



ABN 43 119 759 349

INTERIM FINANCIAL REPORT

**FOR THE HALF YEAR ENDED
30 JUNE 2023**

Directors

Mr. Ross Ashton (Non-Executive Chairman)
Mr. Jason Stirbinskis (Managing Director)
Mr. Kevin Wilson (Non-Executive Director)

**Chief Financial Officer and
Company Secretary**

Mr. Michael Allen

Registered Office

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88 William Street
West Perth, WA 6000
Australia

Principal Place of Business

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Auditor

Grant Thornton Audit Pty Ltd
Central Park
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Australia

Stock Exchange Listing

LCL Resources Limited shares are listed on the Australian Securities Exchange
(ASX Code: LCL)

Company Website

lclresources.au

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity', 'Consolidated Group' or the 'Group'), consisting of LCL Resources Limited (referred to hereafter as 'LCL', the 'Company' or the 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 30 June 2023.

Directors

The following persons were Directors of LCL Resources Limited during the whole of the financial half-year and up to the date of this report:

Ross Ashton	Non-Executive Chairman
Jason Stirbinskis	Managing Director
Kevin Wilson	Non-Executive Director

Principal Activities

LCL Resources Limited (ASX: LCL) (LCL or the Company) is a gold and battery metals explorer now focussed on exploration in two countries, Papua New Guinea ("PNG") and Colombia.

The Company's focus during the half-year was predominantly mineral exploration on the assets held in PNG. A review of the operations of the Group during the half-year and the results of those operations are set out in the Review of Operations on pages 3 to 11 of this report.

Dividends

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

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to \$1,843,168 (30 June 2022: loss of \$1,820,501).

The AGM for the 2022 Financial Year was held in March, during which shareholders resolved to change the Company name from Los Cerros Limited to LCL Resources Limited. The catalyst for the name change and re-brand was the current exploration focus on PNG assets secured in November 2022.

The Company ended the half year with \$5.8M cash and 794,304,460 shares on issue.

LCL is pleased to provide the following operational report for the half year January to June 2023.

Papua New Guinea

Summary

After completing the purchase of a 100% interest in Footprint Resources Pty Ltd ("Footprint") in late November 2022¹, the focus of the half year was critically reviewing the large amount of data obtained through the purchase, prioritising targets and commissioning initial field programs including a 3,000m drilling program at the Kusi gold/copper target.

By June 2023 the Kusi drilling program had delivered encouraging gold assay results across seven drill cores with most delivering over 50 gram meters (metal factor) with the best result of **52m @ 3.65g/t Au from 164m including 6.68m @ 10.91g/t Au from 171.75m and 7.5m @ 14.87g/t Au from 191.7m in KU23DD004²**.

In June, the Company announced the execution of a binding Tenement Sales Agreement with Munga River Limited (Munga), to acquire, subject to licence renewal, 100% ownership of a tenement adjoining the Company's Veri Veri Nickel

¹ See ASX announcement dated 25 November 2022. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

Project. In July, LCL announced the results of Veri Veri reconnaissance field work including finding the source of high grade nickel sulphide float. In late July the Company announced results of a review of targets within its camp-scale nickel portfolio, including confirmation of an undrilled **7km x 4km stream sediment nickel anomaly at Wedei**, and multiple additional undrilled nickel stream sediment anomalies prospective for sulphide and lateritic nickel across 2,400km² (as at June 30 2023) of granted licences and pending applications⁷.

Great start to Kusi drilling

The Company's maiden drilling program at Kusi, part of the 100% owned Ono Project in PNG, commenced in March with assays from the first four diamond cores released prior to 30 June 2023. Of particular interest are the results from KU23DD004 and KU23DD005 (Figures 1 and 2). Drill results included²:

76.4m @ 1.34g/t from 106.9m including 15.2m @ 4.45g/t Au from 138.2m in KU23DD001

39.8m @ 1.85g/t Au from 143.2m, including 13.6m @ 3.14g/t Au from 169.4m in KU23DD002

7.3m @ 2.25g/t Au from 160.7m and 11m @ 4.36g/t Au from 182m in KU23DD003

52m @ 3.65g/t Au from 164m including 6.68m @ 10.91g/t Au from 171.75m and 7.5m @ 14.87g/t Au from 191.7m in KU23DD004

77.9m @ 1.53g/t Au from 118.1m, including 56m @ 1.97g/t Au from 124m and 12.2m @ 5.15g/t Au, 2.5% Zn from 270.3m in KU23DD005 (announced in July).

29m @ 1.35g/t Au from 135m and 3.2m @ 6.14g/t Au from 202m and 3m @ 3.6g/t Au from 226m in KU23DD006 (announced in July)

89m @ 0.39g/t Au from 124m including 5.5m @ 1.75g/t Au from 205.8m in KU23DD007 (announced in July)

The program has now delivered numerous intercepts exceeding >50 gram-metres (gm) Au (metal factor) with an additional three historical drill cores of compelling metal factors (Figure 3). These results, combined with trenching, rock chip sampling, soil sampling, and mapping, thus far define a 600m north-south zone of skarn mineralisation.

Drilling remains ongoing as part of an initial 3,000m program and will include further step out drilling at Kusi and initial drill testing of Leah's Lode, a second skarn target <1km northeast of the current drilling area (Figure 1).

Target delineation field work confirms potential scale of Kusi

The objective of a surface sampling and mapping program was to gauge the potential scale of skarn style mineralisation in surrounding areas of minimal outcrop, steep topography and dense vegetation (Figure 1). The southern field program delivered very encouraging trench results including **4m @ 16.7g/t Au** in trench 24 and **2.4m @ 4.7g/t Au** in trench 19³. Both of these trenches were excavated in steeply dipping terrain which prevented completion of trenching across the entire thickness of the target Upper Limestone. In trench 24 the highest sampled interval of 1m grading 59g/t Au was from the southern end of the trench. Individual rock chips from limited outcrops in this region delivered: **47.8g/t Au, 6.7% Cu and 1.8% Zn; 74g/t Au; 13.8g/t Au;** and **33g/t Au**⁴. The nearby trench 1 delivered **20m @ 3.84g/t Au**².

Limited scout trenching targeting the northern area intersected phyllite with associated silicification, interpreted to lie above the Upper Limestone, returning **13m @ 0.7g/t Au** in trench 18 and **10m @ 0.45g/t Au** in trench 6⁴. The mineralisation in both trenches remains open in all directions. Results at this first northern area field campaign, ~1km from current drilling, have confirmed the modelled widespread distribution of gold anomalism.

² Refer to ASX announcements 24 April 2023 (KU23DD001), 18 May 2023 (KU23DD002 to '04), 5 July 2023 (KU23DD005) & 25 July 2023 (KU23DD006 to '07) for more information. The Company confirms that it is not aware of new information that affects the information contained in the original announcements.

³ Refer to ASX announcements 25 November 2022, 16 February 2023 & 9 May 2023. The Company confirms that it is not aware of new information that affects the information contained in the original announcements.

⁴ Refer to ASX announcements 9 May 2023. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

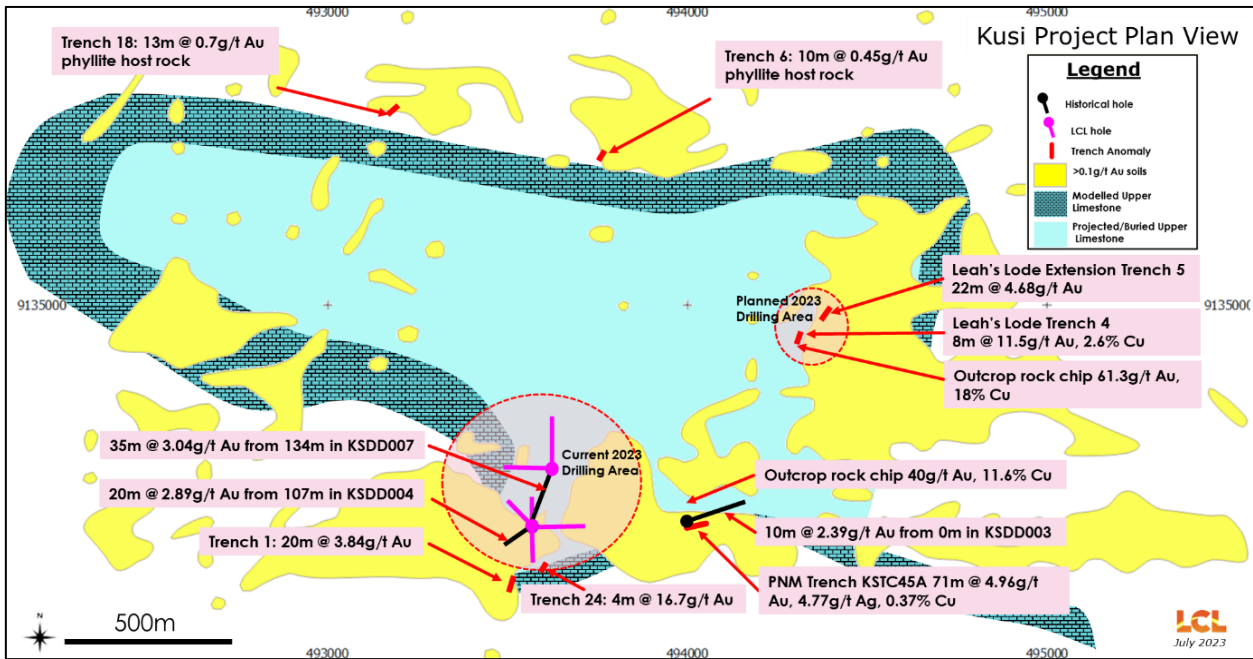


Figure 1: Plan view of Kusi showing location of current and planned drilling areas, gold in soil geochemical anomalies, and modelled "Upper Limestone" skarn unit³. See Figure 2 for enlargement of current drilling area.

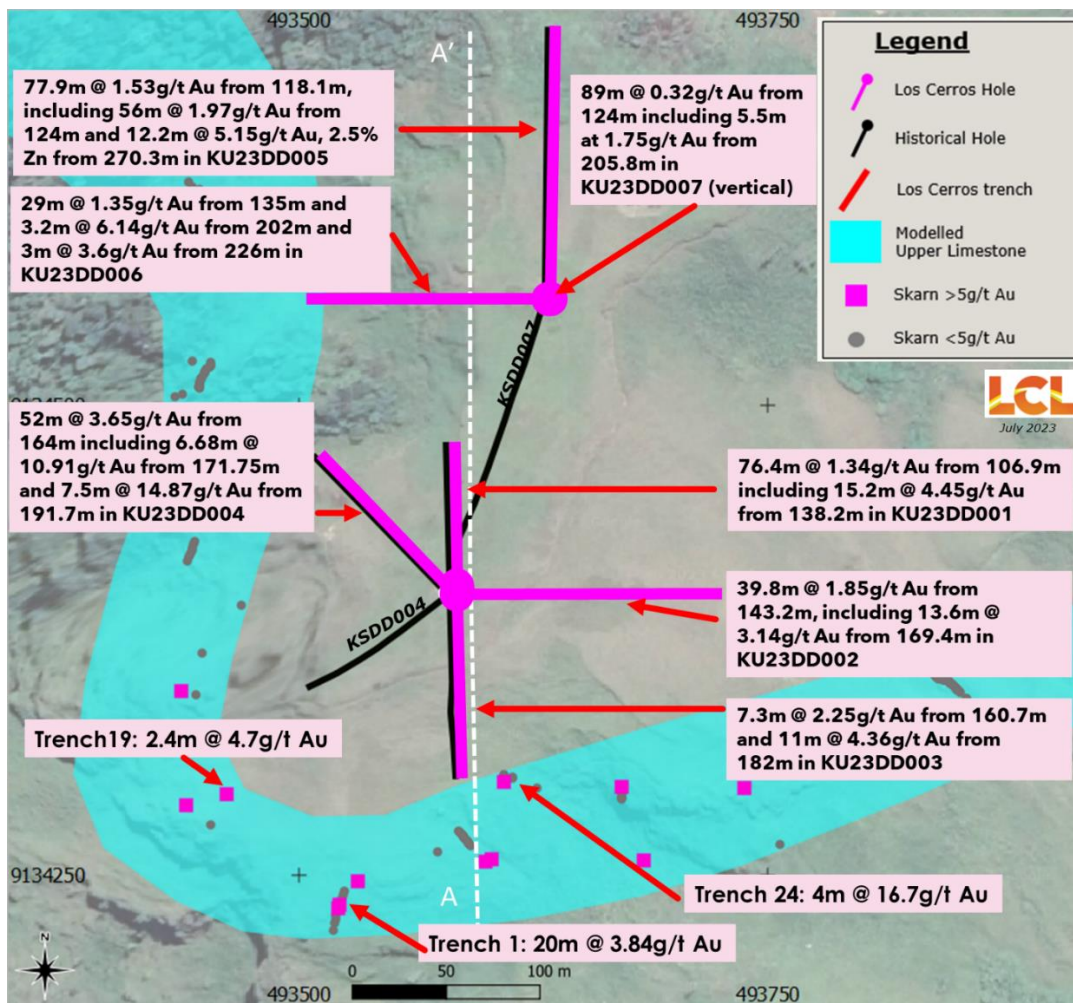


Figure 2: Plan view of reported LCL drill holes, historical drill hole traces, modelled Upper Limestone outcrop and LCL skarn sample locations.^{1,2}

Acquisition expands Veri Veri nickel project. Source of high grade nickel sulphide float found

In June, the Company announced the execution of a binding Tenement Sales Agreement (**Agreement**) with Munga River Limited (**Munga**), a private PNG exploration company, to acquire 100% ownership of exploration permit EL2566 (Figure 3) adjoining the Company's Veri Veri Nickel Project to the east⁵. The agreement is subject to renewal of EL2566 and transfer of title to LCL. Key elements of the transaction include:

1. Issue of 6,700,617 fully paid LCL ordinary shares to Munga on completion of the transfer of EL2566 to LCL.
2. Grant of a 2% NSR (**Royalty**) to Munga on minerals extracted from EL2566. LCL has the right to purchase the Royalty for a cash payment of AUD\$5 million at any time.
3. Finders' fees comprise a non-refundable payment of AUD\$5,000 to a shareholder of Munga (**Finder**); and a further payment of AUD\$20,000 and the issue of 1,340,123 fully paid LCL ordinary shares to the Finder on completion of the transfer of EL2566 to LCL.
4. LCL may withdraw from the Agreement if completion does not occur within 6 months of signing.

In July, LCL announced the results of Veri Veri reconnaissance field work including finding the source of high grade nickel sulphide float, including boulders up to 1m in diameter. The field work identified a 200m wide corridor which contains numerous serpentinised shear zones containing lenses (**boudins**) of nickel rich sulphides.

The Company is encouraged by the very high grade and frequency of nickel sulphide boudins noted along and across the strike of the corridor, and its potential to yield bulk nickel grades of economic significance (Figure 4). LCL geologists were impressed with "boulder fields" of nickel sulphides and, when random pits/trenches were excavated within the corridor, nickel sulphide bearing outcrops up to **13.38% Ni and 5.35g/t Au**⁶ were found that confirmed surface boulders (boudins) to be *in situ* (Plate 1), and not transported float. LCL outcrop rock chip sampling also confirmed historical rock grab samples, taken by a previous explorer GMX, of up to **19.8% Ni, 8.7g/t Au**⁶.

The area of interest hosts ultramafic rocks (peridotites, pyroxenites and dunites) of the Papuan Ultramafic Belt (PUB) of southern PNG proximal to the Keveri Fault. In late July the Company announced results of a review of targets within its camp-scale nickel portfolio, including confirmation of an undrilled **7km x 4km stream sediment nickel anomaly at Wedei**, as well as the Iyewe nickel sulphide prospect and multiple additional undrilled nickel stream sediment anomalies prospective for sulphide and lateritic nickel (Figures 3 & 5)⁷.

In August, subsequent to the end of the period, the Company announced it has executed a binding Tenement Sales Agreement (**Agreement**) with Papuan Minerals Limited (**Papuan**), an unlisted public PNG exploration company, to acquire 100% ownership of exploration licences EL 2391 and EL 2560⁸. LCL's Nickel Project now totals 3,400km² of granted licences and pending applications and captures ~130km strike length of the Keveri Fault.

⁵ See ASX announcement 26 June 2023.

⁶ See ASX announcement of 20 July 2023. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

⁷ See ASX announcement of 27 July 2023. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

⁸ See ASX announcement 30 August 2023 for agreement terms and additional detail.

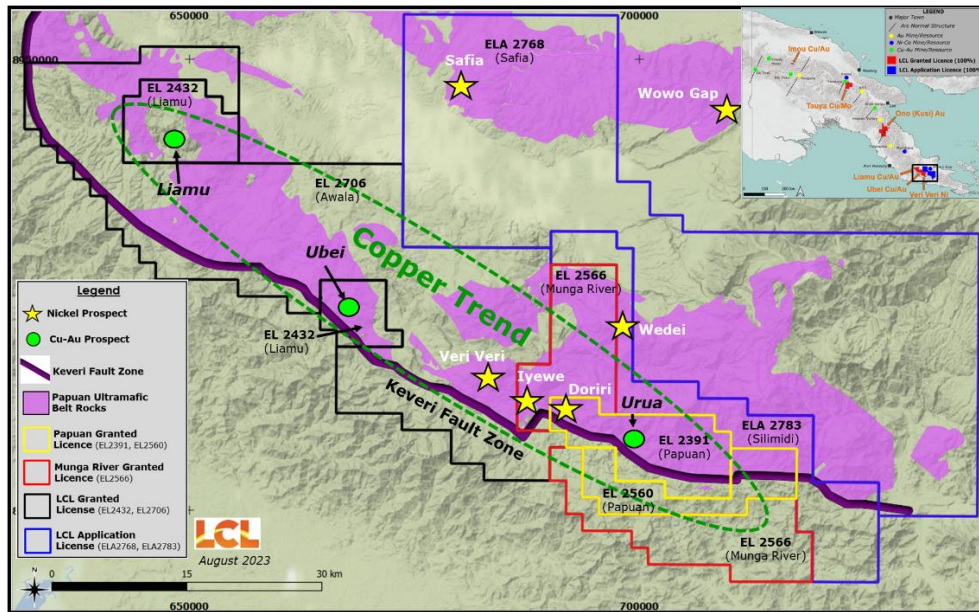


Figure 3: LCL licences (EL) and applications (ELA) capture a large portion of the nickel bearing PUB (purple). The Veri Veri and Iyewe nickel sulphide prospects are located adjacent to the Keveri Fault within the PUB. LCL licences and applications capture 130km of the Keveri Fault and also include the emerging nickel targets at Wedei and Safia.

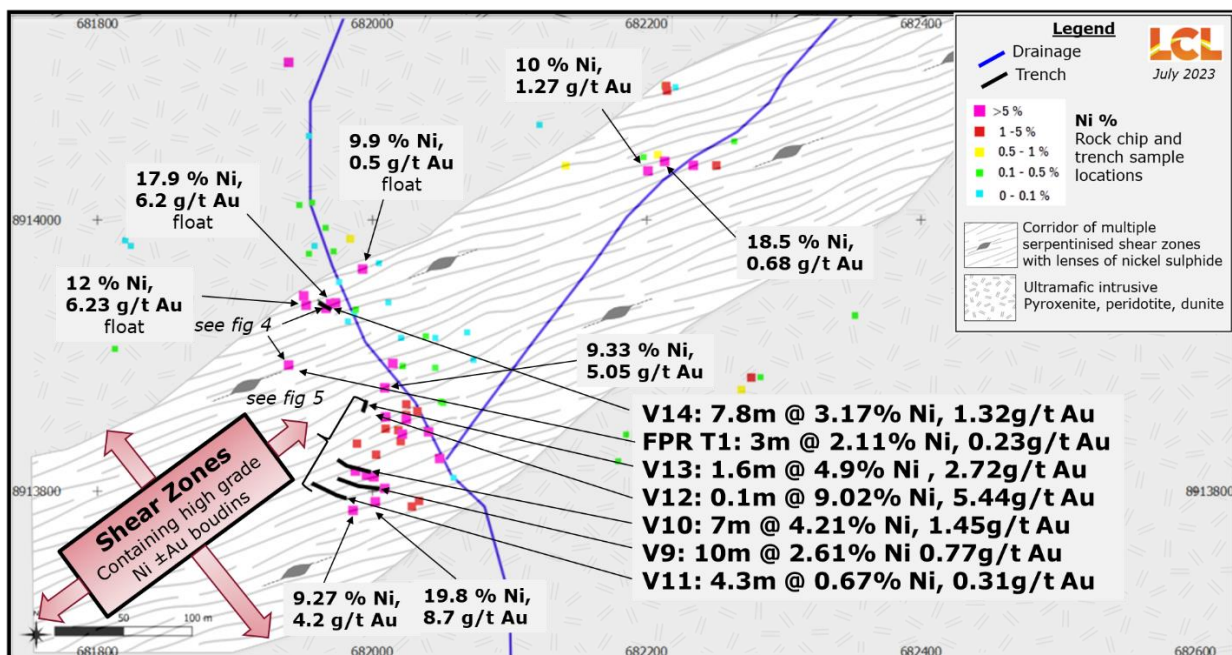


Figure 4: A corridor of shear zones, ~200m wide and open along strike, has been mapped containing boudins of very high-grade Ni ± Au mineralisation. The high grade and volume of boudins, and repetitive nature of the shear zones, provides the potential to 'bulk up' to grades of interest, as evidenced by assays from the numerous trenches across the corridor⁶.



Plate 1: Examples of in-situ boudins of high grade nickel sulphide exposed in pits/trenches. Plate 1B sample 176019: 13.4% Ni, 5.4g/t Au⁶ - 10cm x 30cm boudin of nickel sulphide, garnierite, magnetite and trace molybdenite hosted in a shear striking 050 degrees.

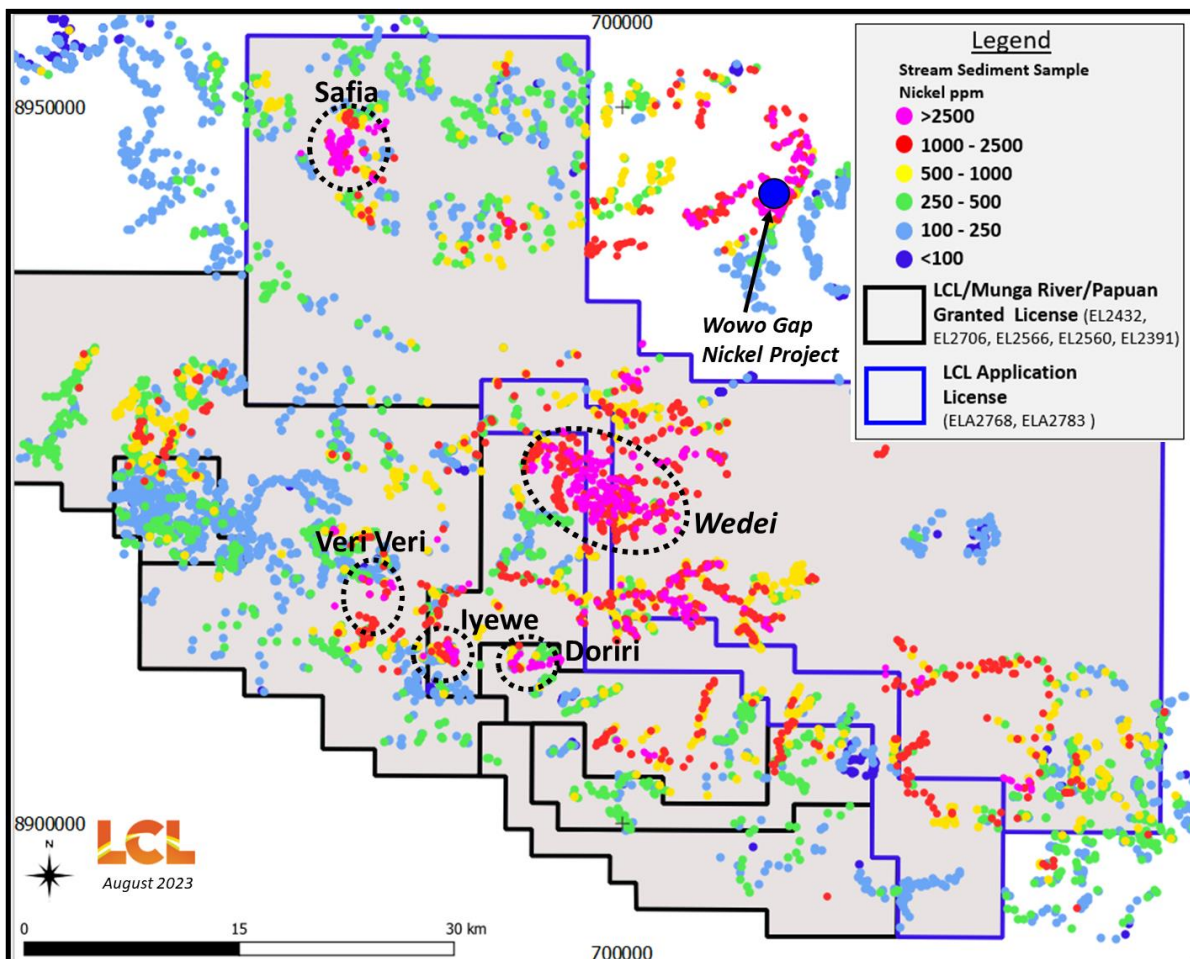


Figure 5: Stream sediment nickel samples, Nickel Project areas and tenure. Data are sourced from the Mineral Resources Authority (MRA) and publicly available reports

Other PNG Targets

During the half year the Company announced results of reviews of other PNG targets. A review of the **Ubei copper/gold target**, within the Liamu Project, suggests Ubei is part of a 60km long copper/gold trend (Figure 6), extending from Liamu in the NW to Veri Veri in the SE⁹.

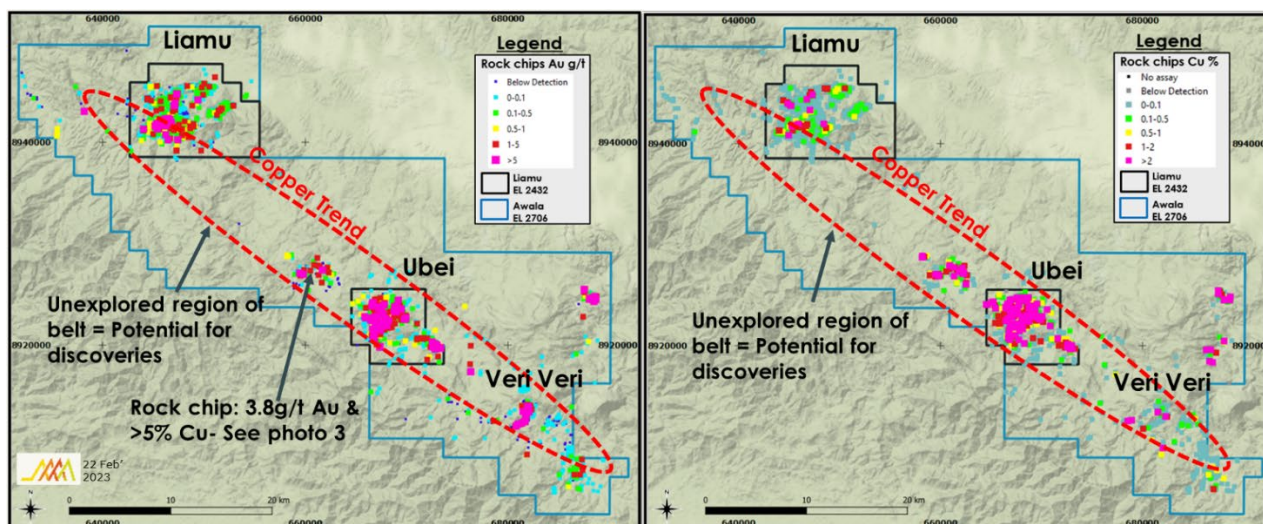


Figure 6: The Ubei Project. The distribution of high-grade Cu (right map)-Au (left map) rock chip samples over a >60km trend captures the Company's Ubei, Liamu and Veri Veri targets and bodes well for additional greenfield discoveries.

The Ubei target is a 4km x 4km surface geochemical anomaly defined by rock chip samples with individual samples frequently grading >2% Cu and >2g/t Au¹. Peripheral epithermal Cu-Au vein corridors including the Puma, Lion, Cheetah and Tiger veins have delivered very high-grade historical rock chip samples (Table 1). The vein hosted targets are proximal to an undrilled EM/IP geophysical anomaly, thought to be mapping a buried Cu-Au porphyry.

Sample ID	Lithology	Au (g/t)	Cu (%)	Sample ID	Lithology	Au (g/t)	Cu (%)
FT5095	Basalt	367.7	0.49	FT009004	Qtz-sulphide vein	106.3	4.67
FT0065	Qtz-sulphide vein	312.0	7.95	FT009057	Qtz-sulphide vein	102.5	8.20
FT009007	Qtz-sulphide vein	209.7	10.89	FT0061	not logged	100.0	9.27
FT0047	Breccia	156.0	9.50	FT5230	Andesite	89.5	4.64
FT5233	Andesite	153.3	6.90	FT5275	Basalt	70.0	5.99
FT009006	Qtz-sulphide vein	141.0	7.00	FT5280	Basalt	66.6	21.07
FT5229	Andesite	133.9	9.51	FT009002	Qtz-sulphide vein	47.2	0.55
FT5232	Andesite	129.1	10.28	FT3067	Qtz-sulphide vein	42.5	1.65
FT3009	Qtz-sulphide vein	113.0	0.36	FT009003	Qtz-sulphide vein	32.8	0.79
				FT5096	Basalt	1.0	4.29

Table 1: High grade gold and copper rock chips samples from the Ubei Project. The full table of rock chip results is presented at Table 8 in ASX release dated 25 November 2022¹

At the Imou **copper/gold porphyry target** a near-surface zone of interest near the main area of historical drilling (IM19DD001 305.3m @ 0.65% CuEq from 4.7m including 14m @ 4.51% CuEq from 186m)¹ prompted a reconnaissance field program. Results of the program were released in August including identification of Cu-Au mineralized outcrop and trenches ~300m east of the modelled Cu envelope defined by previous drilling, this substantially expanding the target footprint.¹⁰

⁹ See ASX announcement of 23 February 2023. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

¹⁰ See ASX announcement of 28 August 2023. The Company confirms that it is not aware of new information that affects the information contained in the original announcement.

Colombia

The Miraflores Environmental Impact Assessment (EIA), based on the 2017 Miraflores DFS, was submitted in December of 2022 and remains with local authorities for review. The EIA is the final submission ahead of the grant of Miraflores development approvals. The timeline of approval is variable ranging from a minimum 6 months to considerably longer. Miraflores is an advanced sub-section of the 2.6Moz Quinchia Project with a 457koz Reserve grading 3.3g/t Au¹¹ and describing an underground mining operation.

Regarding the larger Quinchia Project, a pre-scoping study led by Ausenco's Toronto based team, investigated production scenarios, considering mining sequence, plant size/cost, open pit/underground permutations, and other variables, warranting further consideration.

The Company continues to monitor political and policy developments whilst maintaining its Colombian assets and relationship with local communities. The Company notes an announcement by Aris Mining Corporation in July that authorities have approved their Environmental Management Plan which permits the development of its Marmato Lower Mine¹², north of the Company's Quinchia Project. It is also noted that many of the Colombian President's policies have seen little progress through a national Congress with more moderate tendencies. The appointment of a new Minister of Mines has been viewed positively by the industry. The recent strengthening of the Colombian Peso against the US dollar is potentially a reflection of the improving sovereign risk of Colombia.

Mineral Resources and Reserves Statement

QUINCHIA GOLD PROJECT - MINERAL RESOURCE ESTIMATE (MRE)					
Quinchia subzone	Resource Category	CUT-OFF	TONNES (Mt)	Au (g/t)	Au (koz)
Tesorito	Inferred	0.5g/t Au	50.0	0.81	1,298
Dosquebradas	Inferred	0.5g/t Au	20.2	0.71	459
Miraflores - U.Ground	Measured + Indicated	1.2g/t Au	9.3	2.82	840
Miraflores - U.Ground	Inferred	1.2g/t Au	0.5	2.36	37
QUINCHIA RESOURCE			80.0	1.02	2,634
<i>Note: Miraflores Resource includes Miraflores Reserve</i>					
MIRAFLORES RESERVE					
CATEGORY	TONNES (Mt)	Au (g/t)	Ag (g/t)	Au (koz)	Ag (koz)
Proved	1.70	2.75	2.20	150	120
Probable	2.62	3.64	3.13	307	264
Total	4.32	3.29	2.77	457	385

The information in this section is drawn from the following ASX releases:

Deposit	Release Date
Miraflores Mineral Resource Estimate and explanatory notes	14 March 2017
Miraflores Ore Reserve Estimate and explanatory notes	17 November 2017
Dosquebradas Mineral Resource Estimate and explanatory notes	25 February 2020
Tesorito Resource Mineral Resource Estimate and explanatory notes	22 March 2022

¹¹ Contains a mix of Inferred, Indicated and Measured Resources. Using Tesorito MRE of 1.3Moz @ 0.81 g/t Au. The Miraflores Reserve is included in the Miraflores Resource. Refer ASX announcement dated 14 March 2017 (Miraflores Resource) and 27 November 2017 (Miraflores Reserve) and 25 February 2020 (Dosquebradas Resource) and 22 March 2022 (Tesorito Resource). The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcements, and that all material assumptions and technical parameters underpinning the estimates continue to apply.

¹² Source: Announcement dated 27 July 2023 sourced from Aris website <https://www.aris-mining.com/overview/default.aspx>. Not independently verified.

Significant Changes in the State of Affairs

At the 2022 Financial Year AGM held in March 2023 shareholders resolved to change the Company name from Los Cerros Limited to LCL Resources Limited. The catalyst for the name change and re-brand was the current exploration focus on PNG projects secured in November 2022.

73,744,905 ordinary LCL shares were issued in relation to an Entitlement Issue.

On 26 June a commitment to issue 8,040,736 ordinary LCL shares in connection with the proposed Munga River acquisition was announced, contingent on transaction completion.

Apart from the above, there were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters Subsequent to the End of the Financial Half-Year

On 1 July, 5,546,875 options were cancelled on their expiry. On 31 August, 656,250 options were cancelled on their expiry.

In August LCL entered into an agreement with Papuan Minerals Limited (Papuan), an unlisted public PNG exploration company, to acquire 100% ownership of exploration licences in PNG, with consideration being 9,652,509 fully paid shares in LCL and a royalty subject to satisfactory due diligence and completion of licence transfers.

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

Auditor's Independence Declaration

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

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

On behalf of the Directors:



Ross Ashton
Non-Executive Chairman

4 September 2023

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Auditor's Independence Declaration

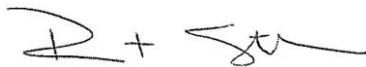
To the Directors of LCL Resources Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of LCL Resources Ltd for the half-year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 4 September 2023

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General information

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

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

Level 3
88 William Street
Perth, WA 6000
Australia

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

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 14 September 2022.

LCL Resources Limited
Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Half-Year Ended 30 June 2023



	Note	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
Income			
Interest income		86,748	33,248
Other income		3,807	-
		<u>90,555</u>	<u>33,248</u>
Expenses			
Employee benefits expense		(757,561)	(418,011)
Administration expense		(453,958)	(468,617)
Share based payment expense		(311,719)	(297,021)
Impairment of non-current receivables		(227,126)	(396,304)
Consulting fees		(139,899)	(44,000)
FX exchange (loss) gain		(19,592)	207,651
Occupancy		(10,501)	(2,269)
Depreciation and amortisation expense		(5,947)	(5,437)
Exploration and evaluation expenditure		(7,420)	(429,741)
Total expenses		<u>(1,933,723)</u>	<u>(1,853,749)</u>
Loss Before Income Tax Expense		(1,843,168)	(1,820,501)
Income tax expense		-	-
Loss After Income Tax Expense for the Half-Year Attributable to the Owners of LCL Resources Limited		<u>(1,843,168)</u>	<u>(1,820,501)</u>
Other Comprehensive Income		-	-
Items That May Be Reclassified Subsequently to Profit or Loss			
Foreign currency translation gain		<u>4,554,268</u>	<u>638,236</u>
Other Comprehensive Income for the Half-Year, Net of Tax		<u>4,554,268</u>	<u>638,236</u>
Total Comprehensive Income for the Half-Year Attributable to the Owners of LCL Resources Limited		<u><u>2,711,100</u></u>	<u><u>(1,182,265)</u></u>
		Cents	Cents
Basic loss per share	3	(0.27)	(0.28)
Diluted loss per share	3	(0.27)	(0.28)

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



	Note	Consolidated 30 June 2023 \$	31 December 2022 \$
Assets			
Current Assets			
Cash and cash equivalents		5,812,403	8,400,438
Other receivables		64,795	155,384
Prepayments		224,687	292,462
Total Current Assets		<u>6,101,885</u>	<u>8,848,284</u>
<i>Non-Current Assets</i>			
Property, plant and equipment		804,351	705,604
Exploration and evaluation	4	35,173,801	26,992,530
Total Non-Current Assets		<u>35,978,152</u>	<u>27,698,134</u>
Total Assets		<u>42,080,037</u>	<u>36,546,418</u>
Liabilities			
Current Liabilities			
Trade and other payables	5	641,603	482,495
Provisions		232,264	197,105
Total Current Liabilities		<u>873,867</u>	<u>679,600</u>
Non-Current Liabilities			
Provisions		38,699	38,651
Total Non-Current Liabilities		<u>38,699</u>	<u>38,651</u>
Total Liabilities		<u>912,566</u>	<u>718,251</u>
Net Assets		<u>41,167,470</u>	<u>35,828,168</u>
Equity			
Issued capital	6	396,672,233	394,355,750
Reserves	8	2,250,557	(2,606,215)
Accumulated losses		(357,754,986)	(355,921,033)
Total Equity Attributable to the Shareholders of LCL Resources Limited		<u>41,167,804</u>	<u>35,828,502</u>
Non-controlling interests		(334)	(334)
Total Equity		<u>41,167,470</u>	<u>35,828,168</u>

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

LCL Resources Limited
Consolidated Statement of Changes in Equity
As at 30 June 2023



Consolidated	Issued Capital	Share-Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Equity attributable to the Shareholders of LCL Resources Limited	Non-Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2022	390,955,621	1,116,837	(2,193,544)	(345,046,424)	44,832,490	(334)	44,832,156
Loss after income tax expense for the half-year				(1,820,501)	(1,820,501)		(1,820,501)
Other comprehensive loss for the half-year, net of tax	-	-	638,236	-	638,236	-	638,236
Total comprehensive income for the half-year	-	-	638,236	(1,820,501)	(1,182,265)	-	(1,182,265)
Options exercised, net of transaction costs	1,057,793	-	-	-	1,057,793	-	1,057,793
Share-based payments	-	297,021	-	-	297,021	-	297,021
Balance at 30 June 2022	392,013,414	1,413,858	(1,555,308)	(346,866,925)	45,005,039	(334)	45,004,705

Consolidated	Issued Capital	Share-Based Payment Reserves	Foreign Currency Translation Reserve	Accumulated Losses	Equity attributable to the Shareholders of LCL Resources Limited	Non-Controlling Interests	Total Equity
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 January 2023	394,355,750	2,549,014	(5,155,229)	(355,921,033)	35,828,502	(334)	35,828,168
Loss after income tax expense for the half-year	-	-	-	(1,843,168)	(1,843,168)	-	(1,843,168)
Other comprehensive income for the half-year, net of tax	-	-	4,554,268	-	4,554,268	-	4,554,268
Total comprehensive income for the half-year	-	-	4,554,268	(1,843,168)	2,711,100	-	2,711,100
Shares issued during the period, net of transaction costs	2,316,483	-	-	-	2,316,483	-	2,316,483
Share-based payments	-	311,719	-	-	311,719	-	311,719
Transfer of expired performance rights to retained earnings	-	(9,215)	-	9,215	-	-	-
Balance at 30 June 2023	396,672,233	2,851,518	(600,961)	(357,754,986)	41,167,804	(334)	41,167,470

LCL Resources Limited
Consolidated Statement of Changes in Cash Flows
For the Half Year Ended 30 June 2023



	Note	Consolidated	
		30 June 2023	30 June 2022
		\$	\$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(993,870)	(1,211,963)
Interest received		186,770	21,927
Net Cash Used in Operating Activities		<u>(807,100)</u>	<u>(1,190,036)</u>
Cash Flows from Investing Activities			
Payments for exploration and evaluation		(3,879,918)	(4,896,957)
Proceeds from sale of plant and equipment		22,762	-
Payments for plant and equipment		-	(14,157)
Net Cash Used in Investing Activities		<u>(3,857,156)</u>	<u>(4,911,114)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares, net of transaction costs		2,096,484	-
Proceeds from exercise of options		-	1,057,793
Net Cash from Financing Activities		<u>2,096,484</u>	<u>1,057,793</u>
Net decrease in cash and cash equivalents		(2,567,773)	(5,043,357)
Cash and cash equivalents at the beginning of the financial half-year		8,400,438	19,251,206
Effects of exchange rate changes on cash and cash equivalents		(20,262)	168,254
Cash and Cash Equivalents at the End of the Financial Half-Year		<u>5,812,403</u>	<u>14,377,103</u>

Note 1. Significant Accounting Policies

These general purpose financial statements for the interim half-year reporting period ended 30 June 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

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

(a) No New or Amended Accounting Standards for the period

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

(b) No New Accounting Standards and Interpretations Not Yet Mandatory or Early Adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2023. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(c) Going Concern

During the half-year ended 30 June 2023 the Consolidated Group incurred a net loss after tax of \$1,843,168 (2022: \$1,820,501). The Consolidated Group's net cash used in operations was \$807,100 during the period ended 30 June 2023 (2022: \$1,190,036); its net cash used in investing activities was \$3,857,156 (2022: \$4,911,114).

The Company had a cash balance of \$5,812,403 as at 30 June 2023 (2022: \$14,377,103). The Group is in the process of an exploration program in Papua New Guinea and Colombia and the Directors intend to raise further capital to provide additional funds.

If additional capital is not obtained, material uncertainty exists on the ability to continue as a going concern, with the result that the Group may have to realise its assets and extinguish its liabilities, other than in the ordinary course of business and at amounts different from those stated in the financial report. No allowance for such circumstances has been made in the financial report.

Note 2. Operating Segments

Identification of Reportable Operating Segments

The Company's primary activity is mineral exploration in the geographic areas of Papua New Guinea and Colombia. This focus is consistent with the internal reports that are reviewed and used by the Board of Directors (Chief Operating Decision Makers "CODM") in assessing performance and determining the allocation of resources.

The Group is managed primarily for the sole purpose of mineral exploration.

Intersegment Transactions

There are no intersegment transactions.

Note 2. Operating Segments (Continued)

Segment Assets

Where an asset is used across multiple segments, the asset is allocated to that segment that receives majority economic value from that asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Segment Liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Segment liabilities include trade and other payables and certain direct borrowings.

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- Income tax expense
- Deferred tax assets and liabilities
- Current tax liabilities
- Head office income / expenses and related assets / liabilities

Operating Segment Information

	Mineral exploration \$	Non-core Reconciling Items \$	Total \$
Consolidated - 30 June 2023			
EBITDA*	(51,041)	(1,626,210)	(1,677,251)
Impairment of non-current receivables	(227,126)	-	(227,126)
Net foreign exchange (loss)/gain	(36,292)	16,700	(19,592)
Depreciation and amortisation	(5,186)	(761)	(5,947)
Interest revenue	5,739	81,009	86,748
Loss before income tax expense	<u>(313,906)</u>	<u>(1,529,262)</u>	<u>(1,843,168)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,843,168)</u>
Assets			
Segment assets	36,445,107	5,634,930	42,080,037
Total assets			<u>42,080,037</u>
Liabilities			
Segment liabilities	572,307	340,259	912,566
Total liabilities			<u>912,566</u>

Note 2. Operating Segments (Continued)

	Mineral exploration \$	Non-core Reconciling Items \$	Total \$
Consolidated - 30 June 2022			
EBITDA*	(512,148)	(1,147,511)	(1,659,659)
Impairment of non-current receivables	(396,304)	-	(396,304)
Net foreign exchange (loss)/gain	54,625	153,026	207,651
Depreciation and amortisation	(4,676)	(761)	(5,437)
Interest revenue	11,065	22,183	33,248
Loss before income tax expense	<u>(847,438)</u>	<u>(973,063)</u>	<u>(1,820,501)</u>
Income tax expense			-
Loss after income tax expense			<u>(1,820,501)</u>
Assets			
Segment assets	31,969,647	14,100,127	46,069,774
Total assets			<u>46,069,774</u>
Liabilities			
Segment liabilities	497,763	566,954	1,064,717
Total liabilities			<u>1,064,717</u>

*Earnings before income tax, depreciation, and amortisation ("EBITDA")

Geographical Information

Geographical non-current assets

	30 June 2023 \$	31 December 2022 \$
Australia	27,612	1,649
Papua New Guinea	6,035,093	3,306,476
Colombia	29,915,447	24,390,009
	<u>35,978,152</u>	<u>27,698,134</u>

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

Note 3. Loss per Share

	Consolidated	
	30 June 2023 \$	30 June 2022 \$
Loss after income tax attributable to the owners of LCL	<u>(1,843,168)</u>	<u>(1,820,501)</u>
	Cents	Cents
Basic loss per share	(0.27)	(0.28)
Diluted loss per share	(0.27)	(0.28)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>695,372,826</u>	<u>643,483,174</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>695,372,826</u>	<u>643,483,174</u>

Note 4. Non-Current Assets - Exploration and Evaluation

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
Exploration and evaluation	35,173,801	26,992,530

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial half-year are set out below:

	Half-Year to 30 June 2023	Full Year to 31 December 2022
	\$	\$
Consolidated		
Opening balance	26,992,530	25,143,398
Additions	3,681,210	8,281,301
Footprint Acquisition	-	3,027,622
Foreign exchange differences	4,500,061	(2,755,455)
Impairment of exploration and evaluation expenditure	-	(6,704,336)
Closing balance	35,173,801	26,992,530

Exploration and evaluation capitalised at 30 June 2023 represents the mining tenements in Papua New Guinea and the Quinchía Gold Project located in Colombia.

Recoverability of the carrying amount of exploration assets is dependent upon the successful recovery of ore reserves. Impairment indicators in AASB 6 *Exploration for and Evaluation of Mineral Resources* are considered for each area of interest. No impairment has been recognised in the current and previous financial years, in accordance with the requirements of AASB 6.

Note 5. Current Liabilities - Trade and Other Payables

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
Trade payables	480,901	383,895
Other payables	160,702	98,600
	641,603	482,495

Note 6. Equity - Issued Capital

Movements in ordinary share capital

	Notes	Consolidated			
		30 June 2023		31 December 2022	
		Number of Ordinary Shares	\$	Number of Ordinary Shares	\$
Opening balance - fully paid		715,713,741	394,355,750	636,716,355	390,955,621
Issue of share capital during the year:					
Exercise of unlisted options (exercisable at \$0.02 each)		-	-	4,137,500	82,750
Exercise of unlisted options (exercisable at \$0.07 each)		-	-	600,000	42,000
Exercise of unlisted options (exercisable at \$0.10 each)		-	-	9,195,000	919,500
Shares issued to related parties upon the exercise of vested performance rights		-	-	65,064,886	2,342,336
Placement at \$0.0454 ¹		4,845,814	220,000	-	-
Placement at \$0.03 ²		73,744,905	2,212,347	-	-
Less: Costs of capital raising		-	(115,864)	-	13,543
Closing Balance - fully paid		<u>794,304,460</u>	<u>396,672,233</u>	<u>715,713,741</u>	<u>394,355,750</u>

¹On 27 January 2023, the Company announced the issue of 4,845,814 ordinary fully paid shares to a consultant.

²On 24 March 2023, the Company completed a placement of 73,744,905 ordinary fully paid shares at \$0.03 per share to sophisticated investors raising capital of \$2,212,347 before costs.

Ordinary shares

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

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

Share buy-back

There is no current on-market share buy-back.

Note 7. Equity - Options and Performance Rights

As at the half-year reporting date, the Company has a series of options and performance rights under issue that entitle holders to one ordinary share in the Parent Company at a fixed exercise price or upon achievement of certain performance targets. The terms and conditions for each type of option or performance right are listed in the following tables.

Options

Unlisted Options outstanding as at 30 June 2023 and movements during the financial half-year.

Grant Date	Expiry Date	Exercise Price	Outstanding at 31 Dec 2022	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2023
20/12/2019	13/09/2024	\$0.13501	10,000,000	-	-	-	10,000,000
19/08/2019	1/07/2023	\$0.3200	5,546,875	-	-	-	5,546,875
19/08/2019	31/08/2023	\$0.3200	656,250	-	-	-	656,250

19/08/2019	15/11/2023	\$0.3200	46,875	-	-	-	46,875
23/11/2022	15/11/2026	\$0.0474	13,000,000	-	-	-	13,000,000
18/11/2022	16/11/2026	\$0.05	25,000,000	-	-	-	25,000,000
			<u>54,250,000</u>	-	-	-	<u>54,250,000</u>

All outstanding unlisted options were exercisable at 30 June 2023.

Performance Rights

Performance rights outstanding as at 30 June 2023 and movements during the current financial half-year.

Grant Date	Expiry Date	Outstanding at 31 Dec 2022	Issued during the period	Exercised during the period	Lapsed during the period	Outstanding at 30 Jun 2023	Note
23/10/2020	31/01/2025	5,430,000	-	-	-	5,430,000	(1)
23/10/2020	31/01/2025	5,430,000	-	-	-	5,430,000	(1)
11/06/2021	31/01/2025	255,000	-	-	-	255,000	(2)
11/06/2021	31/01/2025	620,000	-	-	-	620,000	(2)
11/06/2021	31/01/2025	620,000	-	-	-	620,000	(2)
22/10/2021	31/01/2025	770,000	-	-	-	770,000	(3)
22/10/2021	31/01/2025	770,000	-	-	-	770,000	(3)
23/11/2022	31/12/2025	6,500,000	-	-	-	6,500,000	(4)
23/11/2022	31/12/2023	6,500,000	-	-	-	6,500,000	(4)
22/11/2022	30/06/2024	6,500,000	-	-	-	6,500,000	(4)
23/01/2023	31/12/2024	2,325,000	-	-	-	2,325,000	(5)
23/01/2023	31/12/2025	2,325,000	-	-	-	2,325,000	(5)
23/01/2023	31/12/2026	2,325,000	-	-	-	2,325,000	(5)
23/01/2023	31/12/2026	2,325,000	-	-	-	2,325,000	(5)
30/12/2022	31/12/2024	1,100,000	-	-	-	1,100,000	(6)
30/12/2022	31/12/2025	1,100,000	-	-	-	1,100,000	(6)
30/12/2022	31/12/2026	1,100,000	-	-	-	1,100,000	(6)
		<u>45,995,000</u>	-	-	-	<u>45,995,000</u>	

None of the performance rights have vested for the period ending 30 June 2023.

Performance rights outstanding as at 30 June 2023 are subject to the following vesting conditions:

(1) Performance rights were issued to the Directors. The vesting conditions were as follows:

- (i) Tranche 2: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- (ii) Tranche 3: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.

(2) Performance rights were issued to the Company's employees. The vesting conditions were as follows:

- (i) Tranche 1: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.
- (ii) Tranche 2: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.
- (iii) Tranche 3: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.30 on or before 31 December 2024.

Note 7. Equity - Options and Performance Rights - continued

(3) Performance rights were issued to Michael Allen. The vesting conditions were as follows:

(i) Tranche 1: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.20 on or before 31 December 2024.

(ii) Tranche 2: vesting upon the achievement of the Company's shares trading on ASX at a 20-day VWAP of not less than \$0.25 on or before 31 December 2024.

(4) Performance rights were issued to the Company's employees. The vesting conditions were as follows:

(i) Tranche 1: 6,500,000 performance rights vesting upon the announcement by LCL of its first JORC Inferred Resource at any of the licences known as EL2432 Liamu, EL2548 Imou, EL2665 Ono, EL2673 Tauya, EL2681 Kau Creek, EL2706 Awala, ELA2786 Safia (Assets), of JORC Inferred Resource of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent by 31 December 2025.

(ii) Tranche 2: 6,500,000 performance rights vesting upon the signing by LCL of a joint venture agreement for at least one of the Assets by 31 December 2023.

(iii) Tranche 3: 6,500,000 performance rights vesting upon identifying a new project area outside of the Assets existing at the time of the initial Heads of Agreement within Papua New Guinea or elsewhere that supports a greater than \$1 million per year board approved exploration expenditure budget.

The Directors have assessed that the conditions for these performance rights are not likely to be achieved by the expiry date and therefore nil expense has been recognised as at 30 June 2023.

(5) Performance rights were issued to Jason Stirbinskis on 23 January 2023. The vesting conditions were as follows:

(i) Tranche 1: 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:

- (a) the Company achieving a 60-day VWAP of not less than \$0.06 on or before 31 December 2023; or
- (b) the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.

(ii) Tranche 2: 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:

- (a) the Company achieving a 60-day VWAP of not less than \$0.08 on or before 31 December 2024; or
- (b) the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.

(iii) Tranche 3: 2,325,000 performance rights vesting upon the achievement of the greater of the two following milestones:

- (a) the Company achieving a 60-day VWAP of not less than \$0.10 on or before 31 December 2025; or
- (b) the Company achieving a closing share price that is 105% of the Company's closing share price on the date that a shareholders' resolution approving the issue of the Performance Rights is passed.

(iv) Tranche 4: 2,325,000 performance rights upon the announcement by the Company of a JORC 2012 Resource of an aggregate of at least 1.5 million ounces of gold equivalent at a cut-off grade of not less than 3 grammes per tonne of gold equivalent on or before 31 December 2025.

Note 7. Equity - Options and Performance Rights - continued

The performance rights were valued using the Hoadley's Barrier 1 Model and Parisian Model. The principal assumptions used in the valuation of the fair value at grant date of the performance rights were as follows:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date	23 Jan 2023	23 Jan 2023	23 Jan 2023	23 Jan 2023
Vesting period ends	31 December 2023	31 December 2024	31 December 2025	31 December 2025
Share price at grant date	\$0.043	\$0.043	\$0.043	\$0.043
Expected volatility	89%	89%	89%	89%
Rights life	1.94 years	2.94 years	3.94 years	3.94 years
Risk-free borrowing rate	3.38%	2.97%	2.95%	-
Fair value per performance right at grant date	\$0.0206	\$0.0254	\$0.0282	\$0.0430
Total value of performance rights	\$47,895	\$59,055	\$65,565	\$99,975

The Directors have assessed that the conditions for the tranche 4 performance rights are not likely to be achieved by the expiry date and therefore nil expense has been recognised for tranche 4 rights as at 30 June 2023.

(6) Performance rights were issued to Michael Allen. The vesting conditions were as follows:

(i) Tranche 1: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than \$0.06 on or before 31 December 2023.

(ii) Tranche 2: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than \$0.08 on or before 31 December 2024.

(iii) Tranche 3: 1,100,000 performance rights vesting upon the Company achieving a 60-day VWAP of not less than \$0.10 on or before 31 December 2025.

Note 8. Equity - Reserves

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
Foreign currency reserve	(600,961)	(5,155,229)
Share based payment reserve	2,851,518	2,549,014
	<u>2,250,557</u>	<u>(2,606,215)</u>

Note 9. Related Party Transactions

Transactions with related parties

There were no transactions with related parties as at 30 June 2023 (2022: nil)

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There are no loans made to Directors of Company and/or their related parties as at 30 June 2023 (2022: nil).

Note 10. Contingent Liabilities

The Company is aware that a former director and chief executive officer of one of the Company's subsidiaries (Miraflores Compania Minera SAS (previously Minera Seafield SAS)) previously lodged a claim with the Labour Court in Medellin, Colombia (Juzgado Laboral del Circuito de Medellin) seeking termination payments, unpaid bonus payments and damages in the amount of 4.5 billion Colombian Pesos (approximately US\$1 million as at 30 June 2023). The Directors are of the opinion that the claim can be successfully defended and believe that the risk of the Company facing an unfavourable judgement is unlikely. The Company continues to defend the proceeding.

A final ruling by the judge concerning the outcome of this Prins litigation in Medellin, Colombia is due on 26 January 2024. Should the initial ruling be unfavourable, the Company may appeal the verdict.

The Group is not aware of any other contingent liabilities.

Note 11. Commitments

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
Exploration Tenement Licence Commitments (a)		
Committed at the reporting date:		
Within one year	856,453	546,000
One to five years	380,000	252,000
Net commitment recognised	<u>1,236,453</u>	<u>798,000</u>

(a) Represents mining and exploration licence fees for tenements held by the Group but not yet capitalised in the financial statements.

	Consolidated	
	30 June 2023	31 December 2022
	\$	\$
Lease Commitments - Operating (b)		
Committed at the reporting date:		
Within one year	13,338	57,640
One to five years	-	-
Net commitment recognised	<u>13,338</u>	<u>57,640</u>

(b) The Group has lease commitments over premises in Colombia with terms ranging up to 11 months. Rent is payable monthly in advance.

In June, the Company announced the execution of a binding Tenement Sales Agreement (**Agreement**) with Munga River Limited a private PNG exploration company, to acquire 100% ownership of exploration permit EL2566 adjoining the Company's Veri Veri Nickel Project to the east. The agreement is subject to renewal of EL2566 and transfer of title to LCL which has yet to occur.

The Company has no other material commitments.

Note 12. Events After the Reporting Period

In August, LCL entered into an agreement with Papuan Minerals Limited, an unlisted public PNG exploration company, to acquire 100% ownership of exploration licences for consideration of 9,652,509 shares and a royalty subject to due diligence and the completion of the transfer of the licences within 6 months.



Note 12. Events After the Reporting Period (Continued)

No other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial periods.

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 consolidated entity's financial position as at 30 June 2023 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:



Ross Ashton
Non-Executive Chairman
Ross Ashton

4 September 2023

Independent Auditor's Review Report

To the Members of LCL Resources Ltd

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of LCL Resources Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and 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 our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(c) in the financial report, which indicates that the Group incurred a net loss of \$1,843,168 during the half year ended 30 June 2023 and, as of that date, the Group's net cash used in operating and investing activities was \$4,664,256.

As stated in Note 1(c), these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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.

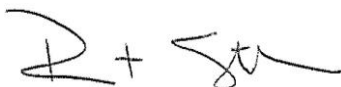
Auditor's responsibility

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 Group's financial position as at 30 June 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



B P Steedman
Partner – Audit & Assurance

Perth, 4 September 2023