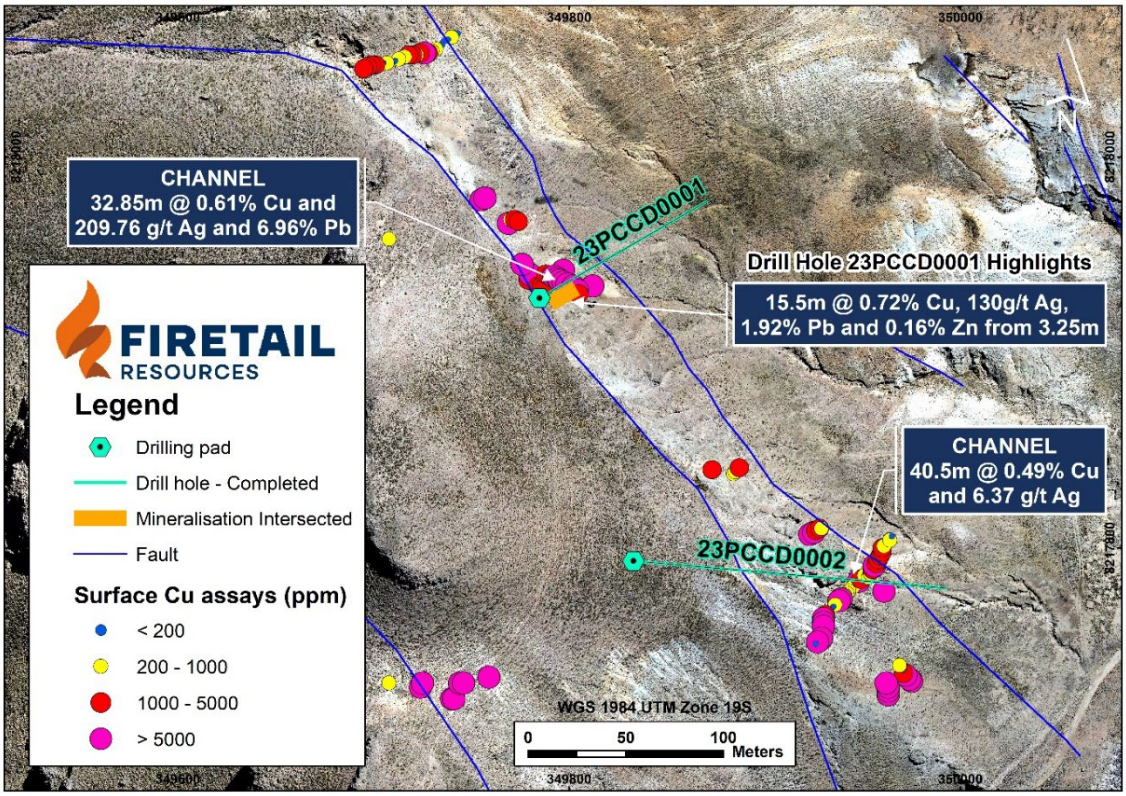

FIGURE 5: PLAN VIEW OF 23PCCD0001 AND 23PCCD0002 AT CUMBRE COYA TARGET

Charaque Project

The Charaque Project is located 30km north-east of Firetail's Picha Copper Project and comprises eight claims covering an area of around 6,000 hectares (60km^2).

Exploration at the Charaque Project is being conducted by Minera Barrick Perú S.A., a subsidiary of Barrick Gold Corporation (collectively, 'Barrick'), under an Earn-In Agreement executed in June 2023. In Q3 and Q4 2023, Barrick completed several work programs at Charaque including:

- Assaying of geochemical soil samples (collected by previous explorer Valor Resources and analysed by Barrick) – 208 soil samples collected on a 400m x 400m grid.
- Interpretation of remote sensing data sets – Worldview-3.
- Desktop structural interpretation.
- Ground magnetometry and Induced Polarisation (IP) survey on western part of project area. A total of 30.69 line km of magnetometry and 17.84km of IP were completed on the Charaque property.

Subject to certain conditions, including obtaining appropriate landholder agreements, follow-up work planned by Barrick for 1H 2024 includes the following:

- Complete district-scale geological mapping over the whole project;
- Progress with prospect-scale geological mapping and rock sampling of target areas; and
- Design and implement a ground magnetic survey over the entire project area.

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YALGOO-DALARANGA LITHIUM PROJECT

Yalgoo Lithium Project

During the September quarter, the Company completed an RC drilling program at the Yalgoo Project, Johnson Well Prospect[7], following up from geological mapping and rock chip sampling[8]. The drilling program comprised of 22 holes for 589m with drilling completed on four traverses approximately 80m apart and drill holes 20m or 40m apart (see Figure 7).

Three of the four drill traverses intersected pegmatites indicating continuity over a strike length of at least 150m and also open down-dip. The pegmatites are interpreted to be relatively shallow-dipping towards the north/northeast and striking roughly west-northwest.

Assay results received confirmed the pegmatites intersected are Lithium-Caesium-Tantalum ("LCT") pegmatites and includes a best result of 3m @ 0.83% Li_2O from 32m in JWRC-0005 including 1m @ 1.16% Li_2O from 34m. All significant Li_2O assay results (>0.2% Li_2O). Lithium minerals observed in the pegmatites were predominantly lepidolite and zinnwaldite, associated with potassium feldspar, albite, muscovite and biotite.

Of note was the apparent increase in lithium grade at depth where the deepest pegmatite intersection returned the best lithium assay result (drill hole JWRC-0005).

Further drilling is proposed to test the down-dip extension of this mineralisation, with drill-holes planned to step-out to the northeast.

FIGURE 6: RC RIG DRILLING FIRST COLLAR AT JOHNSON WELL

[7] ASX Announcement 23 August 2023 - Yalgoo Drill Program confirms continuity of LCT pegmatites
[8] ASX Announcement 23 May 2023 - Rock chips confirm fertile system at Yalgoo Lithium Project

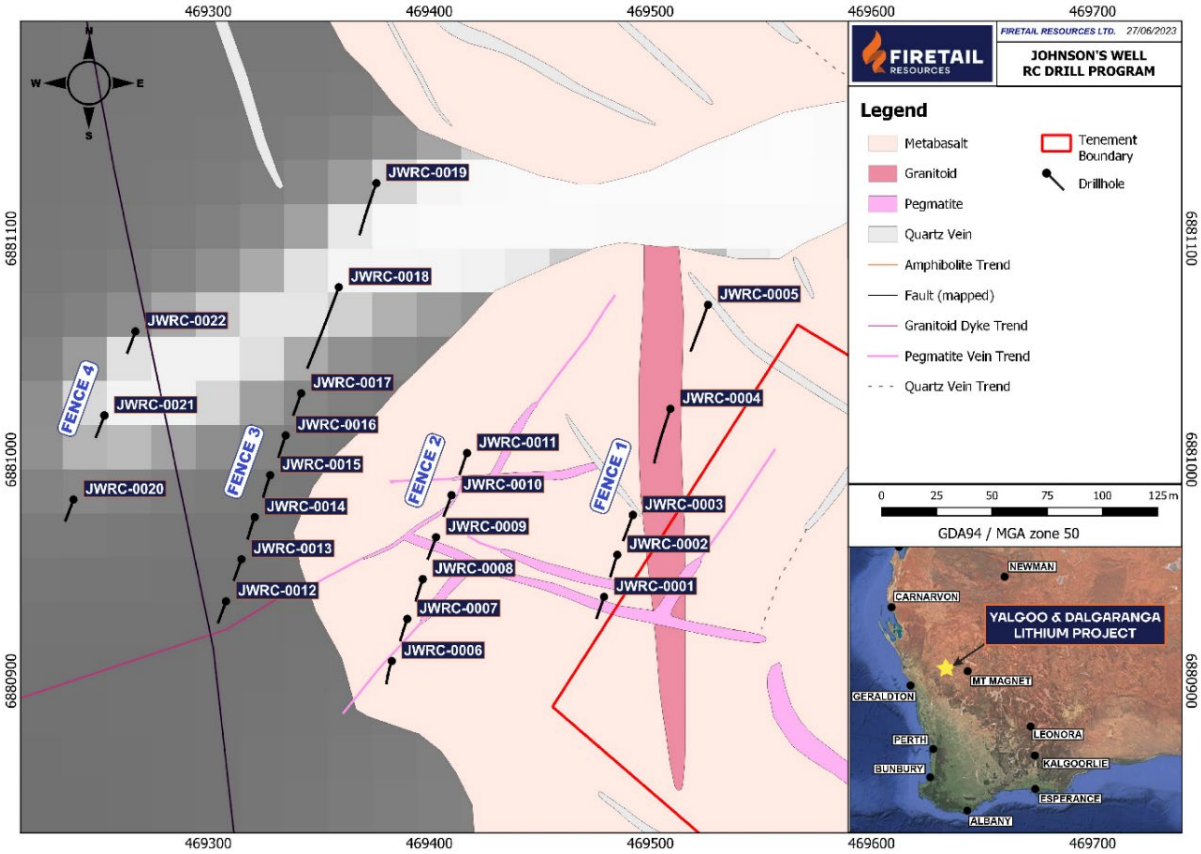

FIGURE 7: JOHNSON WELL RC DRILLING – DRILL HOLE LOCATIONS AND GEOLOGICAL INTERPRETATION

In late November 2023, Hyperspectral data over the Yalgoo Lithium Project was acquired, processed and interpreted by the exploration consulting group Terra Resources ("Terra")[9]. This data was also integrated with an interpretation of open file geophysical data over the Project area. Sentinel-2 and ASTER data were processed and imaged to highlight potential lithium-bearing pegmatites. Known lithium bearing pegmatites in the region were used to characterise the spectral signature and inform the process of identifying targets for on-ground follow-up.

A Sentinel-2 composite image was primarily used to target pegmatites, with ASTER imagery used to generate additional targets. Satellite imagery and geology were also used to assist in the targeting and the prioritising of targets. Numerous targets were identified and have been prioritised, in part according to the geological setting in relation to the typical geological setting for LCT pegmatites (Figure 8).

Ground-truthing of these targets is now required, which will comprise geological mapping and rock chip sampling. Some of the targets have been discounted as they have been sampled in previous Firetail exploration programs, however a number of new areas remain untested. The initial focus will be on the Priority 1 and 2 targets only. High priority target locations tend to cluster in particular areas as shown by the cluster of Priority 1 targets in the north and central areas.

[9] ASX Announcement 29 November 2023 – New LCT Pegmatite Targets Identified at Yalgoo

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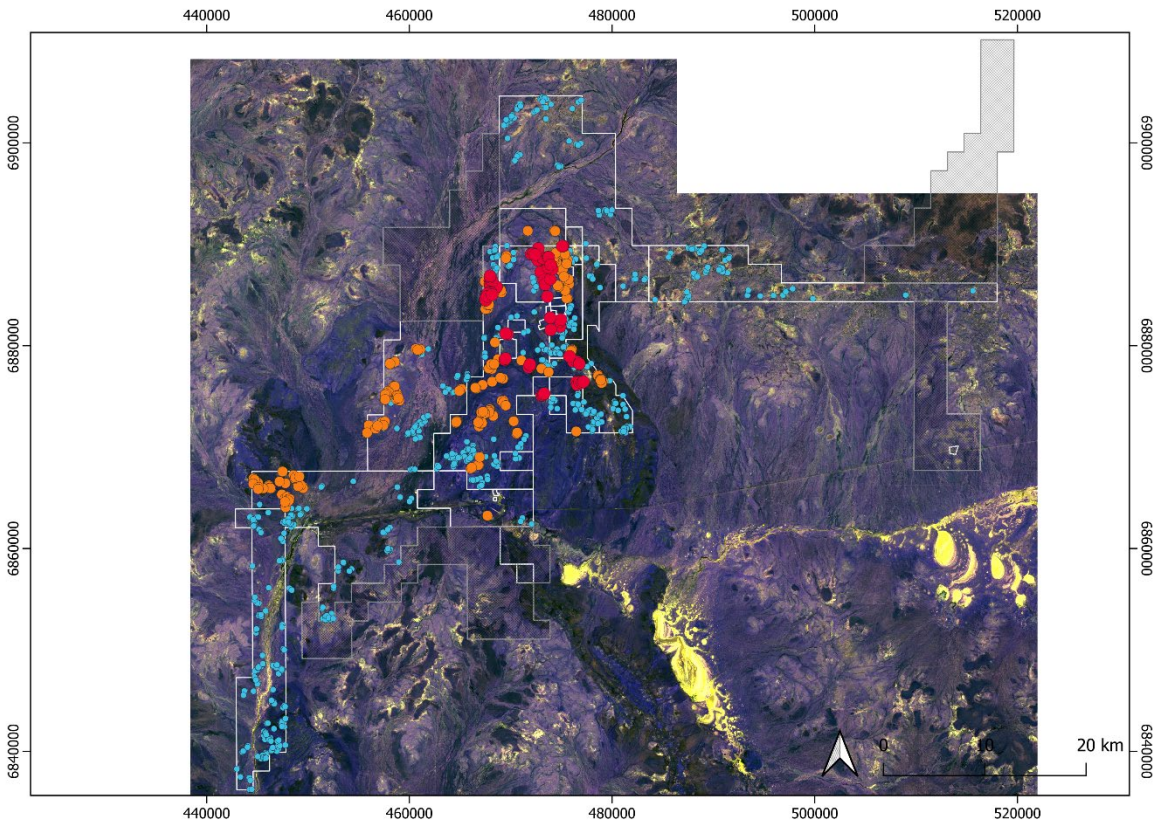

FIGURE 8: YALGOO PROJECT - SENTINEL-2 COMPOSITE IMAGE WITH RANKED PEGMATITE TARGETS (RED – PRIORITY 1, ORANGE – PRIORITY 2, BLUE – PRIORITY 3)

Dalgaranga Project

During the December Quarter, generative exploration work commenced on the Dalgaranga Lithium Project ("Dalgaranga") located just north of the Yalgoo Lithium Project and just to the south of the historical Dalgaranga Tantalum mine. A rigorous historical data compilation was completed which has indicated several intersections of pegmatites in historical drill holes. These drill hole locations require initial on ground follow-up to check for any outcropping pegmatites.

Hyperspectral data analysis and interpretation was completed for the Dalgaranga Project. This data will be integrated with a new interpretation of open file geophysical data to highlight potential lithium bearing pegmatites. This will be followed up with ground truthing and rock chip sampling of any outcropping pegmatites.

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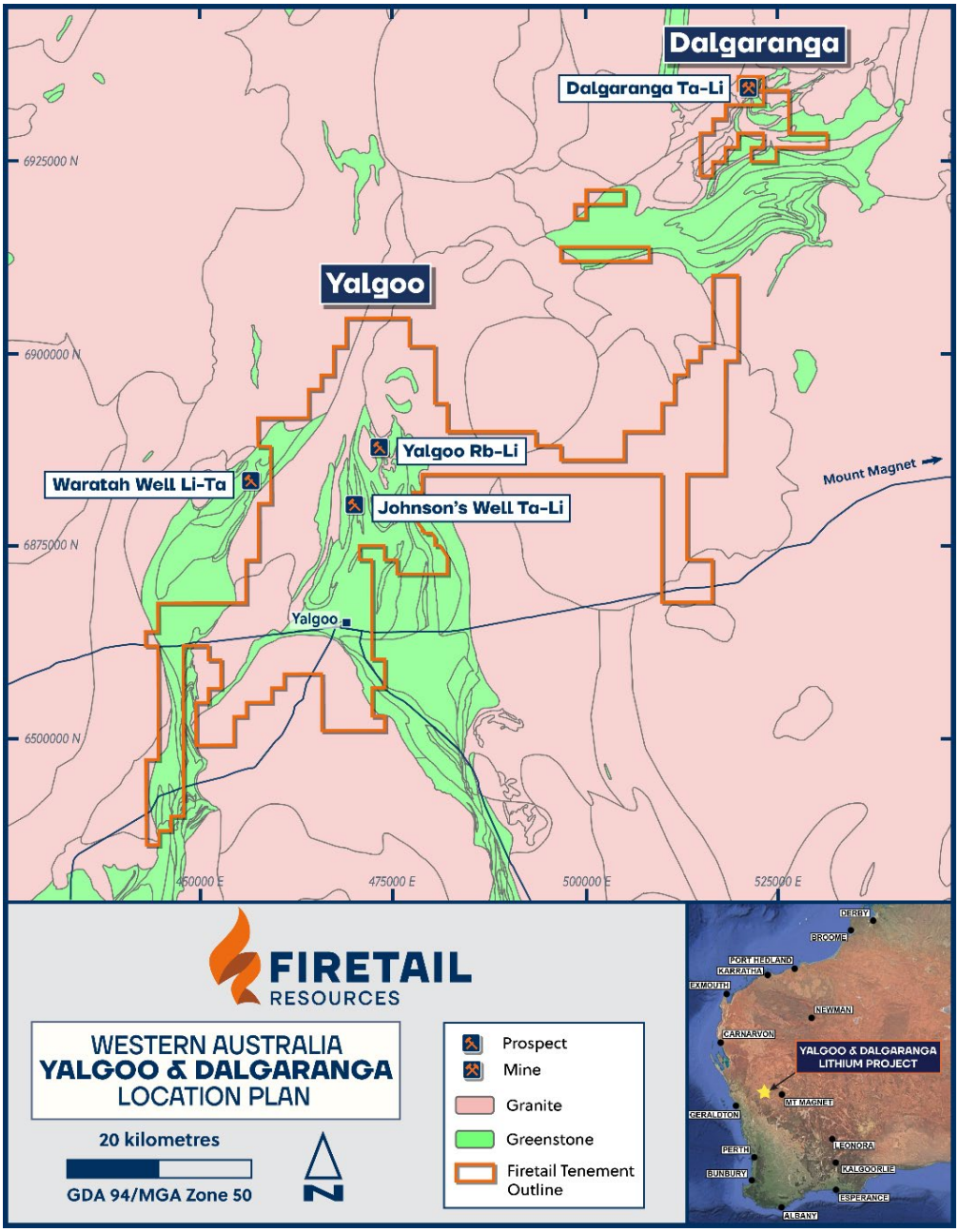

FIGURE 9: YALGOO AND DALGARANGA PROJECT LOCATION

Farm-in Agreement Completed

In early November 2023, the Company executed a farm-in agreement[10] with SensOre (ASX:S3N), through its joint-venture subsidiary Exploration Ventures AI Pty in partnership with German resource investment group Deutsche Rohstoff AG, on tenement E59/E2252, a part of the Firetail Yalgoo Lithium Project in Western Australia.

[10] ASX Announcement 7 November 2023 – Farm-in Agreement Completed on Yalgoo Lithium Project

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Key Terms of Farm-In

- EXAI may earn a 51% beneficial interest in the Lithium Rights in E59/E2252 by sole funding the first $1.5m of Farm-in Expenditure within the first two years of the Farm-in Period, plus the following considerations:
  - $15,000 on signing of the term sheet, payable to FTL (Condition Precedent).
  - SensOre to provide its Discriminant Predictive Targeting® (DPT®) workflow over the farmin tenements (to the value of $100,000) (Condition Precedent).
  - FTL to have free-carry.
- EXAI may earn a further 29% beneficial interest in the Lithium Rights in E59/E2252 by expending a further $2m with two years following the end of the Farm-in Period (with the effect being that, in order to earn both the initial 51% beneficial interest and the further 29% beneficial interest in the Lithium Rights in E59/E2252).
- Dilution to 10% with ongoing spend with residual 1.5% Net Smelter Return ("NSR").
- A clawback under the agreement grants FTL as the tenement holder the ability to reduce the beneficial interest in the Lithium Rights in E59/E2252 if EXAI does not proceed with drilling.
- Contingent Payments to Firetail:
  - $200,000 payable to FTL on completion of Maiden Mineral Resource Estimate ("MRE").
  - $400,000 payable to FTL on completion of Pre-Feasibility Study ("PFS").

MT SLOPEAWAY NICKEL COBALT PROJECT

Metallurgical Test Work

In 2023, four composite samples representing various lithologies (i.e., ferricrete, ferricrete silica, serpentenite, and laterite) of the Mt Slopeaway resource were analysed by semi-quantitative x-ray diffraction and tested by Strategic Metallurgy Pty Ltd in Perth, using commercial Ambient, Heated and High-Pressure Leach (HPAL) techniques. In all cases, high nickel extractions (up to 97%) were achieved using conventional pressure leaching, with cobalt extractions also high overall but somewhat more variable ranging from 58% to 96%[11].

This work indicated that all four of the composite sample types from Mt Slopeaway could be leached at relatively high recoveries using HPAL techniques. The work also demonstrated that serpentinite and ferricrete lithology is readily amenable to atmospheric leaching techniques, offering a lower cost alternative production route.

The program is preliminary with only initial sighter testing and without optimisation of reagent additions. However, these results are very encouraging given high extractions have been achieved in this preliminary work, and confirm the project's viability to advance to the next stage.

Drilling Update

The Mt Slopeaway Phase I drill program, completed in late 2022 and consisting of five RC drill holes to between 35 and 72m depth, confirmed the presence of significant Ni-Co-Mn mineralisation in lateritic and serpentinised units at Mt Slopeaway[12].

Based on the outcome from this program, a larger Phase II drill program is being devised with the aim to confirm and possibly expand the established JORC-2012 compliant Mineral Resource Estimate[13] of 4Mt @ 1% Ni, 0.2% Co, and 1% Mn.

A total of 62 vertical RC and DD holes are proposed along several E-W oriented 'fence lines' (Figure 10) to increase confidence in the historical MRE, and also to test possible resource extensions via step-out drilling.
All proposed access tracks and collar locations have been ground-truthed by GPS and marked up for ground clearance works, as soon as the relevant site-specific Environmental Authority has been obtained and Cultural Heritage and Biodiversity surveys are completed. Applications for these have been submitted and are well advanced, with ground disturbance and potential impacts to existing vegetation being kept to a necessary minimum.

[11] ASX Announcement 30 October 2023 – Mt Slopeaway Ni-Co Project Update
[12] ASX Announcement 3 May 2023 – Mt Slopeaway Drilling Confirms & Exceeds Historical Results
[13] For details of the historic Mineral Resource Estimate on the Mt Slopeaway Project, refer to ASX Announcement 25 February 2023 – Firetail Prospectus

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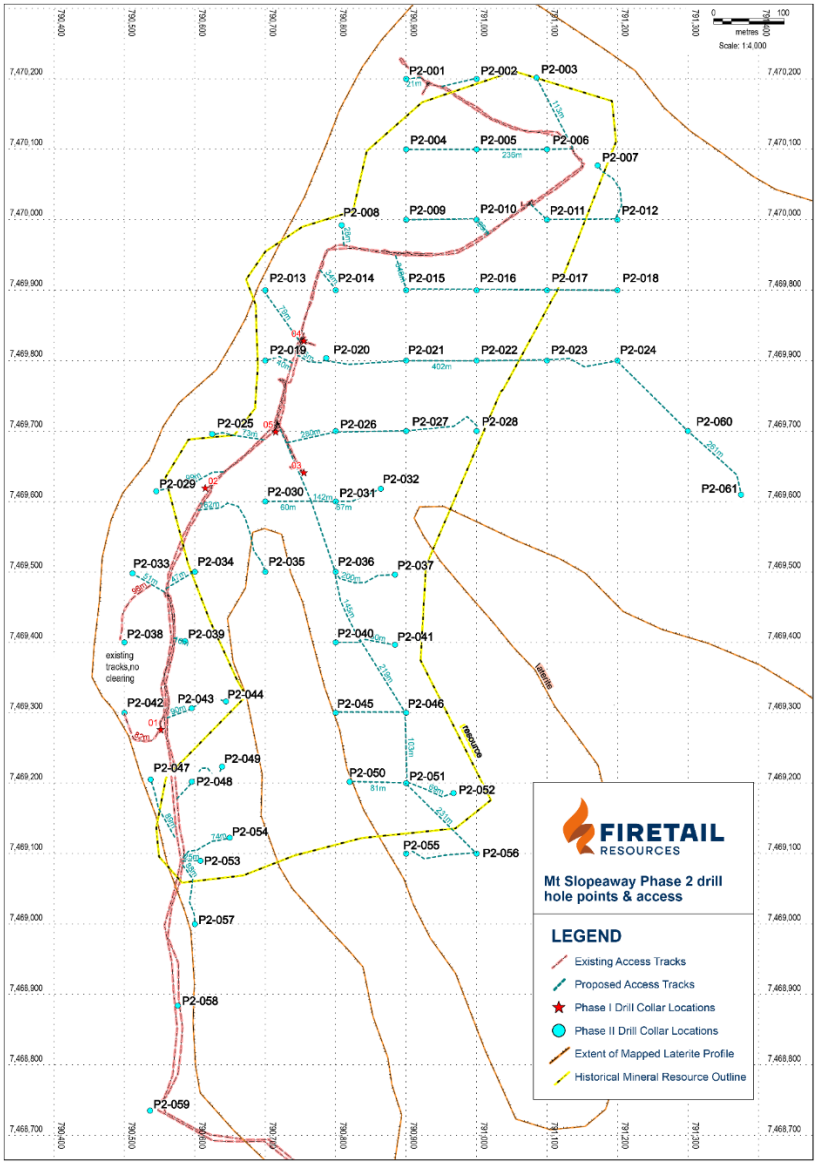

FIGURE 10: MAP OF MT SLOPEAWAY PROJECT AREA, WITH DRILL POINTS AND ACCESS

RESULTS

The loss for the half-year ended 31 December 2023 attributable to the Group was $1,085,605 (2022: $501,861)

CORPORATE

As at 31 December 2023 the Group had $6,361,499 in cash and had the following securities on issue:

- 148,905,556 fully paid ordinary shares;
- 5,500,000 unlisted options exercisable at $0.30 on or before 20 January 2025;
- 1,500,000 unlisted options exercisable at $0.30 on or before 5 April 2025;
- 2,766,000 Class A Performance Rights
- 2,766,000 Class B Performance Rights
- 14,749,000 Class C Performance Rights
- 14,749,000 Class D Performance Rights

EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the end of the period that would have had a material effect on the Group's financial statements at 31 December 2023.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration as required under section 307C of the Corporations Act 2001 forms part of the directors' report for the half-year ended 31 December 2023.

Signed in accordance with a resolution of the Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

Brett Grosvenor
Executive Chairman
15 March 2024

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To the Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit director for the review of the financial statements of Firetail 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:

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

Yours Faithfully,

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated 15th day of March 2024
Perth, Western Australia

FIRETAIL RESOURCES

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		31 December 2023 $	31 December 2022 $
Revenue			
Interest received		73,617	-
Other income		14,400	27,000
Expenses			
Accounting and audit fees		(2,732)	-
Compliance and regulatory expense		(66,967)	(109,197)
Corporate advisory and consulting fees		(370,189)	(190,855)
Directors fees		(110,185)	(94,360)
Finance costs		(1,076)	-
Share based payments	8	(237,740)	-
Travel expense		(86,921)	(9,297)
Employee benefits expense		(25,971)	(30,819)
Depreciation expense		(22,615)	(17,830)
Other expenses		(249,226)	(76,503)
Loss Before Income Tax		**(1,085,605)**	**(501,861)**
Income tax expense		-	-
Loss For The Period		**(1,085,605)**	**(501,861)**
Other Comprehensive Income			
Fair value change in financial asset held for sale		(581,700)	187,500
Exchange differences on translation of foreign operations		(64,580)	-
Total Comprehensive Loss For The Period		**(1,731,885)**	**(314,361)**
Loss for the year attributable to:			
Equity holders of the Parent		(1,056,907)	(501,861)
Non-controlling interests		(28,698)	-
Loss for the year		**(1,085,605)**	**(501,861)**
Total comprehensive loss for the year attributable to:			
Equity holders of the Parent		(1,703,187)	(314,361)
Non-controlling interests		(28,698)	-
Total Comprehensive Loss For The Period		**(1,731,885)**	**(314,361)**
Basic and diluted loss per share (cents)		(0.82)	(0.65)

The consolidated statement of profit or loss and other comprehensive Income should be read in conjunction with the attached notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

FIRETAIL RESOURCES

	Note	31 December 2023 $	30 June 2023 $
Current Assets			
Cash and cash equivalents	2	6,361,499	5,091,219
Trade and other receivables	3	74,781	75,659
Total Current Assets		**6,436,280**	**5,166,878**
Non-Current Assets			
Exploration and evaluation expenditure	4	14,986,992	8,488,653
Financial assets available for sale	5	394,077	844,527
Plant & equipment		30,897	34,000
Right-of-use asset		22,830	12,745
Other receivables		16,867	16,867
Total Non-Current Assets		**15,451,663**	**9,396,792**
Total Assets		**21,887,942**	**14,563,670**
Current Liabilities			
Trade and other payables		435,373	560,665
Lease liabilities		17,397	12,347
Provisions		2,536	3,056
Total Current Liabilities		**455,306**	**576,068**
Total Liabilities		**455,306**	**576,068**
Net Assets		**21,432,636**	**13,987,602**
Equity			
Issued capital	6	23,999,085	17,277,485
Reserves	7	(175,630)	(1,087,090)
Accumulated losses		(3,259,700)	(2,202,793)
Non-Controlling Interest		868,880	-
Total Equity		**21,432,636**	**13,987,602**

The consolidated statement of financial position should be read in conjunction with the attached notes to the financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

FIRETAIL RESOURCES

	Issued Capital	Share Based Payment Reserve	Performance Rights Reserve	Asset Revaluation Reserve	Foreign Exchange Translation Reserve	Accumulated Losses	Non-Controlling Interest	Total Equity
	$	$	$	$	$	$	$	$
Balance at 01 July 2023	**17,277,485**	**830,287**	**-**	**(1,917,377)**	**-**	**(2,202,793)**	**-**	**13,987,602**
Comprehensive loss								
Loss for the period	-	-	-	-	-	(1,056,907)	(28,698)	(1,085,605)
Foreign currency translation	-	-	-	-	(64,580)	-	-	(64,580)
Fair value change in financial assets held for sale	-	-	-	(581,700)	-	-	-	(581,700)
Total comprehensive loss for the period	**-**	**-**	**-**	**(581,700)**	**(64,580)**	**(1,056,907)**	**(28,698)**	**(1,731,885)**
Transactions with owners in their capacity as owners:								
Issue of shares	7,036,250	-	-	-	-	-	-	7,036,250
Security issue costs	(314,650)	-	-	-	-	-	-	(314,650)
Share based payments	-	-	1,557,740	-	-	-	-	1,557,740
Non-controlling interest on acquisition	-	-	-	-	-	-	897,579	897,579
Total transactions with owners, in their capacity as owners	**6,721,600**	**-**	**1,557,740**	**-**	**-**	**-**	**897,579**	**9,176,919**
Balance at 31 December 2023	**23,999,085**	**830,287**	**1,557,740**	**(2,499,077)**	**(64,580)**	**(3,259,700)**	**868,881**	**21,432,636**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

FIRETAIL RESOURCES

	Issued Capital	Share Based Payment Reserve	Asset Revaluation Reserve	Accumulated Losses	Total Equity
	$	$	$	$	$
Balance at 01 July 2022	**17,277,485**	**830,287**	**(1,875,000)**	**(1,355,676)**	**14,877,096**
Comprehensive loss					
Loss for the period	-	-	-	(501,861)	(501,861)
Fair value change in financial assets held for sale	-	-	187,500	-	187,500
Total comprehensive loss for the period	**-**	**-**	**187,500**	**(501,861)**	**(314,361)**
Total transactions with owners, in their capacity as owners	-	-	-	-	-
Balance at 31 December 2022	**17,277,485**	**830,287**	**(1,687,500)**	**(1,857,537)**	**14,562,735**

FIRETAIL RESOURCES

	31 December 2023 $	31 December 2022 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(758,021)	(468,445)
Interest received	73,617	-
NET CASH USED IN OPERATING ACTIVITIES	**(684,404)**	**(468,445)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration expenditure	(1,965,037)	(930,733)
Payments for plant and equipment	-	(22,500)
Payments for purchase of financial asset	(131,250)	(15,625)
Proceeds from disposal of plant and equipment	-	27,000
Cash acquired on acquisition of Kiwanda	140,167	-
Payments for acquisition of Kiwanda	(750,000)	-
NET CASH USED IN INVESTING ACTIVITIES	**(2,706,120)**	**(941,858)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue(net of costs)	4,685,351	-
Lease repayments	(24,547)	(16,001)
NET CASH PROVIDED BY / USED IN) FINANCING ACTIVITIES	**4,660,804**	**(16,001)**
Net increase / (decrease) in cash held	1,270,280	(1,426,304)
Cash at the beginning of the financial period	5,091,219	7,364,551
CASH AT THE END OF THE FINANCIAL PERIOD	**6,361,499**	**5,938,247**

The consolidated statement of cash flows should be read in conjunction with the attached notes to the financial statements.

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1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The interim financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report does not include all of the information required for a full annual financial report. The accounting policies adopted in the preparation of the interim financial report are consistent with those disclosed in the 2023 annual financial report and consistent with Australian Accounting Standards.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Group's functional and presentation currency.

These interim financial statements were authorised for issue on 15 March 2024.

(A) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(B) ACCOUNTING POLICIES

The accounting policies and methods of computation in this interim financial report have been prepared using the following accounting policies:

i. **Income Tax**

The income tax expense (revenue) for the period comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the period as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

ii. **Current and Non-current Classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. Deferred tax assets and liabilities are always classified as non-current.

iii. **Plant and Equipment**

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.
Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.
An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

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iv. **Right-of-Use Assets**

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

v. **Exploration and Evaluation Expenditure**

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the period in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one period of abandoning the site.

vi. **Impairment of Assets**

At the end of each reporting date, the Group assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

vii. **Equity-settled Compensation**

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Trinomial pricing model which

incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

viii. **Fair Value Measurement**

When an asset or liability, financial or non-financial is measures at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either; in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

ix. **Issued Capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, restricted cash, deposits held at call with banks and other short-term highly liquid investments with original maturities of 3 months or less.

xi. **Trade and Other Receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

xii. **Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

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xiii. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

xiv. **Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased asset, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e., a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Operating lease payments, if they are short term leases or less than AUD$5,000, are charged to profit or loss on a straight-line basis over the term of the lease.

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(D) NEW AND REVISED STANDARDS AND AMENDMENTS THEREOF AND INTERPRETATIONS EFFECTIVE FOR THE CURRENT PERIOD THAT ARE RELEVANT TO THE ENTITY

The entity 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.

The adoption of these Accounting Standards and Interpretations did not have a significant impact on the entity.

2. CASH AND CASH EQUIVALENTS

	31 December 2023	30 June 2023
	$	$
Cash at Bank	6,361,499	5,091,219
	6,361,499	**5,091,219**

3. TRADE AND OTHER RECEIVABLES

	31 December 2023	30 June 2023
	$	$
Current		
GST receivable	41,382	35,982
Prepayments	30,999	39,677
Trade and other receivables	2,400	-
	74,781	**75,659**

4. EXPLORATION AND EVALUATION ASSETS

	31 December 2023	30 June 2023
	$	$
Carrying amount at the beginning of the year	8,488,653	6,941,413
Exploration assets acquired - refer below[(i)]	4,702,831	-
Exploration cost capitalised	1,795,508	1,547,240
Carrying amount at the end of the year	**14,986,992**	**8,488,653**

(i) During the period the Company completed the acquisition of 60% interest in Kiwanda S.A.C, which holds the Picha and Charque Projects, a Peru based company. The acquisition occurred on 5 September 2023, which was the day the consideration was issued. The acquisition has been treated as an asset acquisition via the issue of equity under AASB 2 Share Based Payments ("AASB 2").

The below outlines the consideration and identifiable assets and liabilities acquired:

Consideration:	$
15,000,000 Ordinary shares	1,800,000
20,000,000 Performance Rights	1,320,000
Cash paid	750,000
Total Consideration	**3,870,000**

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Assets and Liabilities acquired:	$
Exploration Asset	4,702,831
Cash And Cash Equivalents	140,167
Accounts Payable	(75,419)
Non- Controlling Interest (40%)	(897,579)
Total Net Assets Acquired	**3,870,000**

The 20,000,000 performance rights (10,000,000 Class C and 10,000,000 Class D) have the following non-market milestones.

Class	Performance Milestones
C	Performance Rights will vest either upon: (a) Completion of a: (i) minimum of 5,000m of diamond drilling(Stage 3 Minimum Diamond Drilling Amount); and (ii) mineralised intersection of at least: A.50m @ 1% Cu; or B.10m @ 2.5 % Cu,(together, the Mineralised Intersection Targets) at the Picha Project; or (b) Firetail proceeds to Stage 2 (below).
D	Performance Rights will vest either upon: (a) Completion of a further: (i) 3,000m of drilling (in addition to the Stage 3 Minimum Diamond Drilling Amount); and (ii) two (2) mineralised intersections with the same results as one (or both) of the Mineralised Intersection Targets for the Stage 3 Performance Milestone at the Picha Project; or (b) Firetail continues to drill past the aggregate 8,000m drilling target at the Picha Project.

The Board has applied a probability of 100% of the Tranche C milestone being met and a probability of 10% of the Tranche D milestone being met when recognising the fair value at acquisition date.

5. FINANCIAL ASSET AVAILABLE FOR SALE

	31 December 2023	**30 June 2023**
	$	**$**
Securities in listed company at market value	394,077	844,527
	394,077	**844,527**

The Company holds 13,125,000 shares and 5,213,191 listed options in Forrestania Resources Limited (ASX: FRS, FRSO and FRSOA). The net change in fair value on the financial asset was a loss of $581,700 (2022: gain of $187,500).

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6. ISSUED CAPITAL

	31 December 2023		30 June 2023	
	$	No.	$	No.
Ordinary shares - fully paid	23,999,085	148,905,556	17,277,485	77,000,000

Reconciliation of movement during the period:

	No. of Shares	$
Opening Balance	77,000,000	17,277,485
Placement - Tranche 1 (13 July 2023)	19,250,000	1,732,500
Placement - Tranche 2 (5 September 2023)	36,305,556	3,267,500
Kiwanda consideration (12 September 2023)	15,000,000	1,800,000
Shares to advisor/CPS (12 September 2023)	1,350,000	236,250
Share issue costs		(314,650)
Closing Balance at 31 December 2023	**148,905,556**	**23,999,085**

7. RESERVES

	31 December 2023	30 June 2023
	$	$
Share based payment reserve -options (a)	830,287	830,287
Performance rights reserve (b)	1,557,740	-
Asset revaluation reserve (c)	(2,499,077)	(1,917,377)
Foreign currency reserve (d)	(64,580)	-
	(175,630)	**(1,087,090)**

(a) Share Based Payment Reserve - Options

	31 December 2023	30 June 2023
	$	$
Opening balance	830,287	830,287
Share based payments expense	-	-
Closing Balance	**830,287**	**830,287**

(b) Performance Rights Reserve

	31 December 2023	30 June 2023
	$	$
Opening balance	-	-
Performance rights issued to Directors, employees & advisors	237,740	-
Performance rights issued to Valor Resources Limited	1,320,000	-
Closing Balance	**1,557,740**	**-**

(c) Asset Revaluation Reserve

	31 December 2023	30 June 2023
	$	$
Opening balance	(1,917,377)	(1,875,000)
Net change in fair value of financial assets held for sale	(581,700)	(42,377)
Closing Balance	**(2,499,077)**	**(1,917,377)**

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(d) Foreign Currency Reserve

The Foreign Currency Translation Reserve is used to record exchange rate differences arising on translation of the foreign subsidiary.

8. SHARE BASED PAYMENT

Share based payments made during the period ended 31 December 2023 are summarised below.

Equity settled share-based payments

	31 December 2023		30 June 2023	
	$	No.	$	No.
Option reserve	830,287	7,000,000	830,287	7,000,000
Performance rights reserve	1,557,740	35,030,000	-	-
Closing Balance	**2,388,027**	**42,030,000**	**830,287**	**7,000,000**

Movement reconciliations:

Performance Rights	31 December 2023	
	No.	$
Balance at the beginning of the period	-	-
Capitalised costs for Performance Rights issued to Valor Resources Limited	20,000,000	1,320,000
Expense for Performance Rights issued to Directors, employees & advisors	15,030,000	237,740
Balance at the end of the period	**35,030,000**	**1,557,740**

Options	31 December 2023	
	No.	$
Balance at the beginning of the period	7,000,000	830,287
Movement during the period	-	-
Balance at the end of the period	**7,000,000**	**830,287**

The details of the performance rights granted to the Directors and Company Secretary during the half year ended 31 December 2023 as share based payments are as follows:

Class	Grant Date	Number of Securities	Expiry Date
A	21-Aug-23	1,550,000	3 years from issue date
B	21-Aug-23	1,550,000	3 years from issue date
C	21-Aug-23	2,325,000	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.
D	21-Aug-23	2,325,000	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.

The Performance Rights issued have a nil exercise price and convert to ordinary shares on achievement of the performance milestone.

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The Class A & B Performance Rights were valued using an Up-and-In Trinomial Model and tranche C & D were valued using a Black Scholes Model with the following inputs:

Class	Dividend Yield	Grant Date	Expected Volatility / Probability	Risk-Free Int. Rate	Expiry	Underlying Share Price	Value per Right ($)	Total Fair Value ($)
A	Nil	21-Aug-23	100% / NA	3.90%	3 years from issue date	$0.175	$0.16	$249,969
B	Nil	21-Aug-23	100% / NA	3.90%	3 years from issue date	$0.175	$0.16	$249,969
C	Nil	21-Aug-23	100% / 100%	3.90%	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.	$0.175	$0.18	$406,875
D	Nil	21-Aug-23	100% / 10%	3.90%	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.	$0.175	$0.018	$40,867

Performance rights granted to employees and advisors during the half year to 31 December 2023 as share based payments are as follows:

Class	Grant Date	Number of Securities	Expiry Date
A	18-Sep-23	1,216,000	3 years from issue date
B	18-Sep-23	1,216,000	3 years from issue date
C	18-Sep-23	2,424,000	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.
D	18-Sep-23	2,424,000	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.

The Performance Rights issued have a nil exercise price and convert to ordinary shares on achievement of the performance milestone.

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The performance conditions for the Performance Rights are set out below:

Class	Performance Milestones
A	Performance Rights will vest upon achievement of 30-day Volume Weighted Average Price of $0.18.
B	Performance Rights will vest upon achievement of 30-day Volume Weighted Average Price of $0.25.
C	Refer to Note 4 for Performance milestones.
D	Refer to Note 4 for Performance milestones.

The Class A & B Performance Rights were valued using a Up-and-In Trinomial Model and tranche C & D were valued using a Black Scholes Model with the following inputs:

Class	Dividend Yield	Grant Date	Expected Volatility / Probability	Risk-Free Interest Rate	Expiry	Underlying Share Price	Value per Right ($)	Total Fair Value ($)
A	Nil	18-Sep-23	100% / NA	3.91%	3 years from issue date	$0.11	$0.097	$117,393
B	Nil	18-Sep-23	100% / NA	3.91%	3 years from issue date	$0.11	$0.090	$109,112
C	Nil	18-Sep-23	100% / 100%	3.91%	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.	$0.11	$0.11	$305,640
D	Nil	18-Sep-23	100% / 10%	3.91%	18 months from the granting of the drilling permits at Picha Project and, in any event, within 2 years from the date of issue of the Performance Rights.	$0.11	$0.011	$30,564

9. SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Consolidated Entity that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The Consolidated Entity operates in one segment, being exploration for mineral resources. This is the basis on which internal reports are provided to the Directors for assessing performance and determining the allocation of resources within the Consolidated Entity.

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10. CONTINGENT ASSETS AND LIABILITIES

Contingent Asset

During the period the Company executed a farm-in agreement with SensOre (ASX:S3N), through its joint-venture subsidiary Exploration Ventures AI Pty ("EXAI") in partnership with German resource investment group Deutsche Rohstoff AG, on tenement E59/E2252, a part of the Firetail Yalgoo Lithium Project in Western Australia.

The key Terms of the Farm-In agreement are detailed below:

- EXAI may earn a 51% beneficial interest in the Lithium Rights in E59/E2252 by sole funding the first $1.5m of Farm-in Expenditure within the first two years of the Farm-in Period, plus the following considerations:
  - $15,000 on signing of the term sheet, payable to Firetail.
  - SensOre to provide its Discriminant Predictive Targeting® (DPT®) workflow over the farmin tenements (to the value of $100,000) (Condition Precedent).
  - Firetail to have free-carry.
- EXAI may earn a further 29% beneficial interest in the Lithium Rights in E59/E2252 by expending a further $2m with two years following the end of the Farm-in Period (with the effect being that, in order to earn both the initial 51% beneficial interest and the further 29% beneficial interest in the Lithium Rights in E59/E2252).
- Dilution to 10% with ongoing spend with residual 1.5% Net Smelter Return ("NSR").
- A clawback under the agreement grants Firetail as the tenement holder the ability to reduce the beneficial interest in the Lithium Rights in E59/E2252 if EXAI does not proceed with drilling.
- Contingent Payments to Firetail:
  - $200,000 payable to Firetail on completion of Maiden Mineral Resource Estimate ("MRE").
  - $400,000 payable to Firetail on completion of Pre-Feasibility Study ("PFS").

In the opinion of the directors, there were no other contingent assets or liabilities during the half-year ended 31 December 2023.

11. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the half-year ended 31 December 2023.

12. EVENTS SUBSEQUENT TO REPORTING DATE

There are no events subsequent to the end of the period that would have a material effect on the Group's financial statements at 31 December 2023.

13. INTEREST IN CONTROLLED ENTITIES

The consolidated financial statements incorporate the assets, liabilities and the results of the following subsidiary:

Controlled entities	Country of incorporation	Percentage owned 31 December 2023	Percentage owned 30 June 2023
Super Cruser Pty Ltd	Australia	100%	100%
Kiwanda S.A.C	Peru	60%	-

In the opinion of the Directors of Firetail Resources Limited:

(a) The attached financial statements and notes:

(i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2023 and of the Consolidated Entity's performance, for the half-year ended on that date.

(b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Brett Grosvenor
Executive Chairman
15 March 2024

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

Conclusion

We have reviewed the accompanying half-year financial report of Firetail Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 half-year financial report of Firetail Resources Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity'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 *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity.* Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

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Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Consolidated Entity'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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated Perth, Western Australia this 15th day of March 2024

DIRECTORS
Brett Grosvenor (Executive Chairman)
Simon Lawson (Non-executive Director)
George Bauk (Non-executive Director)
Kecheng Cai (Non-executive Director)

COMPANY SECRETARY
Craig McNab

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