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ODESSA MINERALS LIMITED

ABN 99 000 031 292

**INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED 31 DECEMBER 2022**

ODESSA MINERALS LIMITED
ABN 99 000 031 292
INTERIM FINANCIAL REPORT
FOR THE HALF YEAR 31 DECEMBER 2022

CORPORATE DIRECTORY

Registered Office

Suite 1, 295 Rokeby Road
Perth WA 6008
Australia

Share Registry

Automic Registry Services
Level 5, 191 St Georges Terrace
Perth WA 6000

Securities Exchange Listing

ASX Limited
Level 40, Central Park
152-158 St Georges Terrace
Perth WA 6000

ASX Code: ODE

Auditor

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

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FOR THE HALF YEAR 31 DECEMBER 2022

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DIRECTORS' REPORT

The Directors of Odessa Minerals Limited ("the Company") and controlled entities ("the Group" or "the Consolidated Entity") submit the following report for the half year ended 31 December 2022 ("Financial Period").

DIRECTORS

The names and the particulars of the Directors of the Company during the half year and to the date of this report are:

Name	Status	Appointed
Mr Zane Lewis	Non-Executive Chairman	Appointed 21 November 2019
Mr David Lenigas	Executive Director	Appointed 26 April 2022
Ms Lisa Wells	Non-Executive Director	Appointed 17 January 2022

COMPANY SECRETARY

The names and the particulars of the Company Secretary of the Company during the half year and to the date of this report is Mr Robbie Featherby (appointed 3 September 2021).

REVIEW AND RESULTS OF OPERATIONS

The net loss for the Group after income tax for the half year ended 31 December 2022 amounted to \$787,039 (31 December 2021: \$39,875).

In October 2022, the Company announced that due to the early onset of the wet season and regional road closures during the period in the Kimberley Region around Mt Barnett Roadhouse, all on-ground exploration (including planned drilling) on the Aries Project and other diamond related tenements in the region, would be curtailed until the end of the wet season in the following year. This has allowed Odessa to prioritise its exploration efforts on its exciting REE and Lithium projects in the Gascoyne Region of Western Australia. The Company now has a package of granted tenements and tenement applications in the Gascoyne, covering over 3,000 square kilometres, one of the largest holdings in this new and highly under-explored province in Western Australia.

LYNDON PROJECT – Gascoyne Region, Western Australia

During the period, shareholder approval was granted for the acquisition of the 606 km² Lyndon Project. Granting and ministerial consent to transfer was received for two (2) out of the three (3) Exploration Licences (E08/3364 and E08/3434), referred to collectively as the "Lyndon Project". The third licence (E09/2605) remains ungranted, however the Company is hopeful of having this granted before the end of June 2023. The Company, therefore, issued 80% of the share-based consideration (being 41,600,000 shares in the Company and 12,000,000 4-year unlisted options exercisable at 4 cents), as per the Lyndon acquisition agreement, to CRC Minerals Pty Ltd. The balance (20% of the total share-based consideration) is to be issued when the 3rd and final tenement is granted and transferred.

Later in the period, all conditions precedent were met to acquire the granted Exploration Licence E08/3217 (148 km²) from Historic Gold Mines Pty Ltd ("HGM") and exploration License E09/2435 (57 km²) from Bow Island Resources Pty Ltd – a subsidiary of Summit Minerals Ltd (ASX: SUM).

These acquisitions consolidated Odessa's Lyndon REE/Lithium Project into one continuous and contiguous tenement package covering 811 km².

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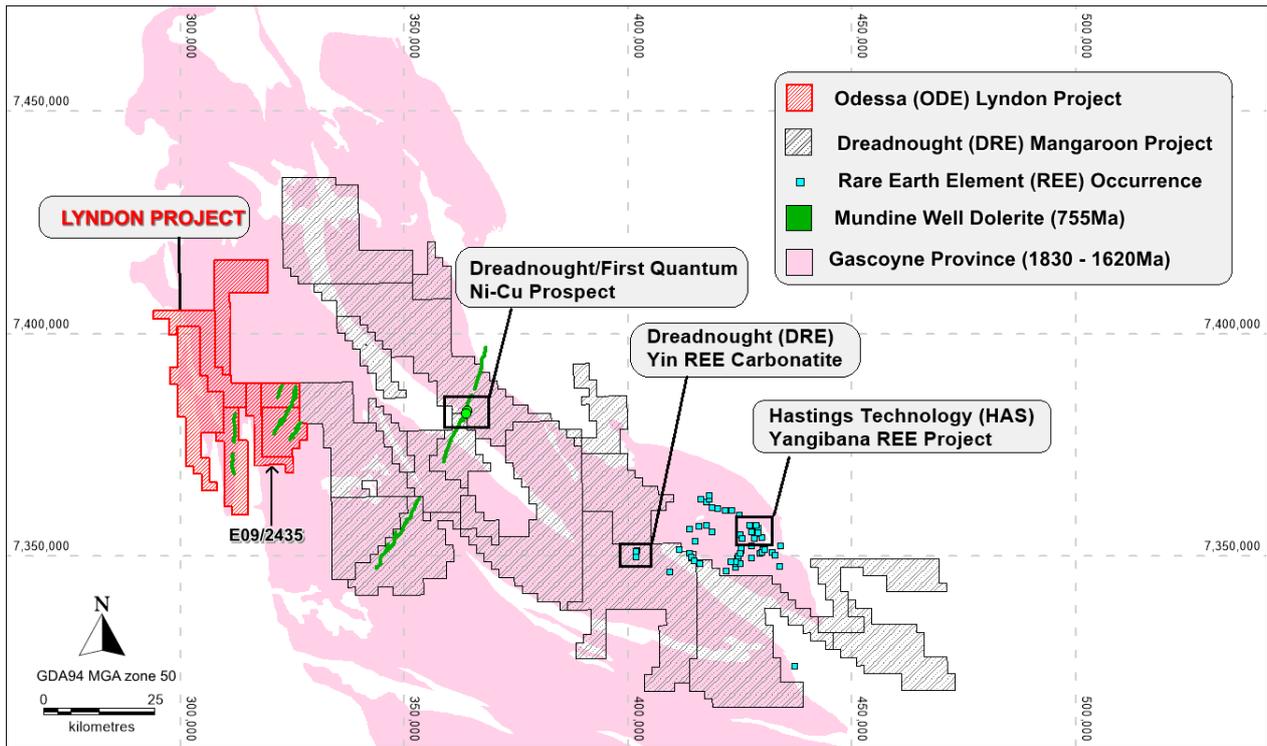


Figure 1 - Lyndon Project. Tenement position post the last acquisition of E09/2435

On the 12th of September 2022, Odessa announced that it had conducted a comprehensive review of historical exploration data (WAMEX and prospectors) and has established that only 20 samples (18 rock-chip and 2 drainage) had ever been collected and assayed for lithium and rare earth elements (REE) from within the Lyndon Project area. Refer to Table 1 for best historic results. This data further supported Odessa’s view that the Lyndon Project holds considerable potential for the discovery of lithium-bearing pegmatites, and additional REE-bearing carbonatites within the Durlacher Supersuite. REE carbonatites have been discovered at Dreadnought’s Mangaroon Project, which adjoins the Lyndon Project along its eastern boundary.

Table 1 - Lyndon Project. Selected historical assay results

Sample No.	East WGS-84	North WGS-84	Description	BeO ppm	Cs ₂ O ppm	Ta ₂ O ₅ ppm	Li ₂ O ppm	Nd ₂ O ₃ ppm	Pr ₆ O ₁₁ ppm
LD-0004	324288	7379713	pegmatite	11	23	9	138	27	8
LD-0006	324390	7379754	gravel sample	12	16	2	314	37	11
LD-0008	324408	7379810	schist	12	45	4	198	62	18
LD-0015	319155	7375833	pegmatoidal granite	263	9	48	25	4	1
LD-0018	322203	7374641	pegmatoidal granite	250	11	23	32	13	3

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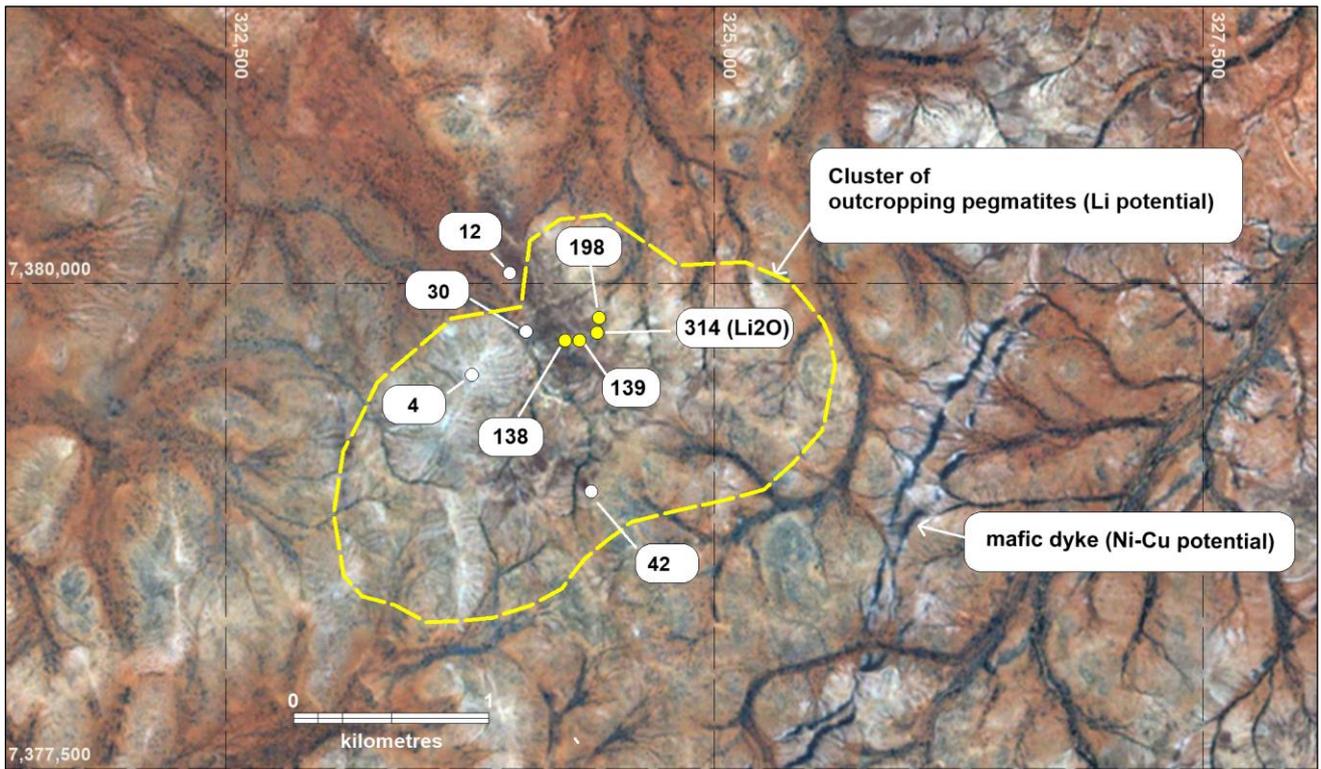


Figure 2 - Location of historical Li_2O anomalous samples and area of interpreted pegmatites.

During the period, Odessa announced the results of a commissioned reprocessing of Government regional-scale (200m to 400m line-spacing) and company project scale (100m line spacing) open-file airborne geophysical data. This study resulted in the identification of seven (7) initial thorium anomalies (Figure 3) considered prospective for REE mineralisation.

The L1 thorium anomaly, shown in Figure 4 is represented as an example of one of the seven initial REE exploration targets. This thorium anomaly (L1) is coincident with a dark colored, 400m-wide circular feature that is possibly an outcropping REE carbonatite. Field checking and sampling of initial REE exploration targets will commence within the next few weeks once Heritage protocols have been completed.

In 2021, Dreadnought Resources Limited (DRE), whose Mangaroon Project adjoins Odessa's Lyndon Project, initially used the same Government radiometric data to identify the Yin, Y2 and Y3 carbonatite-related REE ironstones. The subsequent acquisition by Dreadnought of higher resolution (50m line-spacing) airborne radiometric data 'resulted in the identification of 85 anomalies prospective for REE mineralisation' (DRE Quarterly Report June 2022).

The Company has since acquired high resolution airborne magnetics and radiometrics (flown on 50m line spacing) for the Lyndon tenement area and the interpretation of these results could be published before the end of March. The radiometrics data was part of combined recent airborne magnetics and radiometric survey by MagSpec Airborne Surveys Ltd and has been acquired by the Company from a third-party vendor.

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Figure 3 - Lyndon Project high amplitude (strong thorium anomalies with initial numbered exploration targets highlighted). The tenement map does not include the newly acquired E09/2435

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Figure 4 - L1 REE Exploration Target represented by a 400m wide, dark-coloured circular feature coincident with the L1 thorium anomaly.

LOCKIER RANGE PROJECT – Gascoyne Region, Western Australia

During the period, shareholders approved the acquisition of the Lockier Range Project (125 km²) for consideration of 51,156,870 ODE shares. For location, refer to Figure 11.

The Lockier Range Project holds considerable potential for the discovery of lithium pegmatites and rare earth elements bearing carbonatite deposits. When combined with the Company's Lyndon Project some ~95 km to the northwest, this acquisition increased Odessa's tenement holding in the highly prospective Gascoyne region of Western Australia to 936km²

The Lockier Range Project sits 65km south-west of Hastings Technologies Metals Ltd's (ASX:HAS) Yangibana REE project, 55km south-west of Dreadnought Resources Ltd (ASX:DRE) Yin REE project and 35km north of Kingfisher Mining Ltd's (ASX:KFM) Mick Well REE project.

Mount Yaragner Radiometrics

Subsequent to the reporting period, the Company acquired new, detailed (50m line spacing) magnetics and radiometrics data for the Lockier Range Project.

The radiometrics data was part of combined recent airborne magnetics and radiometric survey by MagSpec Airborne Surveys Ltd and has been acquired by the Company from a third-party vendor. The data consists of a detailed 50 metre line-spaced fixed-wing survey and was acquired at a nominal flight height of 30 metres on north-south flight lines.

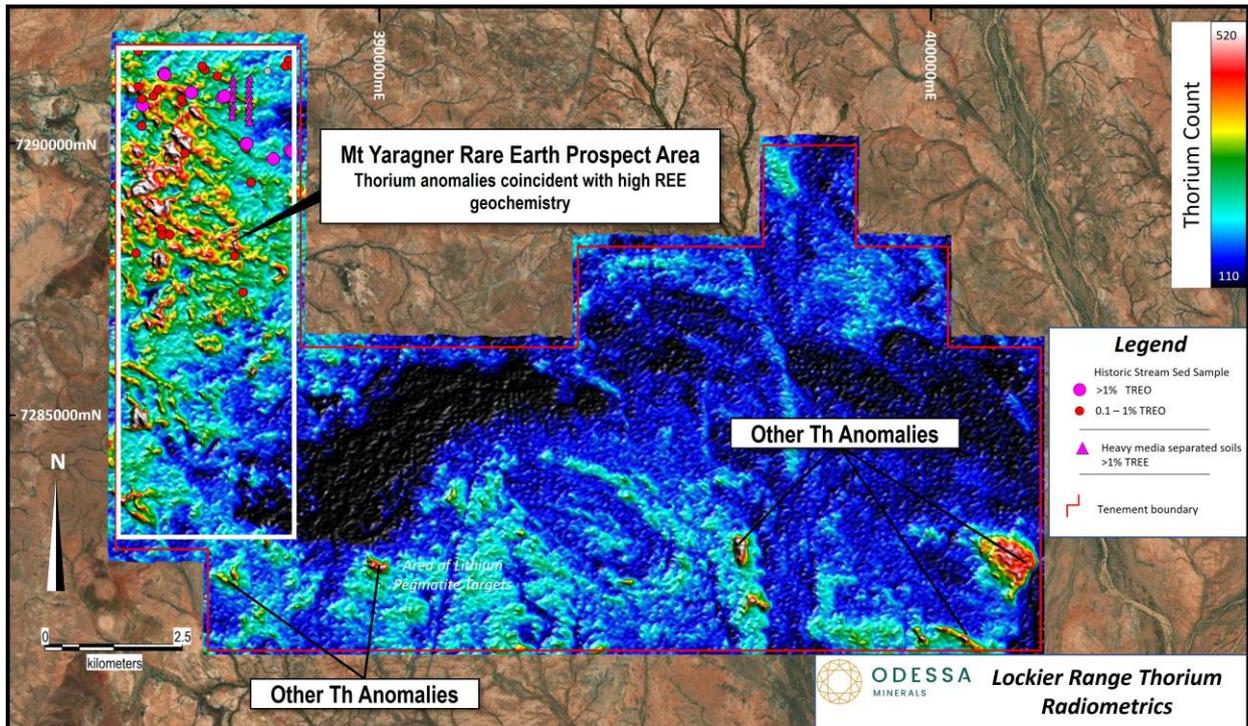


Figure 5 - Odessa's Lockier Range Project showing newly acquired thorium radiometric data. The high thorium count relates to the Mt Yaragner area in the west and is coincident with historic high-grade geochemical data. (grid MGA95, Zone 51).

The Mt Yaragner Project is located within the western part of the Lockier Range Project. The area has been subject to previous exploration and compilation by other explorers including Venus Metals Ltd and Independence Group (now IGO Ltd). Both companies reported very high-tenor soil and stream sediment sampling results for rare earth elements including up to 14% total rare earth element ("TREE") in stream sediment samples, including 3.36% Nd+Pr; and 3.87% TREE in soil samples (refer to Odessa Minerals' announcement dated 25 October 2022 for full details of historic sampling).

All previous historic samples cannot be confirmed until Odessa attends to verification sampling programs itself. IGO surrendered the tenement in 2013.

It is established that mineralised REE-bearing carbonatites in the Gascoyne Province of Western Australia weather into dark brown to black ironstones and exhibit strong thorium radiometric anomalies. As such, the Company has reviewed several individual thorium anomalies and the aerial photography for evidence of REE ironstone carbonatites. Initially, four target areas are discussed herein, though it is noted that there are several other thorium-iron anomalies that warrant further work.

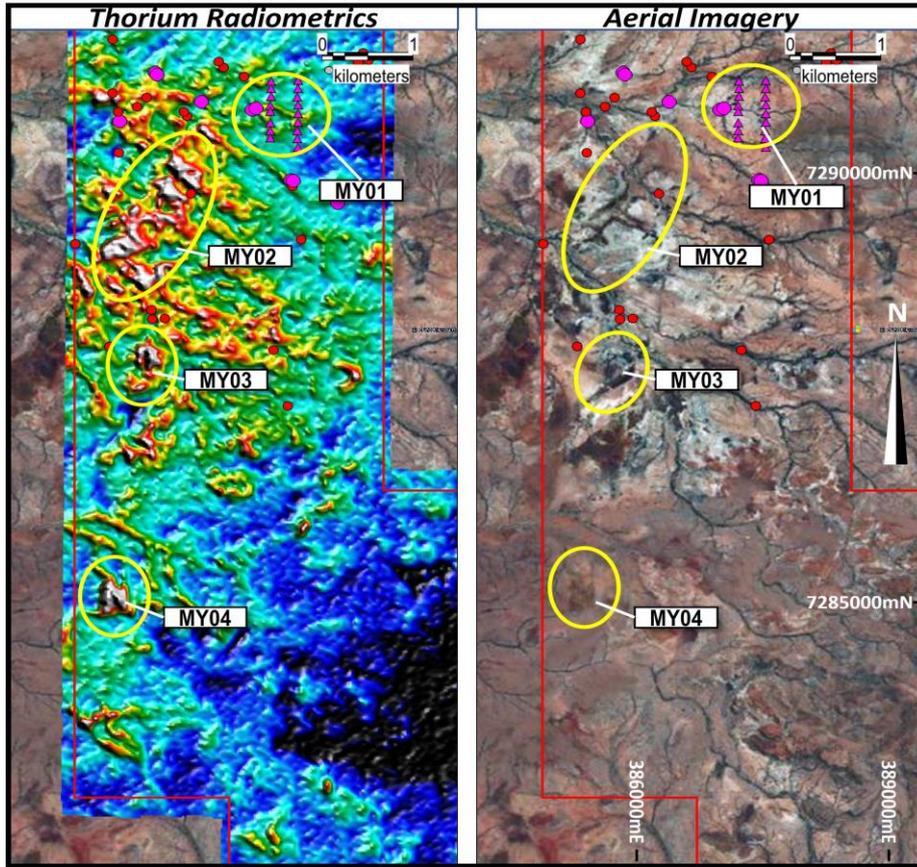


Figure 6 - Mt Yaragner area with thorium radiometrics (left) and aerial imagery (right) (grid MGA94 Zone 50).

Mt Yaragner Target 1 (MY01)

The MY01 target area is coincident with historical high tenor soil sampling of up to 3.8% TREE and immediately upstream from stream sediment samples grading up to 14% TREE (refer to release dated 25 October 2022). The area consists of lag cover (as reported by IGO),¹ and yet there is an evident thorium anomaly approximately 600m x 400m, with evidence of ironstone development (from aerial imagery). This is within the proximity of the high-grade samples.

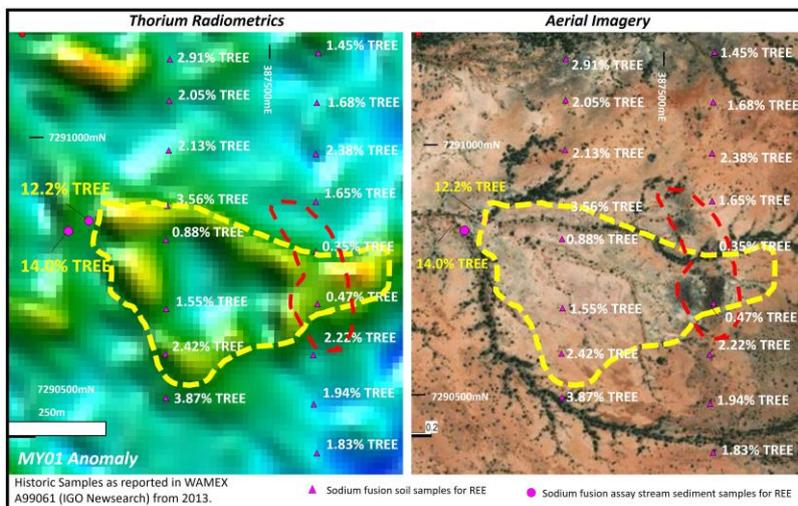


Figure 7 - MY01 with thorium radiometrics (left) and aerial imagery (right) showing historic soil and stream sediment samples (grid MGA94 Zone 50). Yellow outline is the radiometric anomaly, and red outline is the iron oxide anomaly interpreted from aerial image

¹ IGO Newsearch WAMEX Report A99601 (2013)

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Mt Yaragner Target 2 (MY02)

The MY02 target area is a large thorium anomaly with evidence of iron oxide (interpreted to potentially be ironstone carbonatite covering approximately 1km by 1km area. This target area is immediately upstream from historic stream-sediment sampling with up to 7.4% TREE.

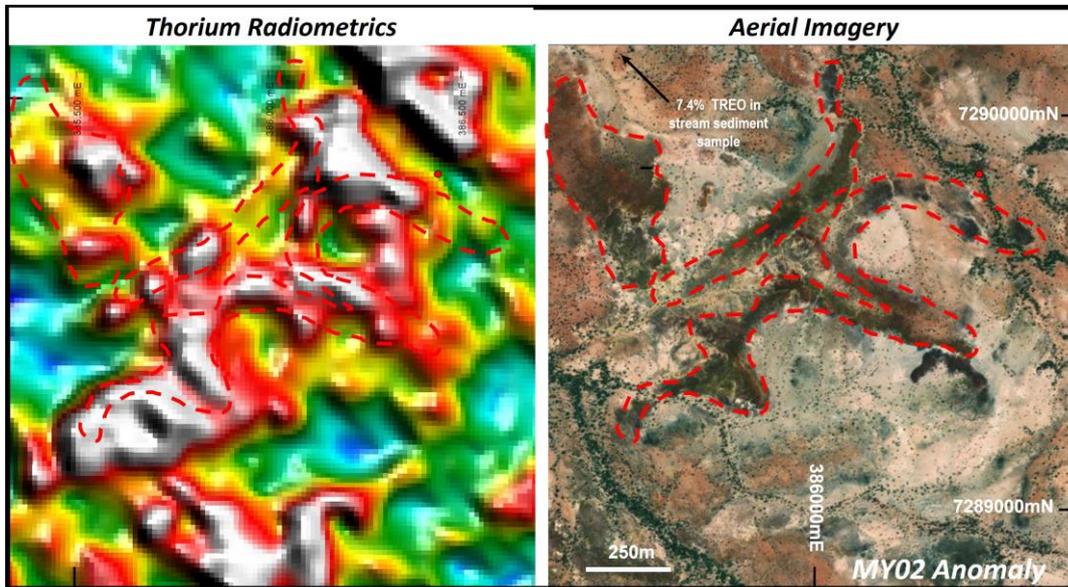


Figure 8 - MY02 with thorium radiometrics (left) and aerial imagery (right) (grid MGA94 Zone 50). Red outline is the iron oxide anomaly interpreted from aerial imagery.

Mt Yaragner Target 3 (MY03)

The MY03 target area is a distinct tear-drop shaped large thorium anomaly with a remarkable coincidence of iron oxide (interpreted to potentially be ironstone carbonatite) covering approximately 0.5km by 0.4km area.

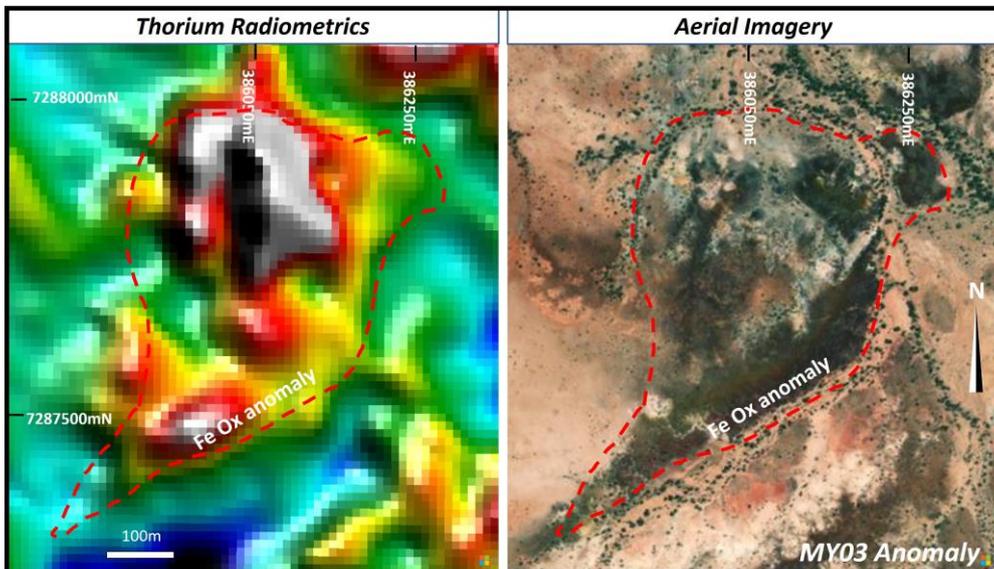


Figure 9 - MY03 with thorium radiometrics (left) and aerial imagery (right) (grid MGA94 Zone 50). Red outline is the iron oxide anomaly interpreted from aerial imagery.

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Mt Yaragner Target 4 (MY04)

The MY04 target area is one of the strongest thorium anomalies in the dataset and is also coincident with a dark brown anomaly in the aerial imagery (interpreted to potentially be ironstone carbonatite) covering approximately 0.5km by 0.3km area.

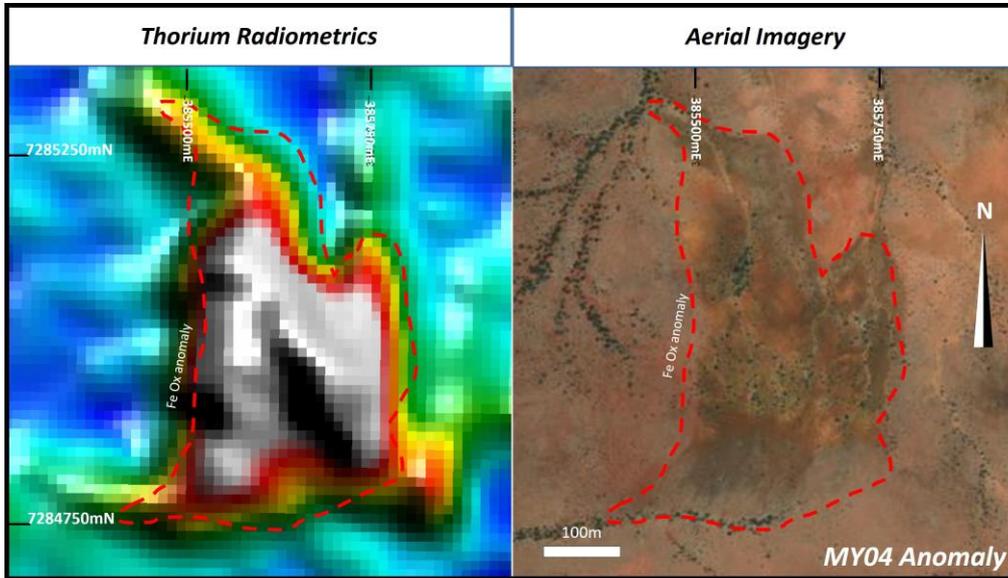


Figure 10 - MY04 with thorium radiometrics (left) and aerial imagery (right) (grid MGA94 Zone 50). Red outline is the iron oxide anomaly interpreted from aerial imagery.

GASCOYNE EAST PROJECT – Gascoyne Region, Western Australia

During the period, the Company applied for, and was subsequently granted, over 90% of 2,143 square kilometres of new exploration license applications in the Gascoyne Terrane. The Gascoyne East Project consists of six new exploration licenses. The project is approximately 90% covered by colluvium gravels and cover sediments and, as such, has received minimal previous exploration.

The area is interpreted as predominantly underlain by Gascoyne Terrane Moorarie Supersuite granitoids—a potential host for the carbonatite hosted REE mineralisation analogous to other discoveries elsewhere in the Gascoyne.

The project is located approximately 80 kilometres to the south-southeast, and along a dominant regional structural trend, from Kingfisher Mining Ltd's Mick Well rare earth element discovery, and approximately 16 kilometres north of Krakatoa Resources Mt Clere REE project.

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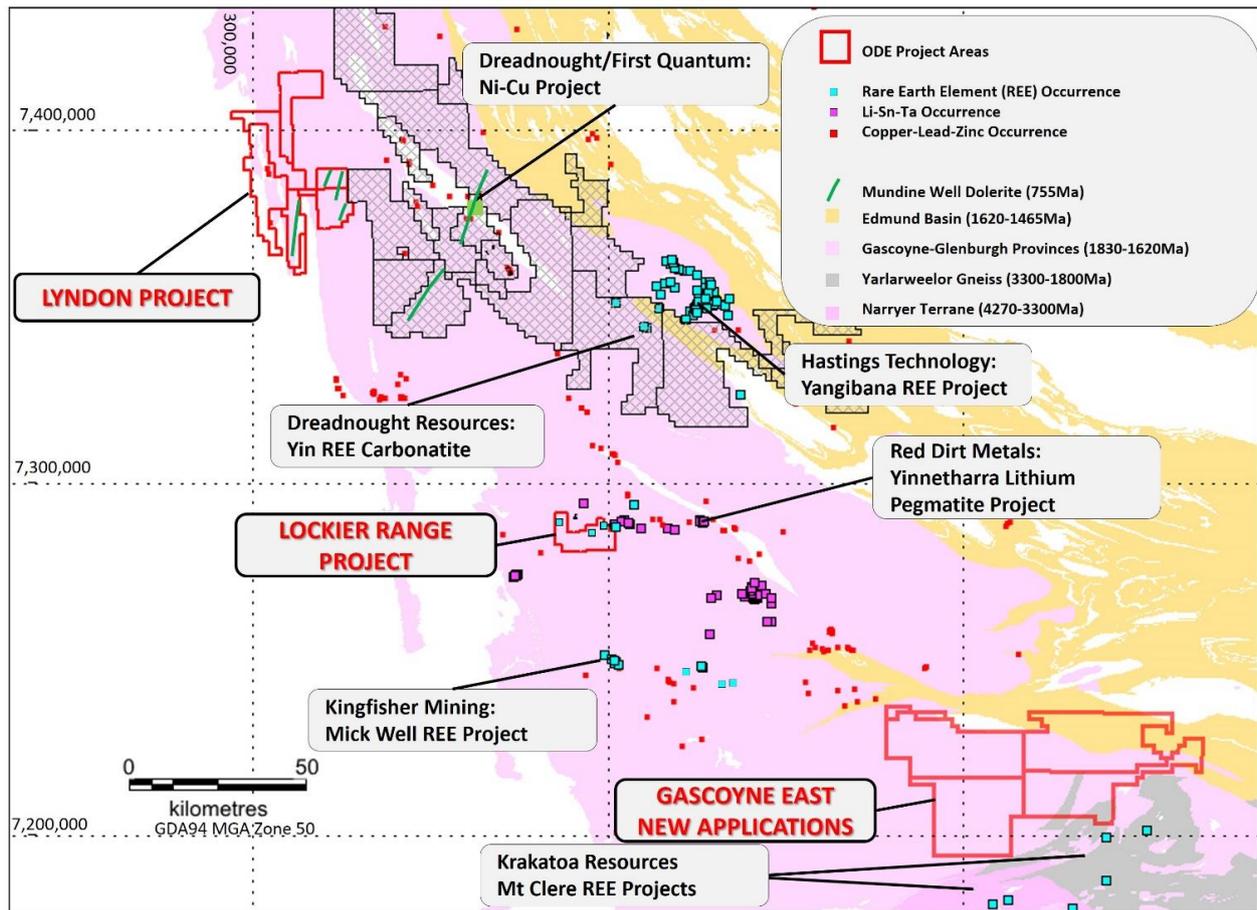


Figure 11 - Odessa Minerals' projects in the Gascoyne Region of Western Australia

The NE quadrant of the project area includes Edmund (basin) Group sediments including pelites and sandstones. Elsewhere, the Edmund Group is host to the large-scale base-metal deposits (such as the large Abra Deposit controlled by Galena Mining Ltd). Work by Geoscience Australia and others published in 2019 (Czarnota et al, 2019) suggests a deep tectonic zone controls giant copper and other metal deposits in Australia such as Olympic Dam (SA), Telfer (WA) and Mt Isa (QLD) deposits, as well as analogies elsewhere in the world, with this same 'gigayear stability' gradient zone transecting the Gascoyne East area.

These new tenements most likely represent the last significant strategic land-package available for exploration in the district. The Gascoyne East Project represents a hitherto previously unexplored part of this Gascoyne Province. The Gascoyne and surrounding district is Western Australia's pre-eminent, emergent discovery province for REE and Lithium pegmatites, with discoveries and acquisitions in recent times by: Hastings Technology, Dreadnought Resources, Kingfisher Mining, Red Dirt Metals and Krakatoa Mining. The Gascoyne is now a very exciting project area for Odessa, and we see this very large tenement package as highly prospective for REE's and lithium.

ARIES PROJECT – Kimberly Region, Western Australia

During the period a detailed ground gravity survey (GGS) was conducted (as announced on 11 July 2022) over all the known kimberlite pipes and dykes at Aries. The GGS was conducted by Atlas Geophysics and modelling of the data was undertaken by Fathom Geophysics Australia Pty Ltd ("Fathom Geophysics").

Preliminary data shows the presence of gravity lows over the known kimberlite pipes and multiple additional discrete gravity lows, which have a high possibility of being kimberlite pipes.

A diamond drilling programme scheduled for the end of the period was cancelled, as the drill rig was mobilising to site, due to the early onset of the wet season in the Kimberley Region and extensive flooding of access roads and countryside. Exploration plans for 2023 will be re-considered when the wet season ends.

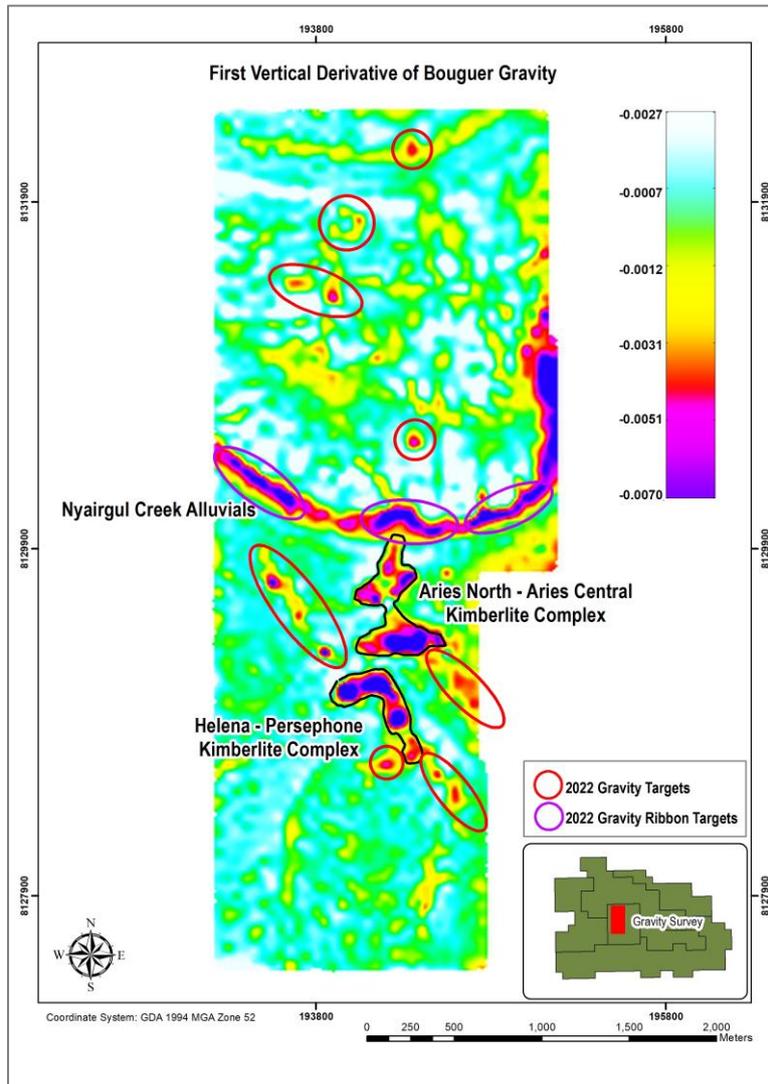


Figure 12 - Image of the preliminary Ground Gravity data, first vertical derivative of Bouguer gravity data shown, using a Colour table that shows gravity lows as being RED. No shading has been applied to the data in the generation of this image. The gravity lows of interest are circled. There are 14 new features of interest, some clustered together. The location of the gravity survey with respect to the wider tenement package is shown as the inset bottom right.

Gravity Survey Data

Preliminary data received and reviewed clearly indicates the presence of discrete, circular, gravity lows scattered throughout the wider Aries area. It also shows the Aries footprint to be considerably larger than previously thought. As predicted, the data has identified the presence of a gravity low "ribbon" in the Carson Volcanics to the North. This ribbon could be host to additional new targets and further investigation is warranted.

Figure 12 shows the gravity response of known pipes such as the Aries North, Aries Central and Athena pipes. Other features that are possible kimberlite pipes are annotated as "Gravity targets". Based on a preliminary assessment, the gravity survey appears to have identified:

- A substantially larger kimberlite system compared to the original magnetic modelling
- Additional features that appear to be discrete geophysical anomalies that could be kimberlite pipes

The current drill program planned will test:

- the extent and extension of the known pipes from gravity modelling, and
- Other geophysical anomalies suspected of being additional pipes.

The "Ribbon" low gravity feature annotated as "host stratigraphy" is interpreted to be a geological unit that represents the contact between sandstone to the south and volcanic rock to the north and is NOT considered to be a kimberlite feature. There are however features within this Ribbon geophysical anomaly that are suspected to be possible kimberlite pipes, but these requires additional investigation.

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Competent Persons Statement

The information in this report that relates to Exploration Results for the Aries Project is extracted from the Company's Prospectus released on 19 November 2021 which is available at www.odessaminerals.com.au/asx-announcements/ and subsequent market releases to the Australian Stock Exchange.

The information in this report that relates to Exploration Results for the Lyndon Project and Lockier Range Project is extracted from the Company's Announcement released on 5 October 2022 and 25 October 2022 which is available at www.odessaminerals.com.au/asx-announcements/ and subsequent market releases to the Australian Stock Exchange.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements.

SUBSEQUENT EVENTS

Subsequent to the end of the period, the Company issued 6,000,000 fully paid ordinary shares at \$0.018 per share and 2,000,000 unlisted options exercise price of \$0.04 per option and expiring 31 December 2026 for the acquisition of tenement E09/2435 in the Gascoyne Province of Western Australia.

There have been no other matters or circumstances that have arisen since 31 December 2022 that has significantly affected, or may significantly affect the operations, the results of those operations, or the state of affairs in future financial years of the Company and Group.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of the Consolidated Entity on page 26 forms part of the Directors' Report for the half year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors.



Zane Lewis
Non-Executive Chairman
14 March 2023

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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Note	Half year ended 31 December 2022 \$	Half year ended 31 December 2021 \$
Other income		11,317	-
Administration expenses		(376,331)	(38,374)
Employee and Director benefits expenses		(297,271)	-
Depreciation expense		(2,848)	-
Exploration related expenditure		(55,769)	(1,501)
Finance expenses		-	-
Share based payments	7	(66,137)	-
Loss before income tax expense for the period		<u>(787,039)</u>	<u>(39,875)</u>
Income tax expense		-	-
Loss after tax for the period		<u>(787,039)</u>	<u>(39,875)</u>
Other comprehensive loss for the period		<u>-</u>	<u>-</u>
Total comprehensive loss for the period net of tax		<u>(787,039)</u>	<u>(39,875)</u>
Basic and diluted loss per share (cents)	9	<u>(0.10)</u>	<u>(0.02)</u>

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	31 December 2022	30 June 2022
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents		3,047,419	4,996,898
Trade and other receivables	3	179,290	116,197
Other current assets		176,802	11,703
TOTAL CURRENT ASSETS		3,403,511	5,124,798
NON-CURRENT ASSETS			
Capitalised exploration and evaluation expenditure	4	2,827,072	621,284
Plant and equipment		8,672	20,208
TOTAL NON-CURRENT ASSETS		2,835,744	641,492
TOTAL ASSETS		6,239,255	5,766,290
CURRENT LIABILITIES			
Trade and other payables		298,312	498,596
TOTAL CURRENT LIABILITIES		298,312	498,596
TOTAL LIABILITIES		298,312	498,596
NET ASSETS		5,940,943	5,267,694
SHAREHOLDERS' EQUITY			
Issued capital	5	10,425,044	9,335,460
Reserves	6	2,036,118	1,665,414
Accumulated losses		(6,520,219)	(5,733,180)
SHAREHOLDERS' EQUITY		5,940,943	5,267,694

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Share Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total \$
Balance as at 1 July 2022	9,335,460	(5,733,180)	1,665,414	5,267,694
Loss after tax expense for the period	-	(787,039)	-	(787,039)
Other comprehensive income	-	-	-	-
Total comprehensive loss for the period	-	(787,039)	-	(787,039)
Transactions with owners in their capacity as owners:				
Issue of shares and options for the acquisition of tenements	1,089,584	-	304,567	1,394,151
Vesting of share based payments	-	-	87,191	87,191
Forfeiture of share based payments	-	-	(21,054)	(21,054)
Balance as at 31 December 2022	10,425,044	(6,520,219)	2,036,118	5,940,943

	Share Capital \$	Accumulated Losses \$	Share Based Payment Reserve \$	Total \$
Balance as at 1 July 2021	217,489	(43,877)	-	173,612
Loss after tax expense for the period	-	(39,875)	-	(39,875)
Other comprehensive loss	-	-	-	-
Total comprehensive loss for the period	-	(39,875)	-	(39,875)
Transactions with owners in their capacity as owners:				
Issue of shares	137,082	-	-	137,082
Transactions involving options	-	-	92,495	92,495
Balance as at 31 December 2021	354,571	(83,652)	92,495	363,414

The accompanying notes form part of these financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

	Half year ended 31 December 2022 \$	Half year ended 31 December 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest received	11,317	-
Payments to suppliers and employees	(951,378)	(83,223)
Net cash used in operating activities	<u>(940,061)</u>	<u>(83,223)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for Property, Plant & Equipment	(9,359)	-
Proceeds from sale of Property, Plant & Equipment	9,091	-
Exploration and evaluation expenditure	(1,009,150)	(384,674)
Net cash used in investing activities	<u>(1,009,418)</u>	<u>(384,674)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	-	287,835
Proceeds from loans	-	36,410
Repayment of loans	-	(72,450)
Net cash flow from financing activities	<u>-</u>	<u>251,794</u>
Net (decrease) in cash and cash equivalents held	(1,949,479)	(216,103)
Cash and cash equivalents at the beginning of period	4,996,898	216,971
Cash and cash equivalents at the end of period	<u><u>3,047,419</u></u>	<u><u>868</u></u>

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2022

NOTE 1: REPORTING ENTITY

The interim financial report (“the Report”) of Odessa Minerals Limited (“the Company”) and its controlled entities (“the Group” or “the Consolidated Entity”) for the half year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors.

Odessa Minerals Limited is a listed public company, trading on the Australian Securities Exchange, limited by shares, incorporated and domiciled in Australia.

The Group’s registered office and principal place of business is:

Suite 1, 295 Rokeby Road
Perth WA 6008
Australia

NOTE 2: BASIS OF PREPARATION

This Report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

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

The Report has been prepared on an accruals basis and is based on historical costs.

The same accounting policies and methods have been consistently applied by the Consolidated Entity in these interim financial statements as compared with the most recent annual financial statements, except as follows:

a) Adoption of new and revised accounting standards

In the financial period, the Consolidated Entity has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2021.

No new accounting policies have been adopted since 30 June 2022 as a result of the review conducted.

b) Going concern

For the half year ended 31 December 2022, the Consolidated Entity recorded a loss after tax expense of \$787,039 (half year ended 31 December 2021: loss \$39,875), incurred net cash outflows from operating activities of \$940,061 (half year ended 31 December 2021: outflows \$83,223), and maintained net assets of \$5,940,943 (30 June 2022: \$5,267,694). As at 31 December 2022, the Consolidated Entity has a working capital position of \$3,105,199 (30 June 2022: \$4,626,202).

The financial statements have been prepared on the basis that the Consolidated Entity is a going concern, which contemplates the continuity of normal business activity, realisation of assets and settlements of liabilities in the normal course of business over the next 12 months period.

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c) Reverse acquisition

Odessa Minerals Limited (formerly Fargo Enterprises Limited) ("Odessa") is listed on the Australian Securities Exchange. On 14 January 2022, the Company (the legal acquirer) legally acquired 100% of the issued capital in Odessa Australia Pty Ltd (the legal acquiree)("Odessa Australia") via the issue of:

- 196,322,384 fully paid ordinary shares in the Company; and
- 98,161,192 Options exercisable at \$0.04 each on or before 11 January 2026.

Under the principles of AASB 3, it was considered that the shareholders of Odessa Minerals Limited prior to the acquisition of Odessa Australia Pty Ltd did not have a controlling interest in the Group post-transaction.

Further details of the reverse acquisition can be found in the 30 June 2022 Annual Report.

The impact of the reverse acquisition on each of the primary statements is as follows:

- The consolidated statement of profit or loss and other comprehensive income:
 - For the half year to 31 December 2022 comprises 6 months of Odessa and Odessa Australia; and
 - For the comparative half year to 31 December 2021 comprises 6 months of Odessa Australia.
- The consolidated statement of financial position:
 - As at 31 December 2022 and 30 June 2022 represents both Odessa and Odessa Australia as at that date.
- The consolidated statement of changes in equity:
 - For the half year ended 31 December 2022 comprises the combined Odessa and Odessa Australia transactions for the entire 6 month period; and
 - For the comparative half year period ended 31 December 2021 comprises Odessa Australia balances and transactions only.
- The consolidated statement of cash flows:
 - For the half year ended 30 June 2022 comprises the cash balances and transactions of the combined Odessa and Australia entities; and
 - For the comparative half year to 31 December 2021 comprises cash transactions of Odessa Australia.

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NOTE 3: TRADE AND OTHER RECEIVABLES

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Other receivables	40,000	40,000
GST receivable	139,290	76,197
	179,290	116,197
	179,290	116,197

All trade and other receivable amounts are short-term. The net carrying value is considered a reasonable approximation of fair value.

NOTE 4: CAPITALISED EXPLORATION AND EVALUATION EXPENDITURE

	31 December 2022	30 June 2022
	\$	\$
CURRENT		
Exploration and evaluation expenditure	2,827,072	621,284
	2,827,072	621,284
	2,827,072	621,284

<u>Movement</u>		\$
Balance at the start of the period		621,284
Acquisition of tenements		1,494,151
Exploration and evaluation expenditure capitalised during the period		711,637
		2,827,072
		2,827,072

Under the Company's agreement with CRC Minerals Pty Ltd for the acquisition of the Lyndon Project, upon the grant and transfer of the 3rd and final tenement (E09/2605), the Company will be required to issue to CRC Minerals Pty Ltd being 10,400,000 shares in the Company and 3,000,000 4-year unlisted options exercisable at 4 cents.

NOTE 5: ISSUED CAPITAL

	31 December 2022	30 June 2022
	\$	\$
(a) Share capital		
797,125,782 (30 June 2022: 733,473,492) fully paid ordinary shares	10,425,044	9,335,460
	No.	\$
(b) Movement in ordinary capital		
Opening balance at 1 July 2022	733,473,492	9,335,460
Shares issued for the acquisition of exploration assets – 26 October 2022	41,600,000	748,800
Shares issued for the acquisition of exploration assets – 8 November 2022	5,000,000	85,000
Shares issued for the acquisition of exploration assets – 1 December 2022	17,052,290	255,784
	797,125,782	10,425,044
Closing balance at 31 December 2022	797,125,782	10,425,044

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NOTE 6: RESERVES	31 December 2022	30 June 2022
	\$	\$
(a) Reserves		
Share based payment reserve	2,036,118	1,665,414
	<u>2,036,118</u>	<u>1,665,414</u>
	No. of options	\$
(b) Movement in share based payment reserve		
Opening balance at 1 July 2022	160,591,192	1,665,414
Issue of options to key management personnel and consultants – 14 October 2022	40,000,000	-
Options issued for the acquisition of exploration assets – 26 October 2022	12,000,000	137,087
Options issued for the acquisition of exploration assets –1 December 2022	20,462,806	167,480
Expiry of share based payments	(800,000)	-
Forfeiture of share based payments	(10,000,000)	(21,054)
Vesting of share based payments	-	87,191
Closing balance at 31 December 2022	222,253,998	2,036,118

NOTE 7: SHARE BASED PAYMENTS

During the period, the Company issued the following options:

- On 14 October 2022, 40,000,000 options with the following terms were issued to Mr David Lengias
 - 10,000,000 options with an exercise price of \$0.02 and an expiry date of 14 October 2026;
 - 10,000,000 options with an exercise price of \$0.03 and an expiry date of 14 October 2026; and
 - 20,000,000 options with an exercise price of \$0.05 and an expiry date of 14 October 2026.

The grant date of these options was 20 April 2022 (refer to the 30 June 2022 annual report for further details);
- On 26 October 2022, 12,000,000 options exercisable at \$0.04 expiring 31 December 2026 for the acquisition of exploration assets; and
- On 1 December 2022, 20,462,806 options exercisable at \$0.04 expiring 31 December 2026 for the acquisition of exploration assets.

Options have been valued using a Black & Scholes methodology given the value of the services provided could not be reliably measured. The key inputs for the valuation of the options are as follows:

Options	Options issued as consideration for the acquisition of Exploration Assets	Options issued as consideration for the acquisition of Exploration Assets
Exercise price	\$0.04	\$0.04
Grant date	26-Oct-22	30-Nov-22
Expected volatility	100%	100%
Expiry date	31-Dec-26	31-Dec-26
Value per option	\$0.0114	\$0.0082
Number of options	12,000,000	20,462,806
Vesting date	Immediate	Immediate

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NOTE 8: DIVIDENDS

The Company did not pay or propose any dividends in the half year to 31 December 2022 (31 December 2021: nil).

NOTE 9: LOSS PER SHARE

The following reflects income and share data used in the calculation of basic and diluted loss per share.

	31 December 2022	31 December 2021
	\$	\$
Loss for the period after income tax expense from continuing operations	(787,039)	(39,875)
	No.	No.
Weighted average number of ordinary shares in calculating basic and diluted loss per share	752,773,047	188,258,822

As at 31 December 2022, the Group had a total of 222,253,998 options on issue, which are considered to have a non-dilutive effect.

NOTE 10: COMMITMENTS

There have been no material changes to the Group's commitments as at 31 December 2022 from 30 June 2022.

NOTE 11: SEGMENT INFORMATION

The Group has identified its operating segment based on internal reports that are reviewed by the Board and management. The Group has one operating segment.

NOTE 12: CONTINGENT ASSET AND LIABILITIES

Other than as described in Note 4, The Group has no known contingent assets or liabilities as at 31 December 2022 (30 June 2022: nil).

NOTE 13: SUBSEQUENT EVENTS

Subsequent to the end of the period, the Company issued 6,000,000 fully paid ordinary shares at \$0.018 per share and 2,000,000 unlisted options exercise price of \$0.04 per option and expiring 31 December 2026 for the acquisition of tenement E09/2435 in the Gascoyne Province of Western Australia.

There have been no other matters or circumstances that have arisen since 31 December 2022 that has significantly affected, or may significantly affect the operations, the results of those operations, or the state of affairs in future financial years of the Company and Group.

NOTE 14: RELATED PARTY TRANSACTIONS

Other than the above, there have been no material changes to the nature of related party transactions since 30 June 2022.

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DIRECTORS' DECLARATION

The Directors of Odessa Minerals Limited declare that:

1. The financial statements and notes, as set out on pages 16 to 24 are in accordance with the Corporations Act 2001 and:
 - a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) give a true and fair view of the Consolidated Entity's financial position as at 31 December 2022 and of its performance for the period ended on that date.
2. In the Directors' opinion there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Zane Lewis
Non-Executive Chairman
14 March 2023

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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 Odessa Minerals Limited for the half year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- 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

HALL CHADWICK WA AUDIT PTY LTD



MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 14th of March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ODESSA MINERALS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Odessa Minerals Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 Odessa Minerals 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 2022 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *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 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA
Director

Dated Perth, Western Australia this 14th of March 2023

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