

SATURN METALS



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Financial Report

for the half-year ended 31 December 2023

Saturn Metals Limited

ABN: 43 619 488 498

CORPORATE DIRECTORY

Directors

Brett Lambert	Non-Executive Chairman
Ian Bamborough	Managing Director
Andrew Venn	Non-Executive Director
Robert Tyson	Non-Executive Director
Adrian Goldstone	Non-Executive Director

Registered Office & Principal Place of Business

9 Havelock Street
WEST PERTH WA 6005
Telephone: + 61 (0)8 6234 1114
Email: info@saturnmetals.com.au
Website: www.saturnmetals.com.au

Company Secretary

Natasha Santi

ABN: 43 619 488 498
ACN: 619 488 498

Share Registry

Link Market Services Limited
Level 12 QV1 Building
250 St Georges Terrace
PERTH WA 6000

Telephone: +61 1300 554 474
Facsimile: +61 (0)2 9287 0303
Website: www.linkmarketservices.com

Auditors

BDO Audit (WA) Pty Ltd
Level 9, Mia Yellagonga Tower 2
5 Spring Street
PERTH WA 6000

Stock Exchange Listing

Securities of Saturn Metals Limited are listed on the Australian Securities Exchange (ASX).
ASX Code: STN

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DIRECTORS REPORT

The Directors present their report together with the consolidated financial statements of the Group comprising of Saturn Metals Limited (“Saturn” the “Group” or the “Company”) and its subsidiary for the financial half-year ended 31 December 2023 and the auditor’s report thereon.

Directors

The following persons were directors of Saturn during the financial period and up to the date of this report.

Brett Lambert – Non-Executive Chairman
Andrew Venn – Non-Executive Director
Adrian Goldstone – Non-Executive Director

Ian Bamborough – Managing Director
Robert Tyson – Non-Executive Director

Principal Activities

The principal activity of the Group is the exploration for economic deposits of precious metals with the objective of progressing discoveries through to profitable mining operations.

For the period of this report, the emphasis has been gold focused exploration and mine development studies on the Company’s **principal** project located near Leonora, in Western Australia.

Review of Operations

Financial Review

During the half year the Group incurred a loss from ordinary activities after income tax of \$1,350,019 (31 December 2022: \$1,482,569).

The Group had a cash balance of \$7,751,818 as at 31 December 2023 (30 June 2023: \$3,504,209).

Corporate Review

During the half-year period, Saturn completed a placement to existing, and new sophisticated and institutional investors which resulted in the issue of 48,000,000 new ordinary shares. Shares were issued in two tranches with 28,532,049 shares issued on 23 October 2023 and 19,467,951 shares issued on 6 December 2023. The issue was completed at a share price of 12.5 cents per share and raised \$6,000,000 (before costs). In addition, Saturn completed a shareholder share purchase plan, issuing 13,569,600 new shares to existing shareholders on 27 November 2023 at a price of 12.5 cents per share to raise \$1,696,200.

Saturn completed the issue of 2,000,000 unlisted Director performance rights, which are subject to performance hurdles and 3,100,000 unlisted Director options, which are subject to vesting over a period of time. Shareholder approval for these issues was received at the Annual General Meeting held on 29 November 2023.

During the period, employees exercised 708,000 performance rights which saw the issue of 708,000 new shares to employees of the Company.

Operations Review

Saturn Metals’ vision is to bring its large scale, low cost, Apollo Hill gold project into production in the heart of Western Australia’s Goldfields. A growing resource, excellent metallurgy and early studies are showing the potential for a scalable, single, simple, open pit operation with an uncomplicated flow sheet.

During the period, the Company published its first preliminary economic assessment on the Apollo Hill Deposit.

The following sections are a summary of the work undertaken, and results returned during the half year period.

DIRECTORS REPORT (Cont.)

Positive Apollo Hill Preliminary Economic Assessment Published

Open pit mine and heap leach processing facility projected to generate more than \$1 billion EBITDA over life of mine at a base case gold price of A\$2,665 /oz¹.

- Preliminary Economic Assessment (**PEA**) based on development of a large scale open pit mine and 10 Mtpa heap leach processing facility at the wholly owned Apollo Hill Gold Project to produce 122 koz pa.
- Strong free cash flow averaging \$90 million per annum with payback after 2.8 years of production, and 30% internal rate of return over life of mine (**LOM**).
- LOM undiscounted, pre-tax, free cashflow of \$688 million over 10-year term (A\$2,665 /oz sale price) increases to \$1,021 million at A\$2,950 /oz.
- PEA is based on planned mining inventory of 93.9 Mt grading 0.54 g/t Au containing 1,636 koz; the Project has an initial 10.5 year mine life based on the current Mineral Resource.

PEA (or Scoping Study) based on undertaking large scale bulk open pit mining coupled with conventional heap leach processing to produce gold doré on site highlights the potential for the Apollo Hill Gold Project to support a viable standalone gold mining and processing operation (Table 1).

Table 1 – Apollo Hill PEA Results

Apollo Hill Gold Project Total Mineral Resource ²			
Measured	5 Mt	0.55 g/t	82 koz
Indicated	54 Mt	0.53 g/t	912 koz
Inferred	47 Mt	0.56 g/t	845 koz
Total Resource	105 Mt	0.54 g/t	1,839 koz
Capital Costs			
10.0 Mtpa Process Facility (eg. crushers)		A\$M	134
Plant Infrastructure (eg. ponds)		A\$M	80
Heap Leach Pad		A\$M	6
Other Infrastructure (eg. buildings/roads)		A\$M	42
Open Pit - early-stage establishment & material movements		A\$M	18
Owners Costs		A\$M	7
Contingency		A\$M	16
Total Pre-Production Capital Costs		A\$M	304
Capital Cost / LOM Gold Production		A\$/oz	260
NPV _{7%} (unleveraged and pre-tax) / Capital		ratio	1.3
Heap Leach Pad (Sustaining Capital)		A\$M	15
Process Plant Major Maintenance		A\$M	10
Closure		A\$M	21

¹ Complete details of the Preliminary Economic Assessment were published in the ASX Announcement dated 17 August 2023 titled "Updated Preliminary Economic Assessment". Saturn reports that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and there have been no adverse material changes.

² Complete details of the Mineral Resource (105 Mt @ 0.54 g/t Au for 1,839,000 oz Au) and the associated Competent Persons Statement were published in the ASX Announcement dated 28 June 2023 titled "Apollo Hill Gold Resource Upgraded to 1.84Moz". Saturn reports that it is not aware of any new information or data that materially affects the information included in that announcement and that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and there have been no adverse material changes.

DIRECTORS REPORT (Cont.)

Production Summary			
PEA Mining Inventory	93.9 Mt	0.54 g/t	1,636 koz
Life-of-Mine (LOM)		Years	10
LOM Strip Ratio		Waste : Ore	1.5:1
LOM Gold Production		oz	1,226,826
LOM Average Annual Gold Production		oz	122,441
Processing Rate		Mtpa	10
LOM Average Gold Recovery		%	75
LOM Operating Costs			
Mining		A\$/t processed	11.27
Processing (average LOM)		A\$/t processed	9.46
Administration		A\$/t processed	1.87
C1 Costs		A\$/oz	1,730
		A\$/o	
All in Sustaining Cost (AISC)		z	1,857
Project Economics			
LOM Revenue		A\$M	3,269
LOM Pre-Tax Net Cashflow		A\$M	688
NPV _{7%} (unleveraged and pre-tax)		A\$M	388
IRR (unleveraged, pre-tax, and calculated on an annual basis)		%	30
Payback (unleveraged and pre-tax)		Years	2.8

At full scale production, 10 Mtpa of ore is planned to be mined, with life of mine production totalling 93.9 Mt grading 0.54 g/t for 1.64 Moz of contained gold. Life of mine waste movement totals 140.7 Mt, equating to an average waste to ore ratio of 1.5:1.

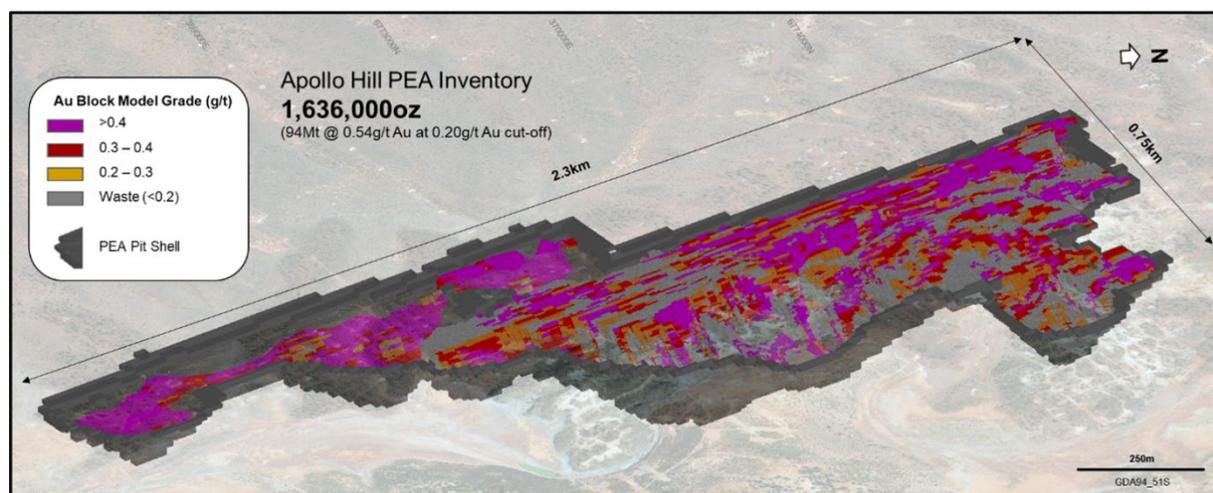


Figure 1 – Block Model

Mining has been scheduled in seven stages to maintain stable production rates and consistent total annual material movement. However, due to the presence of near surface higher grade mineralisation, in the first two years the gold grade is forecast to be higher than average at 0.57 g/t and the strip ratio will be lower at 1.2:1, contributing to the project's short capital payback period of 2.8 years.

DIRECTORS REPORT (Cont.)

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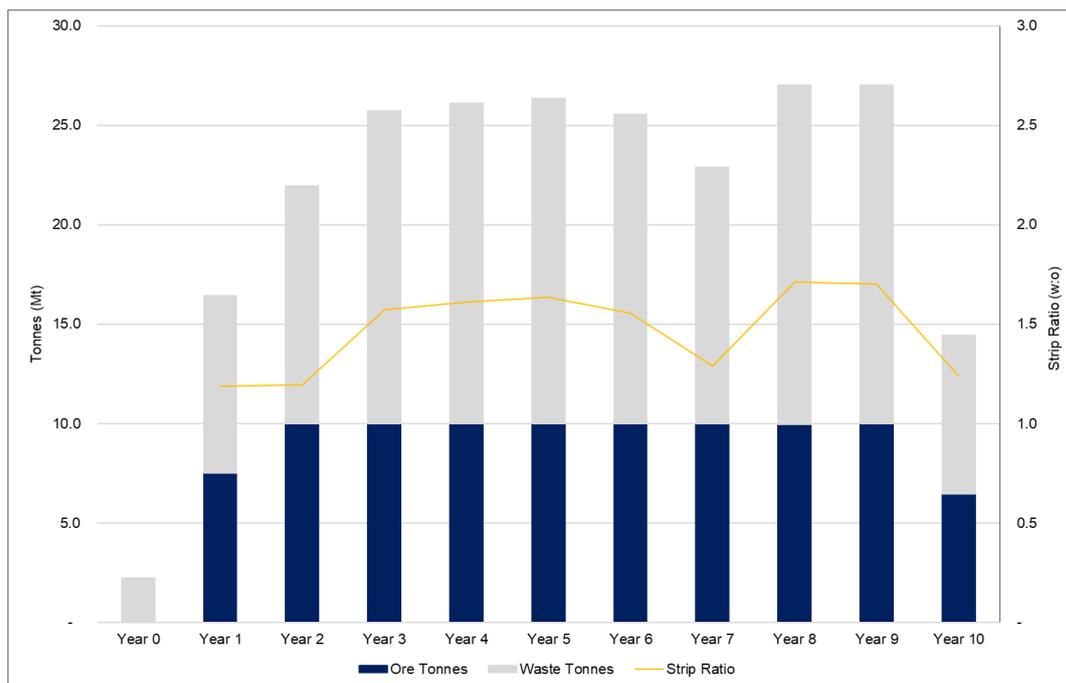


Figure 2 – Open Pit Annualised Mine Tonnes with Strip Ratio

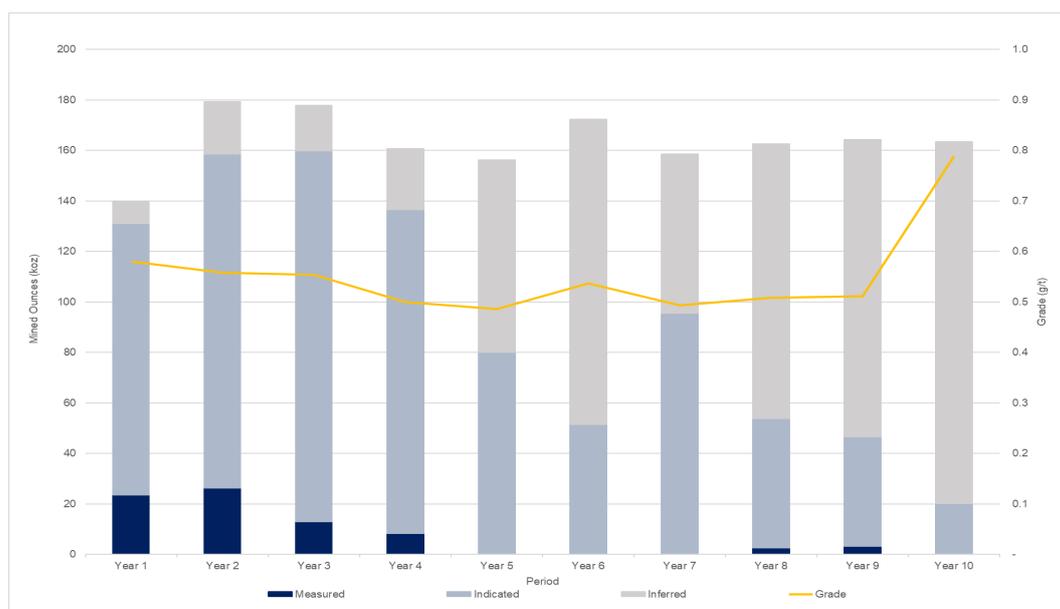


Figure 3 – Open Pit Mined Ounces by Mineral Resource Category

Apollo Hill Resource – Other Study Work

Other study work undertaken or commenced during the half year to 31 December 2023 included work focussed on evaluating the viability of scale up test work (including a bulk sample pit and associated pilot heap leach treatment facility). The Company has engaged renowned engineering service providers, GR Engineering Services, Kappes Cassiday and Knight Piesold to provide pre- and full feasibility level support to the pilot assessment with study results expected in the first half of calendar 2024.

Geotechnical Diamond Drilling Proposed Bulk Sample Pit Location

Following the completion of geotechnical logging and testing of two diamond holes previously completed for 80.4m at the proposed bulk sample pit location, the core was assayed and returned high grade, thick near surface intersections including:

DIRECTORS REPORT (Cont.)

- **16.6m @ 14.50g/t Au** from 11m – AHDD0018
 - including **11.1m @ 21.55g/t Au** from 16.1m
 - including **4.7m @ 49.25g/t Au** from 17.4m
- **18.6m @ 0.90g/t Au** from SURFACE – AHDD0017
 - including **11m @ 1.33g/t Au** from 2m



Plate 1: AHDD0018 (0.6 m @ 333 g/t Au from 20.2 m) – visible gold in quartz veins – HQ3 core

Process Metallurgy Study – Excellent Recovery at Wider Grade Ranges and Finer Fresh Rock Crush Sizes

As part of pre-feasibility (PFS) work seeking improvement in metallurgical process performance, a program of five composite column leach tests was carried out. The columns comprised samples of drill core representing the deposit's dominant fresh basalt, dolerite and schist rock types (grading between 0.22 g/t Au and 1.35 g/t Au). The tests determine the effect of a finer crush size (closed-circuit high pressure grinding roll (HPGR) crushing at a P100 size of 4 mm) on gold recovery and impact on materials handling and geotechnical properties.

Four of the five column tests were finalised by the half year end, returning an excellent average recovery of 87.2 %. Figure 4 demonstrates a narrow spread of overall gold extraction results, with only a minor increase in leaching time (average of 114 days) in comparison to the previously reported P100 8 mm HPGR results (which returned an average recovery of 79.1 % in 100-110 days). Results reaffirmed the low variability and highly predictable leaching characteristics of Apollo Hill mineralisation.

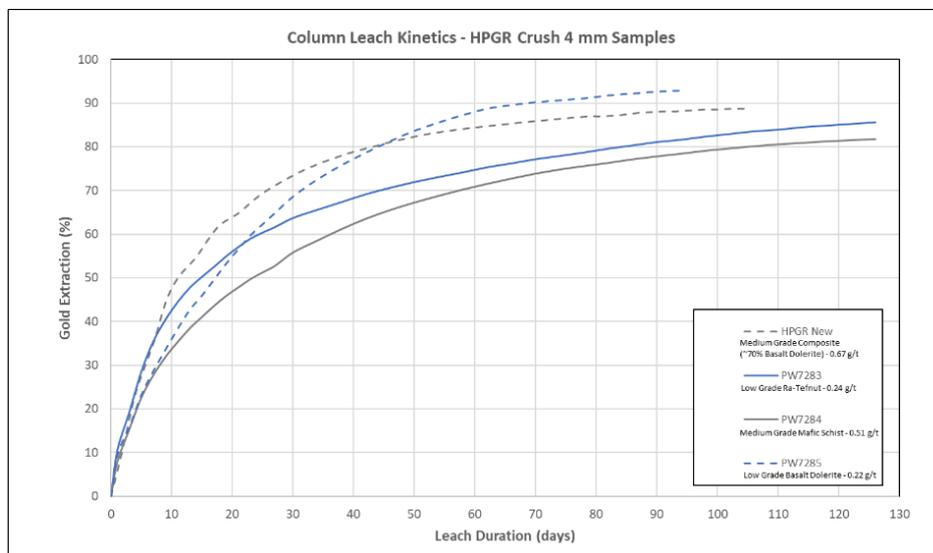


Figure 4: Column Leach Recovery Test Curves 4 mm P100 HPGR – strong leach kinetics – a predictable narrow band of recovery results.

Successful Hydrogeology & Water Search Activities

An electromagnetic (EM) survey completed across the Apollo Hill tenement package identified credible high volume freshwater targets. First pass drill testing of these EM targets with aircore pilot test holes successfully confirmed several good quality water sources proximal to Apollo Hill. Production bore drilling around these successful pilot holes is planned in the next half year. This work will provide definitive sustainable water volume and quality data and support hydrogeological impact assessments and groundwater extraction licence applications already in progress.

DIRECTORS REPORT (Cont.)

Apollo Hill Regional Exploration

During the half year aircore (AC) drilling and geochemical soil sampling were completed on the regional exploration land package. These activities were undertaken as part of Saturn's continuous strategy of exploring the extent of its large (+1,000 km²) strategic land package.

Aircore Drilling

Regional exploration AC drilling completed consisted of 61 drill holes for 4,220 m. The drill program was designed to test wide spaced greenfield targets and a brownfield target, the Channel Prospect (locations also illustrated in Figure 5).

Significant results from the wide spaced drilling included AHAC1863 – 3 m @ 1.59 g/t Au from 50 m (Figure 5). AC drilling at the Channel Prospect (Figure 5) returned a significant intersection of 8m @ 1.30 g/t Au from 61m in hole AHAC1839. Drilling continues to outline a large regional gold system.

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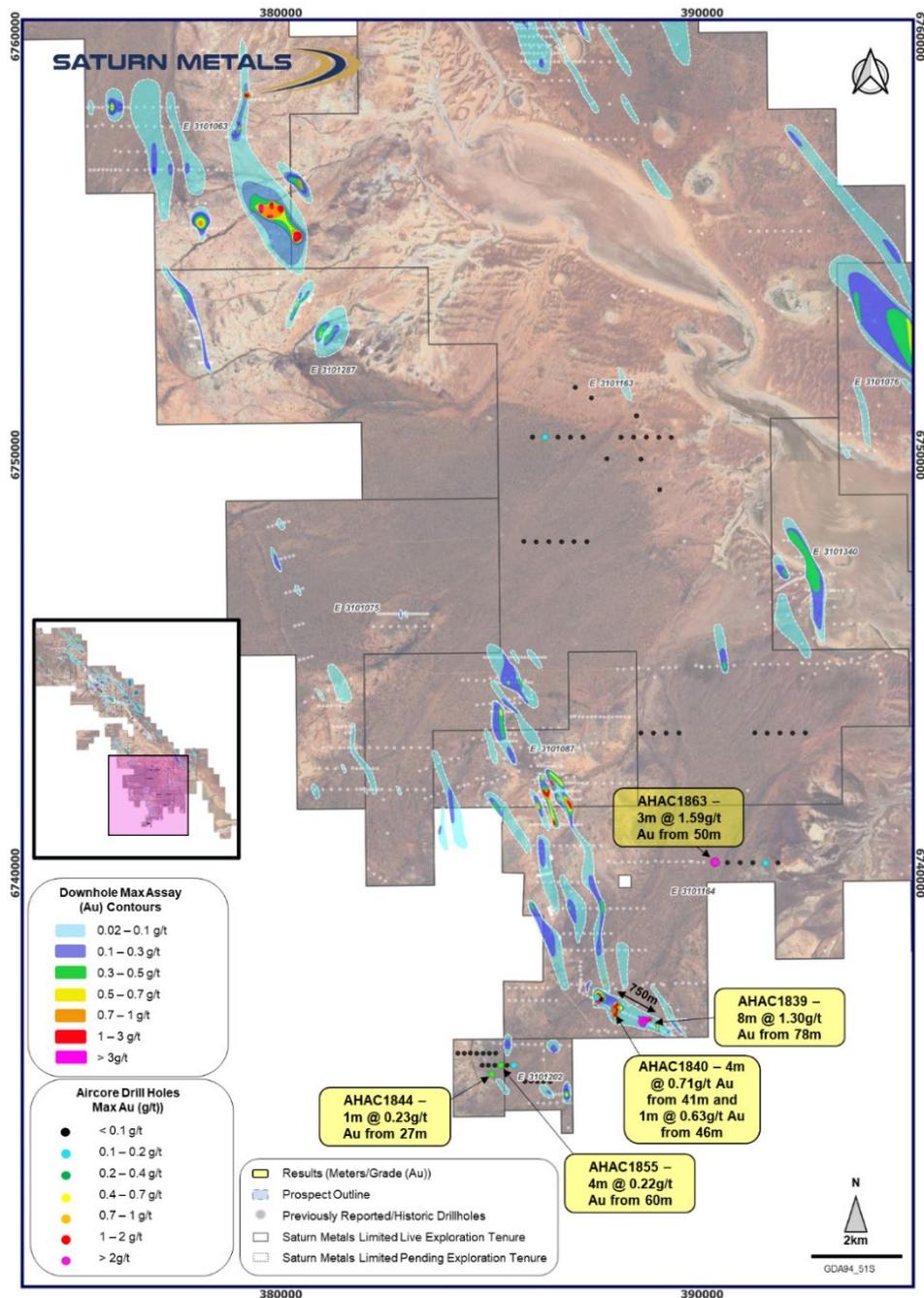


Figure 5: Aircore exploration drilling holes visible as coloured circles. Historical gold anomalism seen as maximum Au (g/t) contours.

DIRECTORS REPORT (Cont.)

Geochemical Studies

A total of 462 soil samples were collected with gold (Au), tungsten and bismuth (Bi) anomalism recognised in the soil samples. Figure 6 illustrates interpreted gold (ppb) contours from these new results. The plotted gold contours align with previously interpreted structural lineaments, revealing new first pass drill targets in a historically unidentified region.

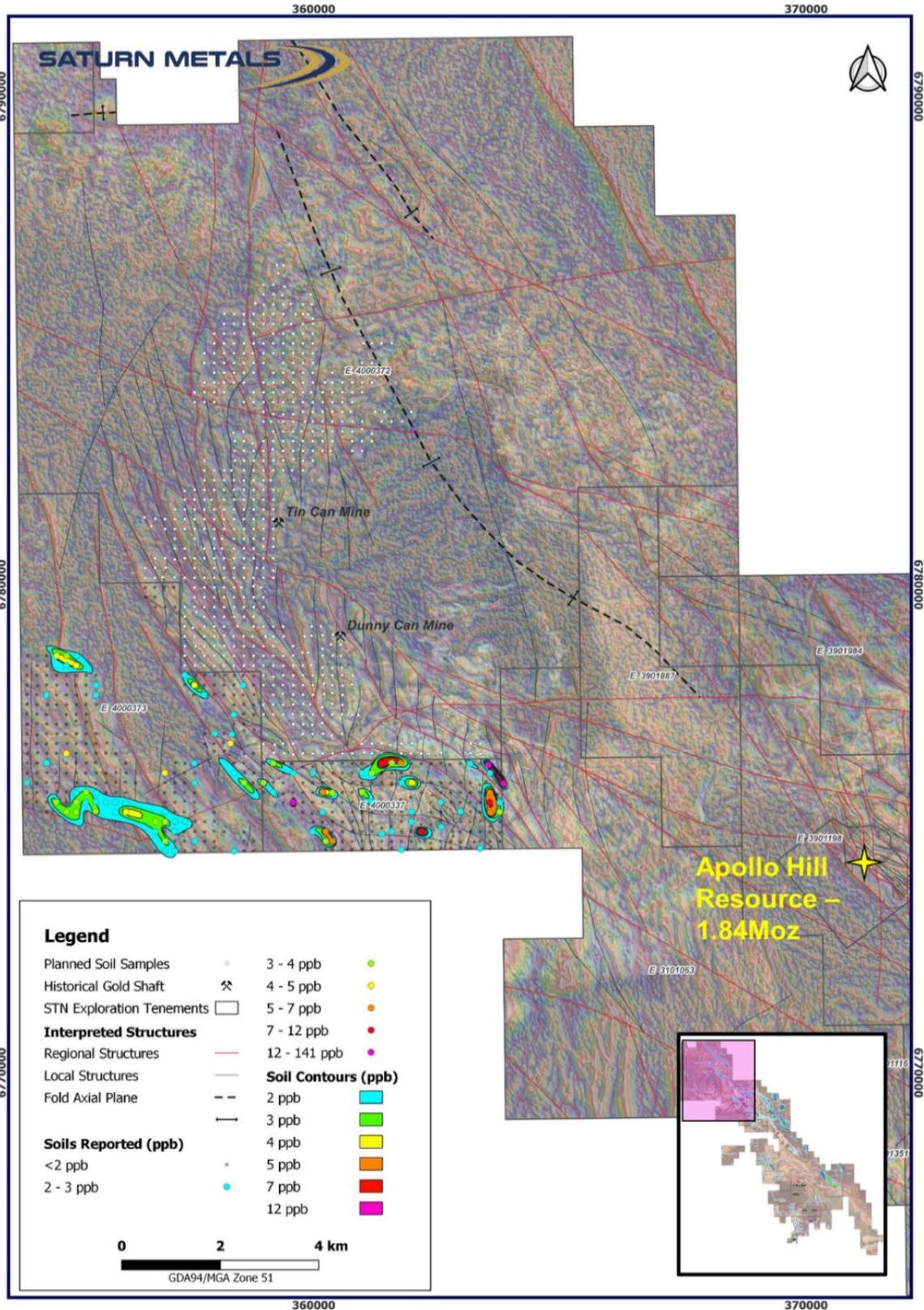


Figure 6: Soil samples collected and planned. Interpreted Au (ppb) gold contours demonstrated around collected samples.

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DIRECTORS REPORT (Cont.)

West Wyalong Exploration – NSW

During the half year AC drilling and geochemical soil sampling were completed on Saturn Metals' West Wyalong Joint Venture Project in New South Wales.

Aircore Drilling

The drill program was designed to test northern and southern extensions of the Mallee Bull Reef Line, which historically produced over 128,000 oz at 50 g/t Au up to 1915³ and to test the Pioneer Lode. Both Lodes are part of the West Wyalong Gold Field which operated mainly between 1894 and 1915, with gold production totalling approximately 439,000 oz Au at 36 g/t Au⁴.

Drilling focussed on the Pioneer Lode to follow up on new rock chip results of 95 g/t Au (rock chip WWRK0017) and 20.9 g/t Au (rock chip WWRK0015) (location of significant rock chips illustrated in Figure 9). Significant results returned from the Pioneer Lode AC drilling included:

- 4m @ 1.19g/t Au from 16m – WWAC258;
- 3m @ 0.97g/t Au from 42m including 1m @ 1.32g/t Au from 42m – WWAC260; and
- 7m @ 0.48g/t Au from 66m – WWAC277.

Both the WWAC260 and WWAC277 AC holes intercepted stope material from historical workings along with quartz veining. Important drill intercepts from the program are illustrated in Figure 7 and Figure 8.

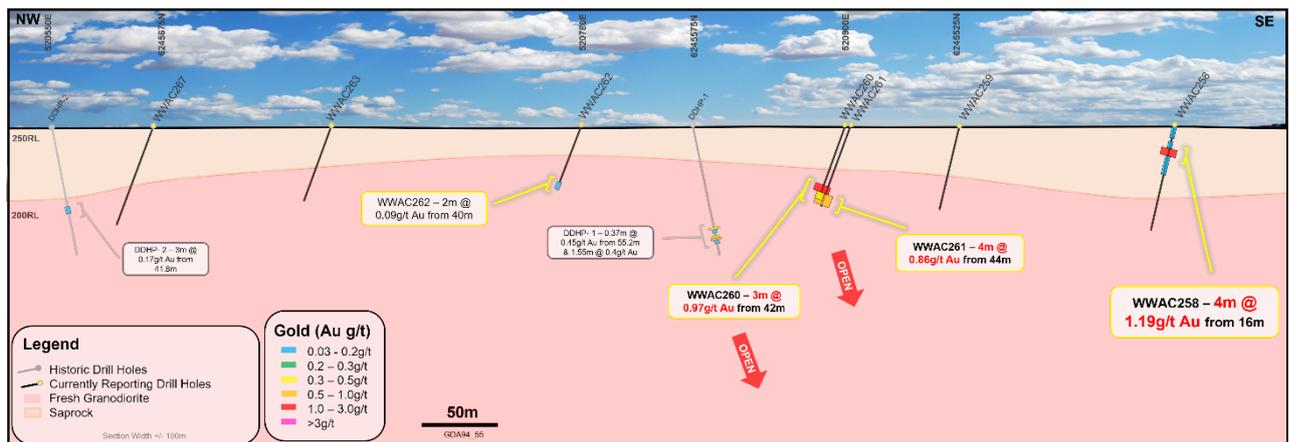


Figure 7: Long Cross Section of Saturn Metals 'Pioneer' Prospect. Historical hole traces seen in grey and recently reported intercepts in white.

³ Bowman 1977, refer ASX Announcement dated 28 April 2020 titled "Saturn Joint Ventures into Second Gold Asset – High Grade West Wyalong Gold Field".

⁴ GS1928/007 Geological Survey of New South Wales (1975) Annual Report Compilation, West Wyalong Division – Forbes Sheet R0018585 Table of historic production figures p.41/p42.

DIRECTORS REPORT (Cont.)

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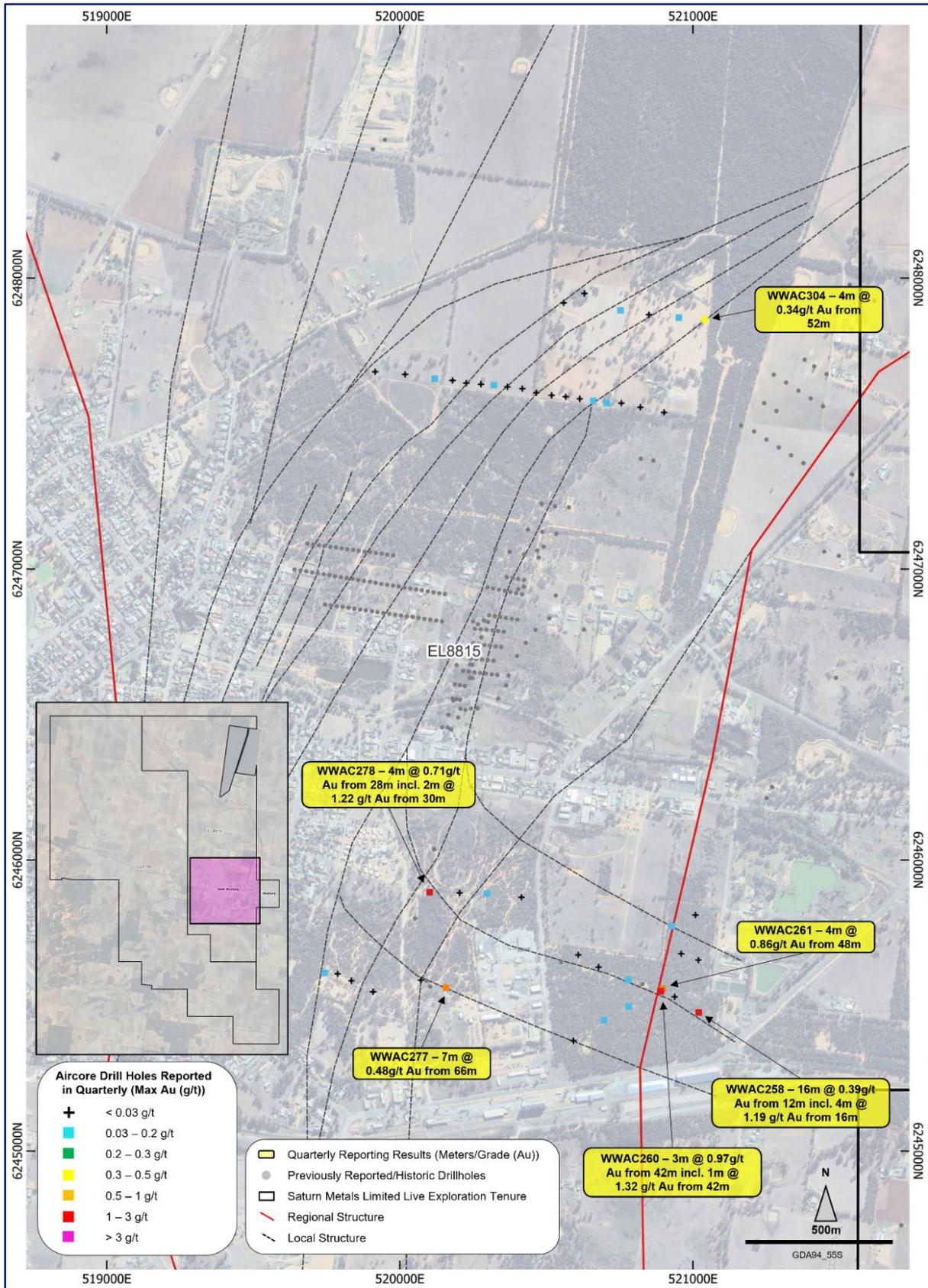


Figure 8: Aircore exploration drilling and results; reported holes visible as coloured circles.

DIRECTORS REPORT *(Cont.)*

Events Occurring After Reporting Period

Subsequent to the end of the reporting period Saturn elected to continue the West Wyalong joint venture and increased joint venture interest to 60%. Saturn's interest was earned by carrying out exploration programs and making a progress payment in accordance with the joint venture agreement (see ASX Announcement dated 28 April 2020), the latter satisfied by the issue on 22 February 2024 of 318,472 shares to the joint venture partners.

Other than set out above there are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Proceedings on Behalf of the Group

No person has applied for leave of court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the period.

Auditor's Independence Declaration

The lead auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors Report for the half-year ended 31 December 2023.

This report is made in accordance with a resolution of the board of directors and signed for on behalf of the board by:



Ian Bamborough
Managing Director
Perth, Western Australia
14 March 2024

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DECLARATION OF INDEPENDENCE BY DEAN JUST TO THE DIRECTORS OF SATURN METALS LIMITED

As lead auditor for the review of Saturn Metals Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Saturn Metals Limited and the entities it controlled during the period.



Dean Just
Director

BDO Audit (WA) Pty Ltd
Perth
14 March 2024

MINERAL RESOURCE ESTIMATION GOVERNANCE STATEMENT

There was no update to the Apollo Hill Mineral Resource estimate during the half year period.

Saturn Metals Limited has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Saturn Metals Limited carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company. Competent Persons Statements for the estimation are included in the following section of this report.

The Mineral Resource estimate for Apollo Hill was compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

Saturn Metals Limited has ensured that the Mineral Resource estimates are subject to good governance arrangements and internal controls. The Mineral Resources reported have been generated by independent external consultants who are experienced in best practices in modelling and estimation methods. The consultants have also undertaken a review of the quality and suitability of the underlying information used to generate the resource estimations. Additionally, Saturn Metals Limited carries out regular reviews and audits of internal processes and external contractors that have been engaged by the Company. Competent Persons Statements for the estimation are included on page 14.

The Mineral Resource estimate for Apollo Hill was compiled and reported in accordance with the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code) 2012 Edition.

As at 31 December 2023

June 2023 Apollo Hill Mineral Resource

Lower Cut-off Grade Au g/t	Oxidation state	Measured			Indicated			Inferred			MII Total		
		Tonnes	Au	Au Metal									
		(Mtonnes)	(g/t)	(KOzs)									
0.2	oxide	0.1	0.63	2.8	1.1	0.46	17	0.8	0.55	14	2.1	0.51	33
	transitional	2.1	0.57	39	8.9	0.51	145	3.1	0.56	56	14	0.53	239
	fresh	2.4	0.52	40	44	0.53	751	43	0.56	775	89	0.55	1,567
	total	4.7	0.55	82	54	0.53	912	47	0.56	845	105	0.54	1,839

The model is reported above the 2023 nominal RF1.0 pit optimization shell for RPEEE and 0.20 g/t Au lower cut-off grade for all material types. There is no depletion by mining within the model area. Estimation is by restricted OK (ROK) for all mineralised zones. The model currently assumes a 10mE x 25mN x 5mRL selective mining unit (SMU) for open pit mining. Selectivity may vary with changed mining and processing scenarios. The final models are SMU models and incorporate internal dilution to the scale of the SMU. The models do not account for mining related edge dilution and ore loss. Classification is according to JORC Code Mineral Resource categories. Measured is assigned only to areas having RC grade control drilling. Densities are assigned according to key lithological units and weathering oxidation states with values ranging from 2.1 to 2.9 t/m³. Totals may vary due to rounded figures.

Details of this Mineral Resource were reported to the ASX in an announcement titled 'Apollo Hill Gold Resource Upgraded to 1.84Moz' dated 28 June 2023.

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COMPETENT PERSONS STATEMENTS

Competent Persons Statements – June 2023 Mineral Resources

Apollo Hill and Apollo Hill Project

The information in this report that relates to exploration targets, geology, and exploration results and data compilation is based on information compiled by Ian Bamborough (IB), a Competent Person who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee (Managing Director) of the Company and a shareholder in the Company. Ian Bamborough has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Bamborough consents to the inclusion in the report of the matters based on her information in the form and context in which it appears.

The information in this announcement that relates to Apollo Hill Mineral Resource estimates (gold) is based on information compiled and generated by Ingvar Kirchner, an employee of AMC Consultants. Mr Kirchner consents to the inclusion, form and context of the relevant information herein as derived from the original resource reports. Mr Kirchner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which is being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the JORC 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Competent Persons Statement – Exploration

The information in this report that relates to exploration targets and exploration results is based on information compiled by Ian Bamborough, a Competent Person who is a Member of The Australian Institute of Geoscientists. Ian Bamborough is a fulltime employee and Director of the Company, in addition to being a shareholder in the Company. Ian Bamborough has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Ian Bamborough consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

^(a) This document contains exploration results and historic exploration results as originally reported in fuller context in Saturn Metals Limited ASX Announcements, Quarterly Reports and Prospectus – as published on the Company's website. Saturn Metals Limited confirms that it is not aware of any new information or data that materially affects the information on results noted.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half-year ended 31 December 2023

	Note	31 December 2023 \$	31 December 2022 \$
Interest and other income		27,939	20,887
Share-based remuneration	8	(208,240)	(242,209)
Employee and Directors' benefit expense		(521,545)	(593,999)
Administration expense		(422,325)	(387,018)
Finance costs		(1,274)	(3,591)
Exploration expenditure expensed		(224,231)	(55,408)
Impairment expense		(343)	(221,231)
Loss before income tax		(1,350,019)	(1,482,569)
Income tax benefit (expense)		-	-
Loss from continuing operations after income tax		(1,350,019)	(1,482,569)
Other comprehensive income		-	-
Total Loss and comprehensive income for the half-year attributable to the members of Saturn Metals Limited		(1,350,019)	(1,482,569)
Earnings per share:			
Basic Loss per share for the year attributable to the members of Saturn Metals Limited	7	(0.01)	(0.01)
Diluted Loss per share for the year attributable to the members of Saturn Metals Limited	7	(0.01)	(0.01)

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	31 December 2023 \$	30 June 2023 \$
Current Assets			
Cash and cash equivalents	1	7,751,818	3,504,209
Trade and other receivables		46,108	79,538
Other Current Assets		49,527	276,841
Total Current Assets		7,847,453	3,860,588
Non-Current Assets			
Trade and other receivables		42,974	42,974
Plant & equipment		180,803	261,637
Exploration assets	4	36,535,624	34,695,433
Total Non-Current Assets		36,759,401	35,000,044
Total Assets		44,606,854	38,860,632
Current Liabilities			
Trade and other payables		743,403	1,238,544
Lease liabilities		31,207	94,508
Total Current Liabilities		774,610	1,333,052
Total Liabilities		774,610	1,333,052
Net Assets		43,832,244	37,527,580
Equity			
Contributed equity	5	53,542,454	46,096,011
Accumulated losses	6	(12,703,580)	(11,353,561)
Share-based payment reserve	8	2,584,470	2,376,230
Option reserve	6	408,900	408,900
Total Equity		43,832,244	37,527,580

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

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2023

	Contributed Equity \$	Accumulated Losses \$	Share-based Payment Reserve \$	Option Revaluation Reserve \$	Total Equity \$
Balance at 1 July 2022	40,922,956	(7,763,047)	1,658,762	408,900	35,227,571
Loss for the half-year	-	(1,482,569)	-	-	(1,482,569)
Total comprehensive loss for the half-year	-	(1,482,569)	-	-	(1,482,569)
Issue of share capital	3,877,802	-	-	-	3,877,802
Share issue costs	(103,471)	-	-	-	(103,471)
Share based payments	-	-	242,209	-	242,209
Balance at 31 December 2022	44,697,287	(9,245,616)	1,900,971	408,900	37,761,542
Balance at 1 July 2023	46,096,011	(11,353,561)	2,376,230	408,900	37,527,580
Loss for the half-year	-	(1,350,019)	-	-	(1,350,019)
Total comprehensive loss for the half-year	-	(1,350,019)	-	-	(1,350,019)
Issue of share capital	7,696,200	-	-	-	7,696,200
Share issue costs	(249,757)	-	-	-	(249,757)
Share based payments	-	-	208,240	-	208,240
Balance at 31 December 2023	53,542,454	(12,703,580)	2,584,470	408,900	43,832,244

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2023

	Note	31 Dec 2023 \$	31 Dec 2022 \$
Cash flows from operating activities			
Payments to suppliers and employees		(756,560)	(827,898)
Net cash outflow from operating activities		(756,560)	(827,898)
Cash flows from investing activities			
Payments for exploration expenditure		(2,427,277)	(2,901,984)
Payments for purchase of plant and equipment		(1,395)	(8,930)
Interest received		27,939	20,887
Net cash outflow from investing activities		(2,400,733)	(2,890,027)
Cash flows from financing activities			
Proceeds from issue of shares		7,696,200	3,877,802
Transaction costs of issue of shares		(226,723)	(67,480)
Repayment of lease liability		(64,575)	(60,110)
Net cash inflow from financing activities		7,404,902	3,750,212
Net increase in cash and cash equivalents		4,247,609	32,287
Cash and cash equivalents at the beginning of the half-year		3,504,209	7,108,560
Cash and cash equivalents at the end of half-year		7,751,818	7,140,847

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

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NOTES TO THE FINANCIAL STATEMENTS

1. Basis of Preparation

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim 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 2023 and any public announcements made by Saturn Metals Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, with the exception of the adoption of new and amended standards as set out below.

(a) New and amended standards adopted by the group

Certain new accounting standards and interpretations have been published that are mandatory for the current reporting period and have not been early adopted by the group. The Group assessed that none of the new accounting standards and interpretations will have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

(b) Judgements and estimates

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at, and for the year ended 30 June 2023.

2. Significant Changes in the Current Reporting Period

During the half-year period, Saturn completed a placement to existing, and new sophisticated and institutional investors which resulted in the issue of 48,000,000 new ordinary shares. Shares were issued in two tranches with 28,532,049 shares issued on 23 October 2023 and 19,467,951 shares issued on 6 December 2023. The issue was completed at a share price of 12.5 cents per share and raised \$6,000,000 (before costs).

In addition Saturn completed a shareholder share purchase plan, issuing 13,569,600 new shares to existing shareholders on 27 November 2023 at a price of 12.5 cents per share to raise \$1,696,200.

Saturn completed the issue of 2,000,000 unlisted Director performance rights, which are subject to performance hurdles and 3,100,000 unlisted Director options, which are subject to vesting over a period of time. Shareholder approval for these issues was received at the Annual General Meeting held on 29 November 2023.

During the period, employees exercised 708,000 performance rights which saw the issue of 708,000 new shares to employees of the Company.

The Group had no other significant changes in the reporting period to disclose.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

3. Contingencies & Commitments

The Group had no contingent assets or liabilities as at 31 December 2023 (30 June 2023: \$Nil).

Exploration commitments

Under the terms of mineral tenement licences held by the Group, minimum annual expenditure obligations are required to be expended during the forthcoming financial year in order for the tenements to maintain a status of good standing. This expenditure may be subject to variation from time to time in accordance with the relevant state department's regulations. The Group may at any time relinquish tenements and as such avoid the requirement to meet applicable expenditure requirement or may seek exemptions from the relevant authority. Expenditure commitments under the terms of mineral tenement licences within one year at the reporting date but not recognised as liabilities were \$1,042,100 (30 June 2023: \$994,600).

4. Exploration & Evaluation Assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

	31 December 2023 \$	30 June 2023 \$
At cost	36,535,624	34,695,433
Reconciliation:		
Opening balance	34,695,433	28,379,483
Exploration expenditure	2,064,765	7,444,508
Exploration expenditure expensed	(224,231)	(112,980)
Impairment	(343)	(1,015,578)
Closing balance	36,535,624	34,695,433

5. Contributed Equity

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of and amounts paid on the shares held.

	December 2023		June 2023	
	Number of Shares	\$	Number of Shares	\$
Opening balance	161,030,605	46,096,011	129,899,177	40,922,956
Shares issued:				
Conversion performance rights	708,000	-	106,000	-
Share placement	48,000,000	6,000,000	31,025,428	5,394,922
Shareholder share purchase plan	13,569,600	1,696,200	-	-
Transaction costs on share issues	-	(249,757)	-	(221,867)
Closing balance	223,308,205	53,542,454	161,030,605	46,096,011

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

6. Reserves & Accumulated Losses	31 December 2023	30 June 2023
(a) Accumulated losses	\$	\$
Opening balance	11,353,561	7,763,047
Loss for the period	1,350,019	3,590,514
Closing balance	<u>12,703,580</u>	<u>11,353,561</u>
(b) Share-based payments reserve		
Opening balance	2,376,230	1,658,762
Options expenses (Directors options)	111,065	271,928
Options expenses (Employee options)	34,127	109,475
Lapsed options (Employee options)	(55,755)	-
Performance rights expenses (Director's rights)	131,754	263,163
Lapsed performance rights (Director's Rights)	-	(135,800)
Performance rights expenses (Employee's rights)	144,393	344,509
Lapsed performance rights (Employee's Rights)	(157,344)	(135,807)
Closing balance	<u>2,584,470</u>	<u>2,376,230</u>
(c) Option revaluation reserve		
Opening balance	408,900	408,900
Options issued to third party	-	-
Closing balance	<u>408,900</u>	<u>408,900</u>

7. Loss Per Share

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2023	2022
Basic loss per share	\$	\$
Loss from continuing operations attributable to the ordinary equity holders of the Group	(0.01)	(0.01)
Diluted loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Group	(0.01)	(0.014)
Reconciliation of loss used in calculation of loss per share		
Loss from continuing operations attributable to the ordinary equity holders of the Group per share	(1,350,019)	(1,482,569)
Weighted average number of shares used as the denominator	Number of Shares 2023	Number of Shares 2022
Weighted average number of shares used in calculating basic loss per share	<u>177,201,065</u>	<u>131,655,428</u>

Effect of dilutive securities

Options and Performance Rights on issue at reporting date could potentially dilute earnings per share in the future. The effect in the current period is to reduce the loss per share hence they are considered anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

8. Share-Based Payments

During the period directors and employees held a total of 802,200 performance rights which lapsed when hurdles for vesting were not met. A further 450,000 unvested performance rights and 750,000 unvested and unquoted options lapsed with the cessation of an employee's employment.

In addition, during the half year 2,000,000 performance rights were issued to the Managing Director, and 3,100,000 unquoted options issued to Non-Executive Directors.

(a) Performance Rights

On 29 November 2023, 2,000,000 Director Performance Rights were granted. The Performance Rights were granted in three tranches (30% Tranche 1 and 2 and 40% Tranche 3) for nil consideration.

Fair value of performance rights granted in the half year to 31 December 2023

Performance Rights (Tranche 1, 2 and 3)

The fair value of the for each tranche of the Performance Rights is determined to be 13.75 cents per performance right issued to a Director.

The performance rights were valued on a prorated basis as a result of the non-market vesting conditions attached. The fair value at grant date is determined using a Black-Scholes option model that takes into account the exercise price, the term of the performance right, the share price at grant date. Performance rights granted during the 6 months ended 31 December 2023 included:

	Director
Exercise price	Nil
Grant date	29 November 2023
Performance measurement date – Tranche 1	31 December 2025
Performance measurement date – Tranche 2	29 November 2025
Performance measurement date – Tranche 3	30 June 2026
Expiry date	29 November 2026
Share price at issue date	\$0.1375
Expected price volatility	69%
Expected dividend yield	0%
Risk-free interest rate	4.012%

(b) Unquoted Options

On 29 November 2023, 3,100,000 Director unquoted options were granted, for nil consideration.

Fair value of unquoted options granted in the half year to 31 December 2023:

3,100,000 options issued to Director's vest in one tranche over a one-year period with 100% vesting 12 months from the grant date. The fair value at grant date is determined using a Black-Scholes option model that takes into account the exercise price, the term of the unquoted options and the share price at grant date. Unquoted options granted during the 6 months ended 31 December 2023 included:

	Director
Exercise price	\$0.20
Grant date	29 November 2023
Expiry date	29 November 2026
Share price at issue date	\$0.1375
Expected price volatility	69%
Expected dividend yield	0%
Risk-free interest rate	4.012%
Fair value per unquoted option	\$0.0523

NOTES TO THE FINANCIAL STATEMENTS (Cont.)

9. Related Party Transactions

There were no related party transactions in the half year period to 31 December 2023.

Key Management Personal Remuneration

Details of the Group's key management personnel compensation arrangements are provided in the Remuneration Report and the Notes to the Financial Statements contained in the Group's Annual Report for the year ended 30 June 2023.

Significant changes in the nature of key management personal compensation since 30 June 2023 are as follows.

- On 29 November 2023, 3,100,000 unquoted options with an exercise price of \$0.20 per share, expiring 29 November 2026 were granted to Non-Executive Directors.

Non-Executive Director	Options
Brett Lambert	1,000,000
Robert Tyson	700,000
Andrew Venn	700,000
Adrian Goldstone	700,000
	<u>3,100,000</u>

- On 29 November 2023, 2,000,000 performance rights were granted to the Managing Director.

Managing Director	Performance Rights
Ian Bamborough	2,000,000
	<u>2,000,000</u>

Other than as set out above, the Group had no other transactions with related parties.

10. Events After the Reporting Period

Subsequent to the end of the reporting period Saturn elected to continue the West Wyalong joint venture and increased joint venture interest to 60%. Saturn's interest was earned by carrying out exploration programs and making a progress payment in accordance with the joint venture agreement (see ASX Announcement dated 28 April 2020), the latter satisfied by the issue on 22 February 2024 of 318,472 shares to the joint venture partners.

Other than set out above there are no matters or circumstances that have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

The Board of Directors of Saturn Metals Limited declares that:

- (a) the financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) give a true and fair view of the financial position as at 31 December 2023 and performance for the half-year ended on that date and
- (b) 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 and is signed for and on behalf of the directors by:



Ian Bamborough
Managing Director
Perth, Western Australia
14 March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Saturn Metals Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Saturn Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, significant accounting policy information and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- i. Giving a true and fair view of the Group's financial position as at 31 December 2023 and of its financial performance for the half-year ended on that date; and
- ii. Complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

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

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

Responsibility of the directors for the financial report

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

Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

BDO Audit (WA) Pty Ltd



Dean Just

Director

Perth, 14 March 2024