



Limited

ABN 27 118 554 359

INTERIM FINANCIAL REPORT

For the six months ended

30 June 2023

CORPORATE DIRECTORY

DIRECTORS

Mr Brad Marwood – Non-executive Chairman
 Mr Anthony Italiano – Managing Director
 Mrs Angela Pankhurst – Non-executive Director

COMPANY SECRETARY Mr Rudolf Tielman

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DIRECTORS' REPORT

The directors present the financial report of Yari Minerals Limited (formerly Consolidated Zinc Limited) (the "Company") and controlled entities (the "Group") for the six months ended 30 June 2023 (the "reporting period").

DIRECTORS

Mr Brad Marwood – Non-executive Chairman (Executive Chairman until 1 May 2023)

Mr Anthony Italiano – Managing Director (Finance Director until 1 May 2023)

Mrs Angela Pankhurst – Non-executive Director

All directors were in office for the entire period unless otherwise stated.

COMPANY SECRETARY

Mr Rudolf Tieleman (appointed 2 June 2023) and Anthony Italiano (resigned 2 June 2023).

PRINCIPAL ACTIVITIES

The principal activity of the Company during the reporting period was exploration for lithium at its Pilbara Lithium projects in Western Australia, and the mining and production of zinc and lead concentrates at its Plomosas Project up until its disposal on 3 April 2023.

REVIEW OF OPERATIONS

Pilbara Lithium Projects

South Wodgina Lithium Project

The South Wodgina tenements are located 150km south of Port Hedland, just south of the Wodgina Lithium Tantalum mine. The area is known for its rare and critical metal mineralisation, with the South Wodgina exploration licenses lying along the southwest extension of the Lithium/Tantalum deposits of the Wodgina operation.

The South Wodgina exploration licenses require permits to be issued for on-ground exploration activities to commence. The company has made good progress with stakeholders having received support for the project from the Kariyarra Aboriginal Corporation, which is an integral part of the application process for the issue of these permits.

Geoimage Ltd has started a Worldview-3 hyperspectral survey over the entire South Wodgina block and surrounding area. The survey involves sourcing existing data and acquiring new data. The total area is 297km², comprising 229 km² of existing data and 68 km² of fresh capture. This exploration work does not require land access.



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WorldView-3 imagery provides high-resolution ground cover and lithological information useful for geological mapping and identifying alterations associated with pegmatitic mineralisation. It offers similar spectra to the Aster data acquired in 2022, which is useful for first-pass analysis of large areas but at 16 times the resolution. The 7.5m x 7.5m for Worldview-3 SWIR and 30cm for the Enhanced Natural Colour of Worldview-3 produces less mixing of spectral responses from different materials, making it easier to identify pegmatites.

Tenders were sent to geophysical companies for an airborne survey using a fixed-wing aircraft flying on 50m spaced lines at an altitude of 35m. The survey will combine magnetic and radiometric components to detect subsurface structures, such as faults filled with iron-rich material, and estimate concentrations of radioelements like potassium, uranium, and thorium in host rocks, including pegmatites, which generally contain a high amount of potassium.

Compared to other ground geophysical surveys, the method is cost-effective, fast, and widely used in line-length surveys. When combined with hyperspectral data interpretation, quickly identifying and ranking the most likely pegmatite targets over a large area will be possible.

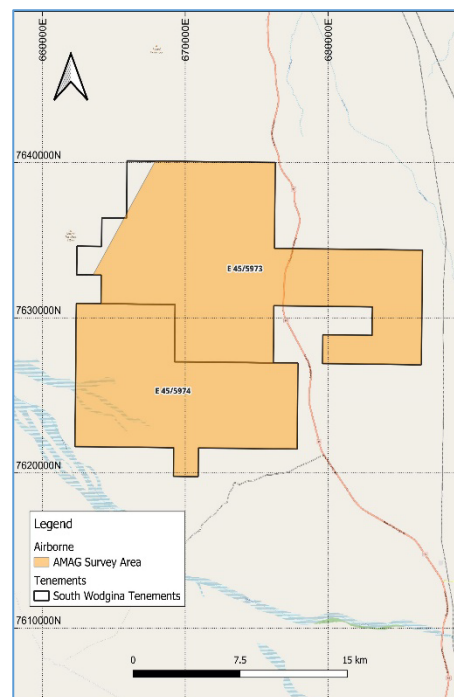


Figure 1: South Wodgina Airborne Magnetic and Radiometric Survey Area

East Pilbara Lithium Project

The Marble Bar tenements are near Global Lithium's Archer Project, about 280km southeast of Port Hedland. Due to past focus on base metal and gold exploration, the district has unexplored lithium-bearing pegmatites. The Anthill, Camel Creek, and Fig Tree tenements lie within a corridor of known lithium and REE mineralisation, making the 670 km² land holding a promising area for new discoveries.

During the first quarter of 2023, the company received the grant notice for the Fig Tree tenement EL45/5972.

Aster data and interpretation for the Figtree exploration license have been received and imported into the company's GIS database for analysis.

The remaining multi-element assays for Figtree and Camel Creek soil and rock chips samples were also received, imported into the database and overlaid on the existing data, including the 2022 hyperspectral data and inferred pegmatite. These results will assist in designing infill and exploration targeting activities going forward.

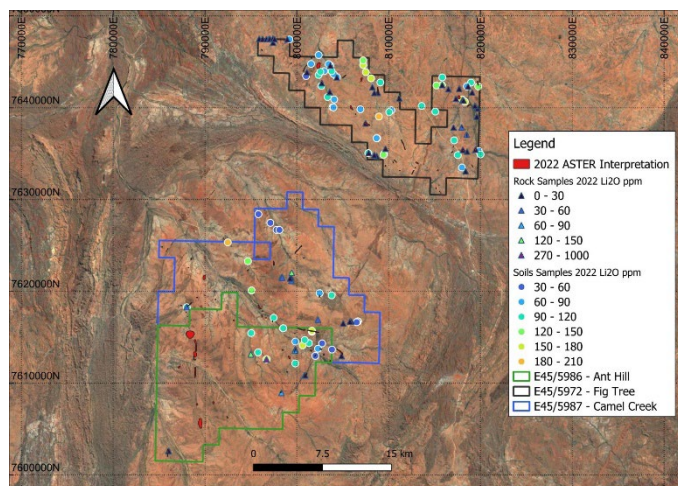
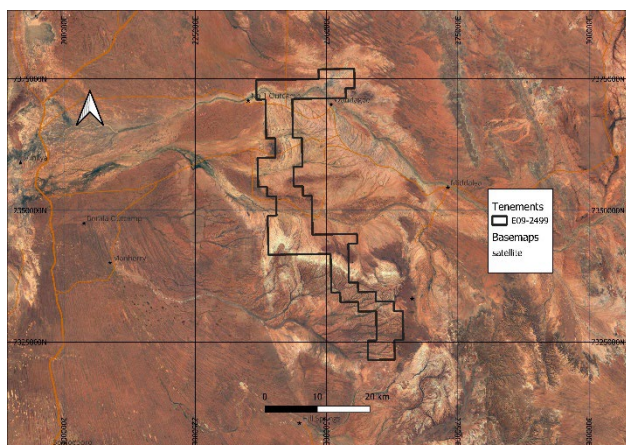


Figure 2: East Pilbara Rock and Soils Geochemistry with ASTER Target Interpretation

Wandagee Rare Earth Elements Project

The Wandagee Project in the Gascoyne covers over 430km² and has been previously explored for Zinc-Lead-Silver/Copper-Lead-Silver base metals and diamonds. Limited exploration has been done in the past, but historical drilling has shown the potential for rare earth elements. The tenement is part of a regional gravity high that contains kimberlites, which can be a possible host for REE mineralisation. Modern methods can better delineate the kimberlite REE potential targets.



An extensive data review exercise was conducted at the Wandagee project. All previous exploration activity that dates to the 1970s was reviewed in detail, followed by compiling any derived data into a project database and GIS workspace. Time was also spent reviewing the ownership of surrounding tenure and relevant projects further afield within the Wandagee area, including a review of the relevant company websites and stock market announcements to determine what exploration work was planned regionally.

Plomosas Zinc-Lead-Silver Project – Mexico

On 3 April 2023, Yari Minerals completed the sale of Minera Latin American Zinc S.A.P.I de C.V. (MLAZ), the company that owns 100% of the Plomosas Project, to Impact Silver Corp. (Impact Silver), a TSX Venture Exchange (TSX-V) and FSE listed company domiciled in British Columbia, Canada (Transaction).

The Transaction was completed pursuant to a share sale agreement (Sale Agreement), the material terms of which were announced on 10 February 2023. The consideration for the Transaction was US\$6.0M consisting of US\$3.0M cash, less a working capital deduction, and US\$3.0M in Impact Silver shares plus a 12% net profit interest royalty (NPI) on production at the Plomosas Project.

The Company has received US\$2.271 million in cash and 11,441,647 Impact Silver shares (~6% shareholding in Impact Silver Corp.). The balance of US\$3.0 million cash price less working capital will be paid on completion of the working capital adjustment.

The final working capital adjustment on completion of the sale of MLAZ is to be calculated in accordance with IFRS accounting principles. The working capital calculations prepared by Yari Minerals in accordance with IFRS accounting principles indicate there is an amount payable by Impact Silver to Yari Minerals. The parties have not been able to reach an agreement on the final calculation based on IFRS and should the parties not reach an agreement, the matter will be referred to an Independent Expert for determination in accordance with IFRS accounting principles and the sale agreement.

Escrow has been applied to 75% of the Share Amount which will be released from escrow in 3 equal tranches of 25% every 6 months over the next 18 months.

DIRECTORS' REPORT

Cash from the Transaction means that the Company can fund its exploration activities at the Pilbara Projects in Western Australia and pursue complimentary investment and acquisition opportunities.

Financial Performance and Financial Position

The net loss of the consolidated entity after income tax for the six-months ended 30 June 2023 was \$83,586 (six months ended 30 June 2022: loss of \$1,860,050).

As at 30 June 2023, the Group had total assets of \$4,885,058 (31 December 2022: \$6,915,981) and total liabilities of \$297,723 (31 December 2022 \$4,159,148). Total cash was \$1,828,873 (31 December 2022: \$1,057,925) and borrowings were \$40,000 (31 December 2022: nil).

Subsequent Events

No matters or circumstances have arisen since end of the period ended 30 June 2023, 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 subsequent financial periods.

Auditors Independence

Section 307C of the Corporations Act 2001, requires our Auditors, HLB Mann Judd, to provide the Directors with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 29 and forms part of the Directors' report for the six months ended 30 June 2023.

This report is signed in accordance with a resolution of the Board of Directors pursuant to Section 306(3) of the Corporations Act 2001.



Brad Marwood
Non-executive Chairman
13 September 2023

COMPETENT PERSON STATEMENT

The information in this report that relates to exploration results, data collection and geological interpretation is based on information compiled by Mr Kerry Griffin. Mr Griffin is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Griffin has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that is being undertaken to qualify as Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves' (JORC Code). Mr Griffin consents to the inclusion in this announcement of the matters based on their information in the form and context in which it appears.



Interim Financial Report for the six months ended 30 June 2023

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

For the six months ended 30 June 2023

	Note	Six-months ended 30-Jun-23	Restated Six-months ended 30-Jun-22
		\$	\$
Other income		(15,261)	161,299
Exploration and evaluation expenses	4(a)	(67,999)	-
Administrative expenses	4(b)	(405,230)	(335,404)
Personnel expenses	4(c)	(687,502)	(389,814)
Foreign exchange gain/(loss)		157,345	(59,817)
Movement in fair value of financial assets		(2,008,131)	-
Interest expense		(37,394)	(14,631)
Loss from continuing operations before income tax expense		(3,064,172)	(638,367)
Income tax expense		-	-
Loss from continuing operations after income tax expense		(3,064,172)	(638,367)
Profit /(Loss) from discontinued operations after income tax expense	7	2,980,586	(1,221,683)
Net loss for the year		(83,586)	(1,860,050)
Other comprehensive income, net of tax		-	88,035
Total comprehensive loss attributed to members of the parent entity		(83,586)	(1,772,015)
Total comprehensive income for the year is attributable to:			
Continuing operations		(3,064,172)	(608,154)
Discontinued operations		2,980,586	(1,163,861)
		(83,586)	(1,772,015)
Loss per share from continuing operations attributable to the ordinary equity holders of the parent entity:			
Basic and diluted loss per share (cents per share)		(0.64)	(0.19)
Earnings/(Loss) per share from discontinued operations attributable to the ordinary equity holders of the parent entity:			
Basic and diluted earnings/(loss) per share (cents per share)		0.62	(0.37)
Loss per share from loss attributable to the ordinary equity holders of the parent entity:			
Basic and diluted loss per share (cents per share)		(0.02)	(0.56)

The accompanying notes form part of these financial statements



Interim Financial Report for the six months ended 30 June 2023

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

		As at 30-Jun-23	Restated As at 31-Dec-22
	Note		
Assets		\$	\$
<i>Current assets</i>			
Cash & cash equivalents		1,828,873	1,057,925
Trade & other receivables	5	74,924	132,816
Financial assets	6	2,981,261	2,124
Current-assets of disposal group classified as held for sale	8	-	1,624,426
Non-current assets classified as held for sale	9	-	4,098,034
Total current assets		4,885,058	6,915,325
<i>Non-current assets</i>			
Property, plant & equipment	10(a)	-	655
Total non-current assets		-	655
Total assets		4,885,058	6,915,981
Liabilities			
<i>Current liabilities</i>			
Trade & other payables	11	236,032	396,769
Borrowings	12	40,000	-
Liabilities directly associated with assets classified as held for sale	9	-	3,730,363
Total current liabilities		276,032	4,127,132
<i>Non-current liabilities</i>			
Provisions		21,691	32,016
Total non-current liabilities		21,691	32,016
Total liabilities		297,723	4,159,148
Net assets		4,587,335	2,756,832
Equity			
Issued capital	13	54,486,685	54,505,104
Reserves		1,408,043	(9,491,224)
Accumulated losses		(51,307,393)	(42,257,048)
Total equity		4,587,335	2,756,832

The accompanying notes form part of these financial statements



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Issued capital	Accumulated losses	Share-based Payments Reserve	Foreign Currency Translation Reserve	NCI Reserve	Total
	AUD	AUD	AUD	AUD	AUD	AUD
For the six months ended 30 June 2023	\$	\$	\$	\$	\$	\$
At 31 December 2022	54,505,104	(42,257,048)	753,294	(1,277,759)	(8,966,759)	2,756,832
Loss for the year after income tax from continuing operations	-	(3,064,172)	-	-	-	(3,064,172)
Profit for the year after income tax from discontinued operations		2,980,586				2,980,586
Total comprehensive income for the period	-	(83,586)	-	-	-	(83,586)
Transactions with owners in their capacity as owners:						
Issue of new shares net of issuance costs	(18,419)	-	-	-	-	(18,419)
Disposal of subsidiary	-	(8,966,759)	-	1,762,062	8,966,759	1,762,062
Share based payments	-	-	170,446	-	-	170,446
	(18,419)	(8,966,759)	170,446	1,762,062	8,966,759	1,914,089
At 30 June 2023	54,486,685	(51,307,393)	923,740	484,303	-	4,587,335



Interim Financial Report for the six months ended 30 June 2023

For the six months ended 30 June 2022

	Restated for the six months ended 30 June 2022					
	Issued capital	Accumulated losses	Share-based Payments Reserve	Foreign Currency Translation Reserve	NCI Reserve	Total
	AUD	AUD	AUD	AUD	AUD	AUD
For the six months ended 30 June 2022	\$	\$	\$	\$	\$	\$
At 31 December 2021	50,556,906	(37,452,093)	411,196	(1,387,986)	(8,966,759)	3,161,264
Loss for the year after income tax from continuing operations	-	(638,367)	-	30,213	-	(608,154)
Loss for the year after income tax from discontinued operations	-	(1,221,683)	-	57,822	-	(1,163,861)
Total comprehensive income for the period	-	(1,860,050)	-	88,035	-	(1,772,015)
Transactions with owners in their capacity as owners:						
Issue of new shares net of issuance costs	1,554,967	-	-	-	-	1,554,967
Share based payments	-	-	50,538	-	-	50,538
	1,554,967	-	50,538	-	-	1,605,505
At 30 June 2022	52,111,873	(39,312,143)	461,734	(1,299,951)	(8,966,759)	2,994,754

The accompanying notes form part of these financial statements

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months ended 30 June 2023

	For the six months ended 30-Jun-23	Restated For the six months ended 30-Jun-22
Cash flows from operating activities	\$	\$
Receipts from customers	540,822	3,014,548
Payments to suppliers and employees	(2,717,327)	(3,807,177)
Receipts from interest	4,112	-
Payment of interest	-	(37,356)
Refunds of VAT and other indirect taxes	-	76,990
Net cash (outflow) from operating activities	(2,172,393)	(752,995)
Cash flows from investing activities		
Payments for property, plant and equipment	-	(28,242)
Proceeds from disposal of entities (net of transaction costs and cash disposed)	2,935,103	-
Net cash inflow/(outflow) from investing activities	2,935,103	(28,242)
Cash flows from financing activities		
Proceeds from issue of shares	-	1,607,408
Proceeds from borrowings	400,000	-
Repayment of borrowings	(400,000)	(99,819)
Payment of capital raising expenses	(14,899)	(118,573)
Net cash inflow/(outflow) from financing activities	(14,899)	1,389,016
Reconciliation of cashflow movement for the year		
Cash and cash equivalents at the beginning of the year	1,057,925	435,062
Foreign exchange translation	23,157	(71,092)
Net increase in cash	747,811	607,779
Cash and cash equivalents at the end of the period	1,828,873	971,749

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

The interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Group as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the annual financial report for the year ended 31 December 2022 and any public announcements made by the Company and its subsidiaries during the six months in accordance with continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

Basis of preparation

The interim financial report has been prepared on a historical cost basis. Cost is based on the fair value of the consideration given in exchange for assets.

The Company is domiciled in Australia, the functional and presentation currency of the Group is Australian Dollars, and all amounts are presented in Australian Dollars unless otherwise noted.

For the purpose of preparing the interim financial report, the six months has been treated as a discrete reporting period.

Change in functional and presentation currency

An entity's functional currency is the currency of the primary economic environment in which the entity operates. With the Group disposing of its Plomosas Mine in Mexico and change of its primary business to exploration in Australia, the Group's exposure to Australian Dollars (AUD) increased significantly. The Board recognised the change in the balance of factors that are assessed to determine the functional currency for each of the Group entities, and consequently, determined that the functional currency of all Group entities, including the parent entity, has changed to AUD, effective 30 June 2023. Previously, the functional currency of the Group was United States Dollars (USD).

Following the change in functional currency, the Company has elected to change its presentation currency from USD to AUD. The presentation in AUD is consistent with internal management reporting. The change in accounting policy was applied retrospectively and the comparatives restated.

Comparative information

Comparative information is presented for the half year ended 30 June 2022 and as at 31 December 2022. The Company changed its functional and presentation currency from United States dollars (USD) to Australian Dollars (AUD) effective 30 June 2023. Accordingly, the comparatives have been restated in AUD.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Accounting policies and methods of computation

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period except for the impact of the new and revised standards, as described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The accounting policies are consistent with the Annual Report for 31 December 2022 except for the below:

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or (ii) a derivative; or designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Adoption of new and revised standards

Standards and Interpretations applicable to 30 June 2023

In the reporting period ended 30 June 2023, the Directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current reporting period. As a result of this review, the Directors have determined that there is no material impact of the new and revised Standards and Interpretations on the Group and, therefore, no material change is necessary to Group accounting policies.

Standards and interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 30 June 2023. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to Group accounting policies.

Significant accounting judgments and key estimates

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

In preparing this interim report, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report for the year ended 31 December 2022.

Statement of compliance

The interim financial statements were authorised for issue by resolution of the Board of Directors.

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

Going concern

The interim financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

As at 30 June 2023, the Group had available cash of \$1,828,873 and a working capital surplus of \$4,609,026. The Group recorded a loss of \$83,586 and a net cash inflow from operating and investing activities of \$762,710 from the period.

Based on the above, the Directors have reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable and the Directors consider that the going concern basis of preparation to be appropriate for the interim financial report.

Should the Impact Silver shareholding not be realised at its value recorded in the financial report or any adverse outcome be incurred from the finalisation of the working capital adjustment from the sale of MLAZ and/or the Ganti case, there is a material uncertainty that may cast significant doubt as to whether the Company will continue as a going concern and, therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

2. OPERATING SEGMENTS

The Group considers that it has operated in the reportable segments of exploration, mining production and corporate.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is the Board, who are responsible for allocating resources and assessing performance of the operating segments.

The details of the operations within each group segment are as follows:

- Exploration - Pilbara Lithium projects in Western Australia;
- Mining – Mexican mining and production operations of zinc and lead concentrates at its Plomosas Project up until its disposal on 3 April 2023; and
- Corporate – all other expenses not allocated to operating segments as they are not considered part of the core operation of any segment.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENTS (continued)

		Exploration	Mining	Corporate	Total
		Six-months	Six-months	Six-months	Six-months
	Note	ended	ended	ended	ended
		30-Jun-23	30-Jun-23	30-Jun-23	30-Jun-23
		\$	\$	\$	\$
Other income		-	-	(15,261)	(15,261)
Exploration and evaluation expenses	4(a)	(67,999)	-	-	(67,999)
Administrative expenses	4(b)	-	-	(405,230)	(405,230)
Personnel expenses	4(c)	-	-	(687,502)	(687,502)
Foreign exchange gain/(loss)		-	-	157,345	157,345
Movement in fair value of financial assets		-	-	(2,008,131)	(2,008,131)
Interest expense		-	-	(37,394)	(37,394)
Profit/(Loss) from continuing operations before income tax expense		(67,999)	-	(2,996,173)	(3,064,172)
Income tax expense					
Profit/(Loss) from continuing operations after income tax expense		(67,999)	-	(2,996,173)	(3,064,172)
Profit/(Loss) from discontinued operations after income tax expense	7	-	2,980,586	-	2,980,586
Net loss for the year		(67,999)	2,980,586	(2,996,173)	(83,586)
Segment Assets		-	-	4,885,058	4,885,058
Segment Liabilities		-	-	297,723	297,723

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. OPERATING SEGMENTS (continued)

		Exploration	Mining	Corporate	Total
		Six-months	Six-months	Six-months	Six-months
	Note	ended	ended	ended	ended
		30-Jun-22	30-Jun-22	30-Jun-22	30-Jun-22
		\$	\$	\$	\$
Other income		-	-	161,299	161,299
Exploration and evaluation expenses	4(a)	-	-	-	-
Administrative expenses	4(b)	-	-	(335,404)	(335,404)
Personnel expenses	4(c)	-	-	(389,814)	(389,814)
Foreign exchange gain/(loss)		-	-	(59,817)	(59,817)
Movement in fair value of financial assets held for sale		-	-	-	-
Interest expense		-	-	(14,631)	(14,631)
Profit/(Loss) from continuing operations before income tax expense		-	-	(638,367)	(638,367)
Income tax expense					
Profit/(Loss) from continuing operations after income tax expense		-	-	(638,367)	(638,367)
Loss from discontinued operations after income tax expense	7	-	(1,221,683)	-	(1,221,683)
Net loss for the year		-	(1,221,683)	(638,367)	(1,860,050)
Segment Assets at 31 December 2022		-	5,722,460	1,193,521	6,915,981
Segment Liabilities at 31 December 2022		-	3,730,363	428,785	4,159,148

3. DIVIDENDS

The Company did not pay or propose any dividends in the six months ended 30 June 2023.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. PROFIT AND LOSS INFORMATION

	For the 6 months ended 30-Jun-23	Restated For the 6 months ended 30-Jun-22
a) Exploration & evaluation expenses	(67,999)	-
b) Administrative expenses		
Administration	(73,729)	(71,987)
Consultancy and legal expenses	(78,014)	(12,142)
Compliance and regulatory expenses	(148,265)	(222,425)
Communication	(39,999)	(5,659)
Depreciation and amortisation	(667)	(153)
Occupancy	(5,592)	(5,037)
Travel and accommodation	(24,522)	(17,594)
Audit fees	(34,442)	(407)
	(405,230)	(335,404)
c) Personnel expenses		
Directors' fees	(163,894)	(162,151)
Employee expenses	(259,608)	(158,546)
Bonuses	(67,565)	-
Superannuation expenses	(25,989)	(18,579)
Share-based payments	(170,446)	(50,538)
	(687,502)	(389,814)

5. TRADE AND OTHER RECEIVABLES

	30-Jun-23	Restated 31-Dec-22
Current	\$	\$
Trade receivables	-	-
Other receivable	1,898	26,852
Prepayments	36,376	105,965
Indirect taxes receivable ¹	36,650	-
	74,924	132,817

¹ The indirect tax receivable balances are mostly comprised of Goods and Services Tax (GST) receivable in Australia.

6. FINANCIAL ASSETS

	30-Jun-23	Restated 31-Dec-22
Current	\$	\$
Listed shares – Impact Silver Corp.	2,981,261	-
Other	-	2,124
	2,981,261	2,124

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. FINANCIAL ASSETS (CONTINUED)

The Company holds 11,441,647 fully paid ordinary shares in Impact Silver Corp (TSX-V: IPT). The Impact Silver Corp. shares were issued with an escrow period, which is released from escrow in 4 equal instalments on 4 August 2023, 3 October 2023, 3 April 2024 and 3 October 2024.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement.

The Company utilised the Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date with respect to the fair value of the Impact Silver shareholding.

7. DISCONTINUED OPERATIONS

On 3 April 2023, the consolidated entity completed the sale of Minera Latin American Zinc S.A.P.I de C.V. (incorporated in Mexico), a subsidiary of Yari Minerals Limited. The Company received the following consideration for the Plomosas Project:

- \$3,409,444 cash received on completion of the Sale Agreement, subject to final working capital adjustment;
- \$4,983,521 in 11,441,647 fully paid common shares in Impact Silver Corp; and
- 12% of net profits interest (NPI) from the Plomosas Project.
- The NPI will be calculated by the revenue generated from the Plomosas Project, less direct operating costs (including mining, processing and administrative), capital expenditure and exploration incurred on the Plomosas Project.

Sales revenue

Concentrate sales agreements

The Group had an offtake agreement for 100% of its zinc concentrate, with Industrias Penoles S.A. de C.V. (Penoles) one of the world's leading zinc refiners. The offtake agreement is to 31 December 2023.

The Group also had an offtake agreement for 100% of the lead concentrate volume basis sales agreements with Metco Trading S.A. de C.V. ("Metco") for the sale of lead concentrates.

Revenue from the sale of zinc and lead concentrates were recognised when control of the concentrate passes to the customer, which is generally determined when the concentrate has been delivered to the nominated facility of the customer. Revenue is measured at fair value of the consideration received, net of treatment and refining charges and taking into account the contractually defined payment terms.

The Group's sale of zinc and lead concentrates allowed for price adjustments based on the market price of the payable metal at the end of the relevant quotational period ("QP"). The period between the provisional invoicing and the end of the QP is one month for zinc concentrates and between one and four months for lead concentrates.

The results of the Plomosas operations have been consolidated up until 3 April 2023 being the date of loss of control on the disposal of MLAZ.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. DISCONTINUED OPERATIONS (CONTINUED)

Financial Performance Information

	30-Jun-23	Restated 30-Jun-22
	\$	\$
Zinc revenue	593,093	3,016,961
Lead revenue	64,734	476,180
Silver revenue	7,424	44,655
Treatment Charge – Zinc Concentrate	(107,671)	(470,571)
Treatment Charge – Lead Concentrate	(13,690)	(78,011)
Other income	121,081	8,489
Total Revenue	664,971	2,997,703
Cost of goods sold	(728,865)	(2,180,092)
Other expenses	93,152	(2,039,294)
Total expenses	(635,713)	(4,219,386)
Profit/(Loss) before income tax expense	29,258	(1,221,683)
Income tax expense	-	-
Profit/(Loss) after income tax expense	29,258	(1,221,683)
Profit on disposal before income tax expense	3,351,012	-
Cost of disposal	(399,684)	-
Income tax expense	-	-
Profit on disposal after income tax expense	2,951,328	-
Profit after income tax expense from discontinued operations	2,980,586	-

Cashflow information

	30-Jun-23	Restated 30-Jun-22
	\$	\$
Net cash from operating activities	(1,096,544)	(522,902)
Net cash used in investing activities	-	(10,832)
Net decrease in cash and cash equivalents from discontinued operations	(1,096,544)	(533,734)

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. DISCONTINUED OPERATIONS (CONTINUED)

Carrying amounts of assets and liabilities at the date of disposal

	\$
Cash & cash equivalents	184,429
Trade & other receivables	733,265
Inventory	439,853
Financial assets	-
Property, plant & equipment	3,257,740
Mine property & development	3,348,861
Total Assets	7,964,148
Trade & other payables	1,809,773
Provisions	752,422
Total liabilities	2,562,195
Net Assets	5,401,953

Details of the disposal

	30-Jun-23
	\$
Total sale consideration	8,392,965
Carrying amount of the net assets disposed	(5,401,953)
Cost of disposal	(399,684)
Gain on disposal before income tax	2,951,328

8. CURRENT-ASSETS OF THE DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

	30-Jun-23	Restated 31-Dec-22
	\$	\$
Cash & cash equivalents	-	200,007
Trade & other receivables	-	936,953
Inventory	-	486,673
Financial assets	-	793
	-	1,624,426

The assets identified above represents the assets of Minera Latin American Zinc S.A.P.I de C.V. (incorporated in Mexico), a subsidiary of Consolidated Zinc Limited, which was disposed of in April 2023, as a result of the sale agreement entered into between Consolidated Zinc Limited and Impact Silver Corp as announced on 10 February 2023. Refer to note 7 for further information.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	30-Jun-23	Restated 31-Dec-22
Property, plant and equipment	\$ -	\$ 2,410,197
Mine property and development	-	1,687,837
	-	4,098,034

The property, plant and equipment and mine properties and development held by the Company's subsidiary Minera Latin American Zinc S.A.P.I de C.V. disposed of in April 2023.

Liabilities directly associated with assets held for sale

	30-Jun-23	Restated 31-Dec-22
Trade payables and accruals	\$ -	\$ 3,663,446
Provisions	-	66,916
	-	3,730,363

10. NON-CURRENT ASSETS

a) Property, plant and equipment

Plant and Equipment

At cost
Accumulated depreciation
Classified as held for sale (note 12)

Movement in carrying amount

Balance at the beginning of the year
Additions
Depreciation
Classified as held for sale (Note 12)
Balance at the end of the period/year

	30-Jun-23	Restated 31-Dec-22
	\$	\$
	-	3,210,337
	-	(799,486)
	-	(2,410,196)
	-	655
	655	2,777,176
	(655)	(37,919)
	-	(328,406)
	-	(2,410,196)
	-	655

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

10. NON-CURRENT ASSETS (continued)

b) Mine and development property

	30-Jun-23	Restated 31-Dec-22
	\$	\$
Mine and development property		
At cost	-	2,457,082
Accumulated depreciation	-	(769,244)
Classified as held for sale (Note 12)		(1,687,838)
	-	-
Movement in carrying amount		
Balance at the beginning of the year	-	1,731,622
Additions	-	-
Rehabilitation obligation	-	-
Amortisation	-	(43,784)
Classified as held for sale	-	(1,687,838)
Balance at the end of the period/year	-	-

11. TRADE AND OTHER PAYABLES

	30-Jun-23	Restated 31-Dec-22
	\$	\$
Trade creditors	54,119	148,359
Other payables and accruals	65,768	64,410
Provision for annual leave	116,145	184,000
	236,032	396,769

12. BORROWINGS

	Note	30-Jun-23	Restated 31-Dec-22
		\$	\$
Short-term loans from related parties			-
Loan principal		-	-
Interest payable	14	40,000	-
		40,000	-
Reconciliation of movement			
		\$	\$
Movement in loans from related parties			
Balance at the beginning of the year		-	107,100
Drawdown of loan from related parties		400,000	-
Repayment of loan to related parties		(400,000)	(106,007)
Effect of foreign currency translation at period end		-	(1,092)
		-	-
Movement in interest on loans from related parties			
Balance at the beginning of the year		-	37,900
Interest for the period		40,000	1,548
Interest paid		-	(39,672)
Effect of foreign currency translation at period end		-	224
		40,000	-

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. ISSUED CAPITAL

a) Share capital

	30-Jun-23	30-Jun-23	31-Dec-22	31-Dec-22
	Number of shares	\$	Number of shares	\$ Restated
Ordinary shares paid net of costs	482,357,813	54,486,685	462,921,450	54,505,104

<i>Reconciliation of movement in Issued capital</i>		Issue price (A\$ cents)	Number of shares	\$
	Balance at 1 January 2022		301,357,813	50,556,906
6-Apr-22	Placement shares		50,000,000	1,389,653
2-Jun-22	Placement shares		12,000,000	317,402
29-Jul-22	WestOz share issue cost - Acquisition		24,000,000	471,613
30-Sep-22	Placement shares		75,563,637	1,586,092
	Issuance costs		-	(247,244)
	Balance at 31 Dec 2022		462,921,450	54,074,422
	Unissued shares at 31 December 2022		19,436,363	430,682
			482,357,813	54,505,104
	Balance at 1 January 2023		482,357,813	54,505,104
	Issuance costs		-	(18,419)
	Balance at 30 June 2023		482,357,813	54,486,685

b) Options over ordinary shares

	30-Jun-23	30-Jun-23	31-Dec-22	31-Dec-22
	Number of options	Exercise price per option (A\$)	Number of options	Exercise price per option (A\$)
Options over ordinary shares				
Outstanding at the beginning of the period	125,368,989	0.08	68,368,981	0.09
Granted – Listed options (free attaching)	100,000,000	0.04	31,000,008	0.05
Granted – Unlisted options	10,000,000	0.04	26,000,000	0.04
Exercised – Listed options			-	-
Expired – Listed options	(99,118,990)	0.09	-	-
Expired – Unlisted options	(166,666)	0.90		
Outstanding at the end of the period	136,083,333		125,368,989	-
Exercisable at the end of the period	136,083,333		125,368,989	-
Weighted average life remaining (months)	21.0		9.0	
Weighted average exercise price (A\$)	0.04		0.08	

Options granted carry no dividend or voting rights. When exercisable, each option is convertible into one ordinary share of the Company.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. ISSUED CAPITAL (continued)

c) Capital management

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. The capital risk management policy remains unchanged from the 31 December 2022 Annual Report.

	30-Jun-23	Restated 31-Dec-22
	\$	\$
Cash and cash equivalents	1,828,873	1,057,925
Financial assets	2,981,261	2,124
Inventory	-	-
Trade and other receivables	74,924	132,816
Trade and other payables	(236,032)	(396,769)
Borrowings	(40,000)	-
Working capital position	4,609,026	796,096

The Group has a number of financial instruments not measured at fair value on a recurring basis. The carrying value of these of these instruments is approximately their fair value.

14. RELATED PARTIES

a) Transactions with related parties

The Group entered into an agreement with its former non-executive director Mr Andrew Richards for a short-term loan facility of \$400,000 with a fixed interest amount of \$40,000. The principal balance of \$400,000 was fully repaid following the sale of the Plomosas Project, the fixed interest was paid in July 2023.

15. COMMITMENTS AND CONTINGENCIES

a) Commitments

	30-Jun-23	Restated 31-Dec-22
	\$	\$
Not later than 12 months	488,781	230,306
Between 12 months and 5 years	1,955,124	921,224
Greater than 5 years	65,016	5,759,305
	2,508,921	6,910,835

The commitments are minimum exploration and rents for the Western Australian exploration licenses. The prior year comparative included commitments related to the Plomosas Project disposed on 3 April 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

15. COMMITMENTS AND CONTINGENCIES (continued)**b) Contingencies**Contingent Assets

There are no contingent assets.

Contingent Liabilities

- (i) MLAZ terminated the mining contract with the service provider ("Ganti") in November 2019. The Group has disputed the cost claims submitted by Ganti, as in the Company's opinion it is not in accordance with the mining contract. Rather than follow the contractual dispute resolution scheme, Ganti submitted proceedings in the Federal District Court of Mexico claiming Mexican Pesos \$23,632,639 (inclusive of 16% VAT). The Group's Mexican subsidiary has de-recognised this claim in full with a strong legal opinion received by the Company advised there is a strong probability of success in defending against Ganti's claims, and a very high likelihood of success in MLAZ's loss of profits claim against Ganti, with the likely outcome an amount would be payable by Ganti to MLAZ.

Any reimbursements made by Yari Minerals to Impact Silver in relation to the Ganti case are capped at US\$250,000 and will be deducted from the 12% net profit interest royalty payments.

- (ii) Former employees of Ganti are claiming unpaid wages and termination benefits in a legal action against MLAZ and Ganti. Under the Mexican labour laws, MLAZ would only be liable for the Ganti employee costs if the claimants can prove an exclusive labour relationship between the companies. It is the understanding of MLAZ that there was no such relationship between Ganti and MLAZ, as Ganti operated at multiple sites as a contractor within Mexico, however, this will be subject to judgements by the Mexican legal system. The Ganti employees have made an ambit claim against MLAZ and Ganti, which MLAZ is vigorously defending. MLAZ also has indemnity for these costs under the mining contract with Ganti, however, the solvency of Ganti is uncertain.

The Company has agreed to escrow the first Mexican Pesos \$14,639,957 (Approx. A\$1,318,855) of the 12% Net Profit Interest royalty pending the outcome of the legal action brought by a former contractor's employees, which the Company has been advised is highly unlikely to succeed.

- (iii) The final working capital adjustment on completion of the sale of MLAZ is to be calculated in accordance with IFRS accounting principles. The working capital calculations prepared by Yari Minerals in accordance with IFRS accounting principles indicate there is an amount payable by Impact Silver to Yari Minerals. The parties have not been able to reach an agreement on the final calculation based on IFRS and should the parties not reach an agreement, the matter will be referred to an Independent Expert for determination in accordance with IFRS accounting principles and the sale agreement.

Interim Financial Report for the six months ended 30 June 2023

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. SHARE BASED PAYEMENTS**Employee option plan**

During the six-months ended 30 June 2023, the company issued 10,000,000 options under the employee option plan.

Key inputs of employee options issued:

Exercise Price	\$0.04
Volatility	103.1%
Risk-free interest rate	2.98%
Expected life of rights	5.0 years
Share price at grant date	\$0.018

17. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since end of the period ended 30 June 2023, 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 subsequent financial periods.

DIRECTORS' DECLARATION

In the directors' opinion:

- (a) The financial statements and notes set out on pages 8 to 27 are in accordance with the *Corporations Act 2001*, including:
 - (i) Complying with Australian Accounting Standards AASB134 '*Interim Financial Reporting*', the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the half-year ended on that date; and
- (b) There are reasonable grounds to believe that Yari Minerals Limited 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 directors.



Brad Marwood
Non-executive Chairman
Perth
13 September 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Yari Minerals Limited for the half-year ended 30 June 2023, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Perth, Western Australia
13 September 2023

M R Ohm
Partner

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Yari Minerals Limited

Report on the Condensed Half-Year Financial Report

Qualified Conclusion

We have reviewed the half-year financial report of Yari Minerals Limited ("the Company"), which comprises the condensed consolidated statement of financial position as at 30 June 2023, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Based on our review, which is not an audit, except for the possible effects of the matters described in the *Basis for qualified conclusion* section, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Yari Minerals Limited 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 qualified conclusion

During the period, the Group disposed of its subsidiary Minera Latin American Zinc S.A.P.I de C.V. ('MLAZ'). We were unable to obtain sufficient, appropriate evidence in relation to the amounts recorded as inventory in the above subsidiary as at disposal date. In addition, we were unable to obtain evidence to verify certain amounts recorded as trade payables in the subsidiary as at disposal date. As a consequence of the above factors, we were unable to obtain sufficient, appropriate evidence in relation to the net assets of MLAZ at disposal date and therefore the gain on disposal and the profit from discontinued operations of MLAZ as disclosed in Note 7 to the interim financial report.

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.

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Material uncertainty related to going concern

We draw attention to Note 1 in the interim financial report, which indicates 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.

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 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.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
13 September 2023



M R Ohm
Partner