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PIVOTAL METALS

Limited
(formerly Rafaella Resources Limited)
And Controlled Entities

ABN: 49 623 130 987

HALF YEAR REPORT

For the Period Ended 31 December 2022

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PIVOTAL METALS

DIRECTORS

Peter Hatfull	Non-Executive Chairman
Steven Turner	Managing Director
Robert Wrixon	Non-Executive Director
Ashley Hood	Non-Executive Director
Daniel Rose	Non-Executive Director

SECRETARY
Amanda Wilton-Heald

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STOCK EXCHANGE LISTING
Australian Securities Exchange
ASX Code: PVT

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The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Pivotal Metals Limited (formerly Rafaella Resources Limited) (referred to hereafter as the 'Company' or 'parent entity' or 'Pivotal Metals') and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 ('**H1 FY23**').

DIRECTORS

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

Name	Title
Peter Hatfull	Independent Non-Executive Chairman
Steven Turner	Managing Director
Robert Wrixon	Non-Executive Director
Ashley Hood	Non-Executive Director
Daniel Rose	Non-Executive Director (appointed 10 October 2022)

COMPANY SECRETARY

Name	Title
Amanda Wilton-Heald	Company Secretary

PRINCIPAL ACTIVITIES

The principal activity of the Group is exploration for and development of copper, nickel, platinum group metals (PGM), tungsten and tin deposits. Pivotal Metals holds the Horden Lake copper, nickel and PGM deposit in northwest Quebec, Canada, the Belleterre-Angliers nickel, copper and PGM exploration project in southwest Quebec, Canada and two tin and tungsten development projects, San Finx and Santa Comba in Galicia, northwestern Spain.

Company Focus and Mission

Pivotal Metals was established to explore and develop high-quality assets worldwide. In H2 FY22, the Company decided to refocus the strategy on battery metals in Canada, being critical commodities required to enable the energy transition to sustainable economies. This strategy was successfully executed with the consolidation of the exploration claims in H2 FY22 under the combined Belleterre-Angliers Greenstone Belt (BAGB) projects and in H1 FY23 the acquisition of the material Horden Lake copper, nickel, PGM deposit in northwest Quebec. The Company now holds a significant battery metals portfolio in a tier 1 mining jurisdiction. Furthermore, the Company is seeking third party capital to advance the Spanish tin and tungsten projects, such that all new funds from Pivotal Metals investors will be dedicated to the Canadian battery metals strategy.

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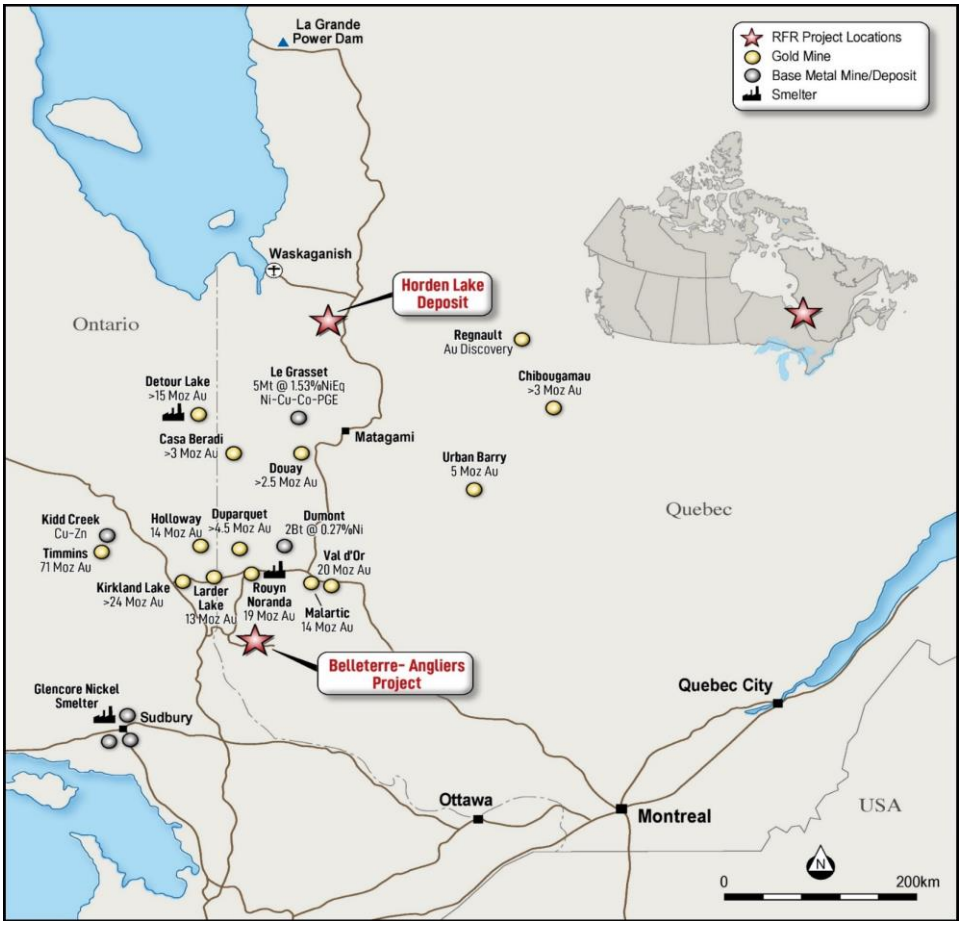
CANADA

Horden Lake

Pivotal Metals completed the acquisition of the Horden Lake polymetallic deposit on 20 December 2022[1]. Horden Lake is located 140km north of Matagami in northwest Quebec, close to the recently upgraded James Bay Highway, linking Matagami to the La Grande Hydroelectric Dam to the north, benefiting from HV power lines and fibre optic cable. The road runs within 18km of the property.

The Horden Lake acquisition complements the Company's Belleterre-Angliers Ni-Cu-PGM exploration project in the southwest of Quebec.



The deposit was discovered in the 1960s by INCO and has seen over 52,000m of drilling, with the most recent being in 2012. Pivotal Metals engaged Caracle Creek Consulting to remodel the resource using the extensive data base and on 14 November 2022 the Company released the pit constrained JORC compliant mineral resource estimate (MRE) of 27.8 Mt of 1.49% CuEq (0.3% CuEq Open Pit cut-off and 1.12% CuEq Underground cut-off applied), with 55% currently classified in the Indicated Resource category and 45% in the Inferred Category.[2]*

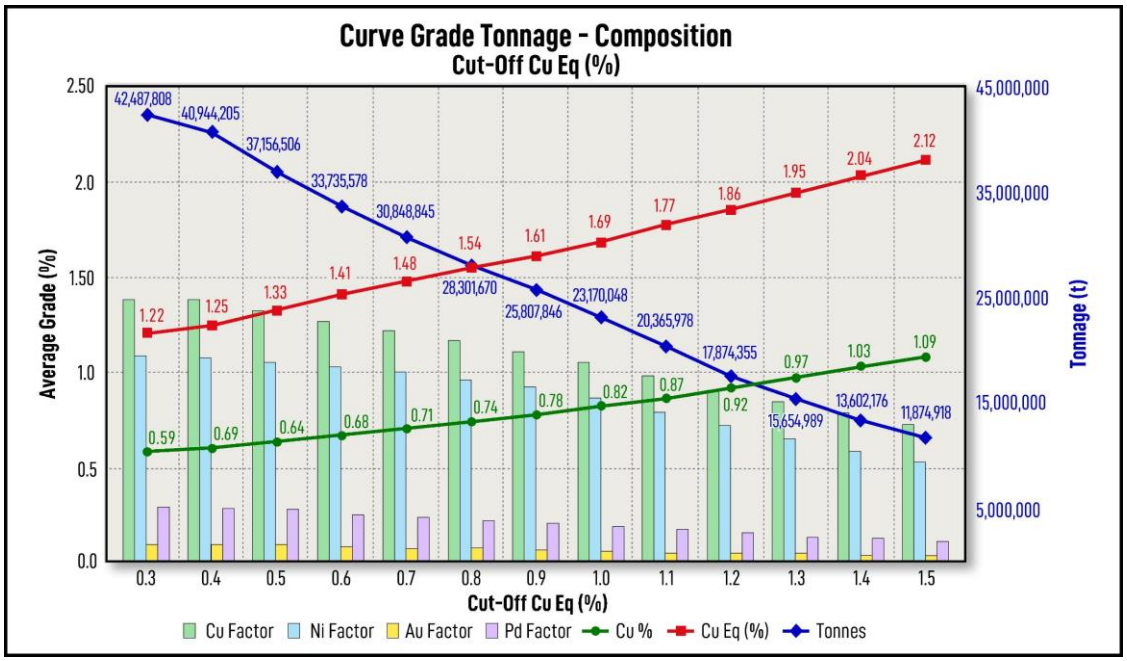
[1] See ASX announcements dated 21 December 2022 "Acquisition of Horden Lake polymetallic deposit completed" and ASX announcement dated 13 September 2022 "Terms agreed over the Horden Lake copper-nickel PGM deposit in Quebec, Canada"

[2] See ASX announcement dated 16 November 2022 "JORC Compliant Mineral Resource Estimate at Horden Lake Deposit (Quebec), delivers an outstanding 27.8Mt at 1.49% CuEq."

Cautionary Statements

**There is a lower level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources.*

The graphic below shows the grade-tonnage curve and metal contribution, across a range of CuEq (%) cut-off grades, for the whole modelled deposit, i.e., the geological resource.



The resource estimate does not include all of the Au, nor any of the significant Co and Ag known to exist within the deposit. The planned drilling programme for 2023 will look to better define these various additional metals for inclusion in an updated MRE later in the year.

On 25 November the Company released the findings of initial metallurgical testwork conducted in 2012 following the last drilling campaign. The report concluded that the findings demonstrate the potential for excellent recoveries across the payable metals in the Horden Lake deposit further supporting the projections from a 1993 WGM report where historical test work produced copper concentrates grading 22-30% copper at recoveries ranging from 85-96%. It is the intention of the Company to conduct detailed metallurgical testwork during 2023.

Belleterre-Angliers Greenstone Belt (BAGB) Exploration Project

On 20 July, the Company announced that it had identified numerous new anomalies in the recently consolidated battery metals exploration project. Following a detailed review by SRK Exploration[3],

[3] See ASX release dated 20 July 2022 "Exploration Work Starts at Quebec PGM-Ni-Cu Projects with Field Mapping Highlighting Positive Geology and Delineation of New, Deeper Em Plates"

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The Company's geological model suggests the relatively small but high-grade gabbroic intrusions point to a broader intrusive complex that could host substantial massive and semi-massive sulphide accumulations. Preliminary geophysical work has reprioritised the exploration targets, focusing on those previously overlooked for lying greater than 300m in depth. 137 new and reclassified EM anomalies have been identified with 20 of these being classified as Priority 1 for further investigation.

Importantly, confirmation of high-grade mineralisation within the magmatic system demonstrates a highly prospective geological environment with the potential to produce larger and deeper sulphide accumulations within the tenement portfolio, providing significant upside exposure to shareholders.

SPAIN

San Finx tin and tungsten project

On 6 October, the Company released a maiden JORC compliant mineral resource estimate (MRE) for the San Finx tin and tungsten project in north-west Spain[4].

The MRE showed Inferred Resources* of 1.2Mt with a combined grade of 0.80% (0.30% WO3 + 0.50% Sn) with total contained metal being 3,581t WO3 and 5,786t Sn split between:

- the Pozo Nuevo zone, with 0.62 Mt at 1.00% combined (0.35% WO3 + 0.65% Sn); and
- the Buenaventura zone with 0.56Mt at 0.56% combined (0.25% WO3 and 0.31% Sn).

Furthermore, an Exploration Target** of 3.6Mt to 10.9Mt with a combined grade ranging between 0.70% to 1.17% (WO3+Sn) for total contained metal of between 25,463t and 127,485t (WO3+Sn) was calculated demonstrating enormous upside potential in a mineralised zone that has historically produced clean, high-grade tin and tungsten concentrates, as recently as 2017.

Cautionary Statements

**There is a lower level of geological confidence associated with Inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources.*

*** The potential quantity and grade of the Exploration Target is conceptual in nature; there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration work will result in the estimation of a Mineral Resource.*

Santa Comba tungsten and tin project

On 23 November the Company announced that it had been notified by the Department of Mines in Galicia that is has commenced a review process that could eventually lead to the cancellation of the Santa Comba concessions. The Company believes that the decision by the Department of Mines is process driven without taking in to account certain health and safety and environmental concerns raised by the Company. The Company is continuing discussions with the relevant authorities and remains committed to complying with the terms of its permits.

[4] See ASX announcement dated 6 October 2022 "Maiden JORC Compliant Mineral Resource Estimate at San Finx of 1.2Mt at 0.80% combined WO3 + Sn grade"

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CORPORATE

On 27 July 2022, the Company announced that it had successfully completed a $2.1m private placement to support the ongoing activities across the two portfolios.[5]

On the 27 July 2022, the Company drew down in full a $1m placement facility secured to assist in the financing of the Horden Lake acquisition.[6]

On 13 July 2022, the Company published its baseline Environmental, Social and Governance (ESG) report[7]. Disclosures are made in line with the World Economic Forum Stakeholder Capitalism ESG framework.

On 23 September 2022, the Company held and EGM at which all resolutions were passed.

On 10 October 2022 the Company announced that Daniel Rose had joined the Board as a non-executive director. Daniel brings an extensive network of financial investors on the back of a career in structured and commodity finance, primarily in the resource sector.

On 22 November 2022 the AGM was held and all resolutions were passed.

On 29 November 2022 the Company changed its name to Pivotal Metals Ltd with a corresponding change in the ASX ticker to 'PVT'. This change is significant in that it reflects the strategic shift by the Company to focus on those metals that are critical to economies transitioning to environmentally sustainable technologies. As part of the roll out of this strategic pivot, the Managing Director presented the Company's strategy at the London Mines and Money conference.

On 12 December 2022 the Company announced that it had raised $3.3M through a non-brokered private placement at $0.042/share ('Placement Price') to complete the Horden Lake acquisition. A further $1.0M was raised through the execution of the Riverfort funding agreement detailed in the acquisition announcement of 13 September 2022. In addition, the vendor of the Horden Lake assets agreed a variation to the acquisition terms, accepting the issuance of C$1.5M equivalent in shares at the Placement Price, rather than cash, in exchange for an increase in the total consideration of C$500k to C$4.5M, On 20 December the Company completed the Horden Lake acquisition.

In December 2022, the Company appointed Red Cloud Financial Services Inc. to help increase investor awareness for the Company and its Quebec assets and enable access to the highly cost-effective Canadian flow through share scheme.

[5] See ASX announcement dated 27 July 2022 "Rafaella Completes $2.1m Private Placement."
[6] See ASX announcement dated 27 September 2022 "AUD1m Equity Funding Facility Draw Down"
[7] See ASX announcement dated 13 July 2022 "Rafaella Adopts Global Standard for ESG Reporting"

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The following security issues occurred during the period:

- On 27 July 2022 the Company announcement the completion of a placement raising $2.1m. On 5 August 2022 the Company issued 46,035,923 shares at $0.023 each with the remaining shares (as well as options) to be issued subsequent to the General Meeting to be held 23 September 2022.
- On 27 August 2022 2,925,000 unquoted options exercisable at $0.20 expired.
- On 27 August 2022 2,900,000 milestone 2 performance rights expired.
- On 9 September 2022 the Company cancelled 56,319 performance rights expiring 11 January 2023, 56,319 performance rights expiring 11 January 2024 and 30,161 performance rights expiring 11 January 2025.
- On 27 September 2022 the Company announced a $1m draw down from the facility with Starboard Global Ltd, a company of which Robert Wrixon is a director.
- On 29 September 2022 the Company issued:
  - 39,044,515 shares at $0.023 each to the second tranche participants of the placement announced on 27 July 2022, as approved by shareholders at the 23 September 2022 General Meeting
  - 1,876,084 shares at $0.023 each and 215,750 $0.05 unquoted options expiring 29 September 2025 to Steven Turner as part of the placement announced on 27 July 2022, as approved by shareholders at the 23 September 2022 General Meeting
  - 4,347,827 shares at $0.023 each and 500,000 $0.05 unquoted options expiring 29 September 2025 to Robert Wrixon as part of the placement announced on 27 July 2022, as approved by shareholders at the 23 September 2022 General Meeting
  - 1,500,000 shares and 9,784,250 $0.05 unquoted options 29 September 2022 in lieu of broker services / fees as approved by shareholders at the 23 September 2022 General Meeting
- On 11 October 2022 the Company issued 24,000,000 placement shares at $0.035 each raising $840,000
- On 24 November 2022 the Company issued 4,571,429 Director placement shares at $0.035 each raising $160,000
- On 16 December 2022 the Company issued 60,517,187 placement shares at $0.042 each raising $2,541,722 and 1,080,000 convertible securities at $1.00 each expiring 16 Marrch 2024 raising $1,000,000
- On 20 December 2022 the Company issued 38,377,698 acquisition consideration shares at a deemed price of $0.042 each
- On 22 December 2022 the Company issued 3,268,300 finder's fee shares at a deemed price of $0.0481 each
- On 22 December 2022 the Company issued 6,952,381 placement shares at $0.042 each raising $292,000

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REVIEW OF RESULTS

The loss after tax for the period ended 31 December 2022 was $17,461,542 (2021: loss of $812,067).

The earnings of the Group for the financial periods since incorporation are summarised below:

	31 December 2022 $	30 June 2022 $	31 December 2021 $	30 June 2021 $
Revenue	320	1,693	31,397	94,630
EBITDA	(17,319,916)	(1,992,188)	(754,001)	(1,958,106)
EBIT	(17,375,922)	(2,086,971)	(809,200)	(1,989,757)
Loss after income tax	(17,461,542)	(2,092,195)	(812,067)	(1,991,733)

The factors that are considered to affect total shareholders return are summarised below:

	31 December 2022 $	30 June 2022 $	31 December 2021 $	30 June 2021 $
Share price at financial period end	0.044	0.03	0.065	0.09

COVID-19 Impacts

Operations continue at the Santa Comba mine site. Preventive measures have been taken including the extensive use of masks and hydroalcoholic gels as well as operational bubbles. Asset values, going concern and future funding of the business is not expected to be materially adversely affected by COVID 19.

SHARES ISSUED AS A RESULT OF THE EXERCISE OF OPTIONS

No shares as a result of the exercise of the options were issued as at the date of this report.

Waiver Securities

As required by the waiver from ASX Listing Rule 7.3.2 granted on 7 August 2019, the Company advises that 15,000,000 fully paid ordinary shares (Milestone 2 shares) remain to be issued. The details of these Milestone 2 shares were announced to the ASX on 27 May 2019 and 9 August 2019.

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EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Group in future financial years other than the following:

- On 1 February 2023, the water authority, Aguas de Galicia awarded the water permit for San Finx. This award effectively unlocks the project and the Company is now commencing the execution of its restart plan, including the construction of the water treatment plant.[8]
- On 3 March 2023 the Company issued 7,142,858 fully paid shares at $0.042 each to Steven Turner, Robert Wrixon and Daniel Roseas part of the placement announced on 12 December 2022, as approved by shareholders at the 2 March 2023 General Meeting.
- On 5 March 2023 1,000,000 performance rights expired unconverted.

AUDITOR'S DECLARATION OF INDEPENDENCE

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

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

_____

Peter Hatfull
Non-Executive Chairman
16 March 2023

[8] See ASX announcement dated 3 February 2023 "San Finx water discharge permit is awarded"

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Pivotal Metals 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:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 16 March 2023

AIK KONG TING
Partner

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

	Note	Group 31 December 2022 $	Group 31 December 2021 $
Revenue		**320**	31,397
Accounting fees		**(50,227)**	(49,126)
Compliance fees		**(116,852)**	(83,880)
Consultancy fees		**(42,919)**	(83,046)
Depreciation and amortisation	5	**(56,006)**	(55,199)
Directors and employee benefits expense		**(181,577)**	(135,532)
Exploration expenditure impairment	6	**(16,531,525)**	-
Foreign exchange gain/(loss)		**(71,261)**	4,884
Insurance expense		**(34,900)**	(26,651)
Interest expense		**(85,620)**	(2,867)
IT expenses		**(804)**	(315)
Legal fees		**(86,253)**	(6,458)
Marketing		**(48,084)**	(27,540)
Other expenses		**(53,899)**	(64,483)
Share based payments expense	9	**(10,500)**	(286,619)
Travel expenses		**(91,435)**	(26,632)
Loss before tax		**(17,461,542)**	(812,067)
Income tax expense		**-**	-
Net loss for the period from operations		**(17,461,542)**	(812,067)
Other comprehensive (loss) / income			
(Loss) / gain on revaluation of equity instrument at fair value through other comprehensive income		**(15,000)**	(255,000)
Total comprehensive loss for the period		**(17,476,542)**	(1,067,067)
Basic and diluted loss per share (cents)		**(5.53)**	(0.44)

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 31 December 2022 $	Group 30 June 2022 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	**2,415,023**	691,835
Trade and other receivables	4	**697,937**	592,763
Other assets		**154,353**	194,526
Total Current Assets		**3,267,313**	1,479,124
Non-Current Assets			
Investments held at fair value through other comprehensive income		**150,000**	165,000
Plant and equipment	5	**2,112,356**	1,884,429
Right of use assets		**35,681**	143,368
Exploration and evaluation assets	6	**8,053,476**	18,435,732
Total Non-Current Assets		**10,351,513**	20,628,529
Total Assets		**13,618,826**	22,107,653
LIABILITIES			
Current Liabilities			
Trade and other payables	7	**711,531**	604,188
Lease liabilities		**30,827**	32,783
Liability for application money		**50,190**	-
Provisions		**64,939**	53,808
Total Current Liabilities		**857,487**	690,779
Non-Current Liabilities			
Borrowings		**30,249**	-
Contingent consideration payable		**2,105,841**	1,954,157
Convertible notes payable	8	**1,002,667**	-
Lease liabilities		**7,901**	117,571
Total Current Liabilities		**3,146,658**	2,071,728
Total Liabilities		**4,004,145**	2,762,507
Net Assets		**9,614,681**	19,345,146
EQUITY			
Contributed equity	9	**33,228,447**	25,785,157
Reserves	10	**1,665,811**	1,378,024
Accumulated losses		**(25,279,577)**	(7,818,035)
Total Equity		**9,614,681**	19,345,146

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022

Group	Contributed Equity	Fair Value through Other Comprehensive Income Reserve	Foreign Currency Translation Reserve	Options Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$	$	$	$
Balance at 1 July 2022	**25,785,157**	**15,000**	**(384,579)**	**126,080**	**1,621,523**	**(7,818,035)**	**19,345,146**
Equity issues	7,737,290	-	-	-		-	7,737,290
Equity issue expenses	(294,000)	-	-	-	-	-	(294,000)
Foreign exchange on translation of operations	-	-	136,145	-	-	-	136,145
Share based payments	-	-	-	-	166,642	-	166,642
Loss for the period	-	-	-	-	-	(17,461,542)	(17,461,542)
Other comprehensive loss	-	(15,000)	-	-	-	-	(15,000)
Total comprehensive loss for the period	-	(15,000)	-	-	-	(17,461,542)	(17,476,542)
Balance at 31 December 2022	**33,228,447**	**-**	**(248,434)**	**126,080**	**1,788,165**	**(25,279,577)**	**9,614,681**

Group	Contributed Equity	Fair Value through Other Comprehensive Income Reserve	Foreign Currency Translation Reserve	Options Reserve	Share Based Payments Reserve	Accumulated Losses	Total
	$	$	$	$	$	$	$
Balance at 1 July 2021	**22,855,752**	**420,000**	**(8,161)**	**126,080**	**2,082,047**	**(5,725,840)**	**19,749,878**
Equity issues	639,000	-	-	-	(441,614)	-	197,386
Equity issue expenses	-	-	-	-	-	-	-
Foreign exchange on translation of operations	-	-	(136,755)	-	-	-	(136,755)
Share based payments	-	-	-	-	89,233	-	89,233
Loss for the period	-	-	-	-	-	(812,067)	(812,067)
Other comprehensive income	-	(255,000)	-	-	-	-	(255,000)
Total comprehensive loss for the period	-	(255,000)	-	-	-	(812,067)	(1,067,067)
Balance at 31 December 2021	**23,494,752**	**165,000**	**(144,916)**	**126,080**	**1,729,666**	**(6,537,907)**	**18,832,675**

The accompanying notes form part of these financial statements.

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	Group 31 December 2022 $	Group 31 December 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		**(750,188)**	(352,834)
Interest received		**4**	588
Interest paid		**(1,951)**	(2,867)
Payment for exploration and evaluation		**(4,321,853)**	(1,845,703)
Net cash used in operating activities		**(5,073,988)**	(2,200,816)
Cash flows from investing activities			
Acquisition of plant and equipment		**(109,104)**	(54,837)
Net cash used in investing activities		**(109,104)**	(54,837)
Cash flows from financing activities			
Proceeds from equity issues		**5,928,222**	-
Proceeds from shares pending allotment		**50,190**	-
Payment for costs of equity issues		**(95,532)**	-
Proceeds from borrowings		**1,028,292**	-
Repayment of borrowings		**(9,302)**	(4,883)
Net cash (used in)/from financing activities		**6,901,870**	(4,883)
Net increase/(decrease) in cash held		**1,718,778**	(2,260,536)
Cash and cash equivalents at beginning of the period		**691,835**	3,380,644
Foreign exchange effect on cash and cash equivalents		**4,410**	(130,326)
Cash and cash equivalents at period end	3	**2,415,023**	989,782

The accompanying notes form part of these financial statements.

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1. *Corporate information*

This half year report covers Pivotal Metals Limited (formerly Rafaella Resources Limited) and the entities it controlled at the end of, or during, the half-year ended 31 December 2022 (the "Group"). The presentation currency of the Group is Australian Dollars ("$"). A description of the Group's operations is included in the review and results of operations in the Directors' Report. The Directors' Report is not part of the financial statements. The Group is a for-profit entity and limited by shares incorporated in Australia whose shares are traded under the ASX code "PVT". The financial statements were authorised for issue on 16 March 2023 by the Directors. The Directors have the power to amend and reissue the financial statements. The principal accounting policies adopted in the preparation of the financial statements are set out below.

2. *Accounting policies*

a. Basis of preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 'Interim Financial Reporting'. These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 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 principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as a convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

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2. *Accounting policies (continued)*

b. New or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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	Group 31 December 2022 $	Group 30 June 2022 $
3. *Cash and cash equivalents*		
Cash at bank	**2,241,736**	498,046
Term deposits	**173,287**	193,789
	2,415,023	691,835
4. *Trade and other receivables*		
Accrued interest revenue	**51**	3
Tax refunds	**697,886**	592,760
	697,937	592,763
5. *Plant and equipment*		
Cost	**4,976,421**	2,004,163
Accumulated Depreciation	**(2,864,065)**	(119,734)
Written down value at end of period	**2,112,356**	1,884,429
Written down value at beginning of period	**1,884,429**	48,046
Acquired upon acquisition of Tungsten San Finx SLU	**-**	2,072,464
Additions	**109,104**	54,545
Disposals	**(7,548)**	-
Foreign exchange translation	**167,193**	(212,814)
Depreciation	**(40,822)**	(77,812)
Written down value at end of period	**2,112,356**	1,884,429

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	Group 31 December 2022 $	Group 30 June 2022 $
6. *Exploration and evaluation assets*		
Balance at beginning of year	**18,435,732**	15,499,598
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of Tungsten San Finx SLU	**-**	77,397
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of the Horden Lake project[9]	**4,907,184**	-
Exploration and evaluation expenditure incurred during the year	**1,242,085**	2,433,737
Exploration expenditure acquired – fair value of exploration expenditure acquired from the acquisition of the Alotta and Lorraine project	**-**	425,000
Impairment	**(16,531,525)**	-
Balance at end of period	**8,053,476**	18,435,732

On 23 November 2022, the Company announced that it had been notified by the Department of Mines in Galicia that is has commenced a review process that could eventually lead to the cancellation of the Santa Comba concessions. The Company is continuing discussions with the relevant authorities and believes activities underway will lead to the withdrawal of the process, however the Board has decided to take the prudent approach of writing the asset's value to $Nil until such time as the situation is resolved.

7. *Trade and other payables*		
Accrued expenses	**54,112**	28,139
Director payables	**12,031**	3,103
Trade creditors	**645,388**	572,946
	711,531	604,188

[9] Consideration for the acquisiton of the Horden Lake project consisted of CAD1,500,000 in shares and CAD 3,000,000 in cash.

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	Group 31 December 2022 $	Group 30 June 2022 $
8. *Convertible notes*		
Face value[10]	**1,000,000**	-
Interest	**2,667**	-
	1,002,667	-

	Group 31 December 2022 No.	$	Group 30 June 2022 No.	$
9. *Contributed equity*				
Balance at beginning of year	**234,787,926**	**25,785,157**	171,842,418	22,855,752
Share issue: 19 August 2021	**-**	**-**	15,000,000	-
Share issue: 19 August 2021	**-**	**-**	3,900,000	639,000
Share issue: 22 February 2022	**-**	**-**	31,649,998	1,899,000
Share issue: 28 April 2022	**-**	**-**	2,266,666	136,000
Share issue: 24 May 2022	**-**	**-**	8,333,333	325,000
Share issue: 14 June 2022	**-**	**-**	1,795,511	72,000
Share issue: 5 August 2022	**46,035,923**	**1,064,326**	-	-
Share issue: 29 September 2022	**46,768,426**	**1,035,674**	-	-
Share issue: 11 October 2022	**24,000,000**	**874,500**	-	-
Share issue: 24 November 2022	**4,571,429**	**160,000**	-	-
Share issue: 16 December 2022	**60,517,187**	**2,541,722**	-	-
Share issue: 20 December 2022[11]	**38,377,698**	**1,611,863**	-	-
Share issue: 22 December 2022	**6,952,381**	**292,000**	-	-
Share issue: 22 December 2022	**3,268,300**	**157,205**	-	-
Share issue costs	**-**	**(294,000)**	-	(141,595)
Balance at end of year	**465,279,270**	**33,228,447**	234,787,926	25,785,157

[10] On 16 December 2022 the Group issued 1,080,000 convertible securities with a face value of $1.00 each, for total proceeds of $1,000,000. Interest is paid at the end of the conversion period at a rate of 8% based on the face value. The notes are convertible into fully paid ordinary shares of the Company, at any time at the option of the Group, or repayable on 17 March 2024. The conversion rate is 1 fully paid ordinary share for every convertible security held, exercisable at the lower of $0.045 and 92% of the average of 5 day preceding the conversion notice date VWAP not less than the extension price.

[11] A total of 38,377,698 shares amounted to CAD1,500,000 were issued as consideration for the acquisition of Horden Lake project.

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	Group 31 December 2022 $	Group 30 June 2022 $
10. *Reserves*		
Fair value through other comprehensive income reserve		
Balance at beginning of period	**15,000**	420,000
Revaluation of investments	**(15,000)**	(405,000)
Balance at end of period	**-**	15,000
Foreign currency translation reserve		
Balance at beginning of period	**(384,579)**	(8,161)
Foreign exchange on translation of operations	**136,145**	(376,418)
Balance at end of period	**(248,434)**	(384,579)
Options reserve		
Balance at beginning of period	**126,080**	126,080
Options issued	**-**	-
Balance at end of period	**126,080**	126,080
Share based payments reserve		
Balance at beginning of period	**1,621,523**	2,082,047
Options granted[13]	**166,642**	100,500
Performance rights granted	**-**	94,196
Performance rights converted	**-**	(441,614)
Performance rights expired	**-**	(306)
Valuation adjustment	**-**	(213,300)
Balance at end of period	**1,788,165**	1,621,523

[13]Variables used to calculate the valuations of option by using Hoadley ESO2 valuation model are as follows:

Inputs	Director Placement, Placement & Broker Options
Number of options	10,500,000
Exercise price	$0.05
Expiry date	29-Sep-25
Grant date	23-Sep-22
Issue date	29-Sep-22
Share price at grant date	$0.035
Risk free interest rate	3.63%
Volatility	85%
Option value	$0.01488

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	Group 31 December 2022 No.	Group 30 June 2022 No.
10. *Reserves (continued)*		
Unlisted options		
Balance at beginning of period	**69,821,424**	51,663,095
Options granted – share based payment	**-**	1,500,000
Options granted – free attaching	**-**	16,658,329
Options granted	**10,500,000**	-
Options expired	**(47,663,095)**	-
Balance at end of period	**32,658,329**	69,821,424
Listed options		
Balance at beginning of period	**-**	27,098,036
Options expired	**-**	(27,098,036)
Balance at end of period	**-**	-
Performance rights		
Balance at beginning of period	**4,042,799**	7,800,000
Performance rights granted	**-**	168,957
Performance rights converted	**-**	(3,900,000)
Performance rights cancelled	**(142,799)**	-
Performance rights expired	**(2,900,000)**	(26,158)
Balance at end of period	**1,000,000**	4,042,799

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11. *Operating segments*

The Group has determined operating segments based on the information provided to the Board of Directors. The Group operates predominantly in one business segment being the exploration for minerals in three geographic segments, being Australia, Spain and Canada.

	Australia	Canada	Spain	Corporate	Total
31 December 2022					
Segment revenue	-		269	51	**320**
Segment loss	-	(592,924)	(16,212,182)	(656,436)	**(17,461,542)**
Segment assets	-	6,350,726	3,550,166	3,717,934	**13,618,826**
Segment liabilities	-	(150,971)	(209,327)	(3,643,847)	**(4,004,145)**
30 June 2022					
Segment assets	-	1,456,052	18,424,064	2,227,537	**22,107,653**
Segment liabilities	-	(25,739)	(298,150)	(2,438,618)	**(2,762,507)**
31 December 2021					
Segment revenue	-	-	30,833	564	**31,397**
Segment loss	-	(23,665)	(42,833)	(745,569)	**(812,067)**

12. *Events after the end of the reporting period*

There are no matters or circumstances have arisen since the end of the period which will significantly affect, or may significantly affect, the state of affairs or operations of the Group in future financial years other than the following:

- On 1 February 2023, the water authority, Aguas de Galicia awarded the water permit for San Finx. This award effectively unlocks the project and the Company is now commencing the execution of its restart plan, including the construction of the water treatment plant.[12]
- On 3 March 2023 the Company issued 7,142,858 shares at $0.042 each to Steven Turner, Robert Wrixon and Daniel Roseas part of the placement announced on 12 December 2022, as approved by shareholders at the 2 March 2023 General Meeting.
- On 5 March 2023 1,000,000 performance rights expired unconverted.

[12] See ASX announcement dated 3 February 2023 "San Finx water discharge permit is awarded"

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	Group 31 December 2022 $	Group 30 June 2022 $
13. *Commitments and contingencies*		
a. Commitments relating to operating and exploration expenditures		
Not longer than 1 year	**794,623**	1,772,833
More than 1 year but not longer than 5 years	**6,195,061**	534,325
More than 5 years	**2,280,073**	2,200,483
	9,269,757	4,507,641

13. *Commitments and contingencies (continued)*

b. Contingent assets

There are no contingent assets as at 31 December 2022.

c. Contingent liabilities

There are no contingent liabilities as at 31 December 2022.

14. *Interests in controlled entities*

Company Name	Place of Incorporation	31 December 2022 % Ownership	30 June 2022 % Ownership
Yukon Metals Pty Ltd	Australia	100%	100%
Biscay Minerals Pty Ltd	Australia	100%	100%
Overland Resources (BC) Limited	Canada	100%	100%
9426-9198 Québec Inc	Canada	100%	100%
Galicia Tin & Tungsten SL	Spain	100%	100%
Rafaella Recursos España Capital Sociedad Limitada	Spain	100%	100%
Rafaella Recursos España Servicios Sociedad Limitada	Spain	100%	100%
Tungsten San Finx S.L.U	Spain	100%	100%

15. *Related party transactions*

During the reporting year, there were the following related party transactions:

- During the period, the Company paid $53,392 of consultancy fees to Susana Garcia (spouse of Steven Turner) in regards to work performed for Galicia Tin & Tungsten SL and Tungsten San Finx S.L.U. Ms. Garcia is a professional senior business consultant having worked at international consultancy firms and brings over 20 years of relevant experience. Commercial terms for the engagement were approved by the Board.

16. *Dividends*

No dividends were paid or declared during the half-year. The Directors do not recommend the payment of a dividend.

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In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the financial half year ended on that date; and

- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

_____

Peter Hatfull
Non-Executive Chairman

16 March 2023

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Pivotal Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Pivotal Metals Limited which comprises the consolidated statement of financial position as at 31 December 2022, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Pivotal Metals Limited is not in accordance 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 Pivotal Metals Limited in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Directors' Responsibility for the Half-Year Financial Report

The directors of Pivotal Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is 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. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 16 March 2023

AIK KONG TING
Partner

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