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SUNSHINE METALS LIMITED

(ABN 12 063 388 821)

INTERIM FINANCIAL STATEMENTS

31 DECEMBER 2023

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

The directors of Sunshine Metals Limited ("Sunshine Metals" or "the Company") present their report together with the consolidated interim financial report for the Company and entities it controlled during the half-year ended 31 December 2023 ("the Group").

DIRECTORS

The following persons were directors of Sunshine Metals Limited during the half-year and up to the date of this consolidated interim financial report. Directors were in office for the entire period unless otherwise stated.

- Alec Pismiris (Chairman and Company Secretary)
- Damien Keys (Managing Director)
- Paul Chapman (Non-Executive Director)
- Les Davis (Non-Executive Director)
- Anthony Torresan (Non-Executive Director)

REVIEW OF OPERATIONS

Exploration focused primarily on the Ravenswood Consolidated Project area for the reporting period, with highlights including:

- Greater Liontown transaction completed.
- Three conceptual gold dominant feeder zones identified at Liontown. Main Feeder Zone confirmed with **17m @ 22.1 g/t Au** from 67m (23LTRC002) supported by **8m @ 10.7 g/t Au** from 152.2m (LTDD22055). VMS Feeder zones to be a focus in 2024.
- Further extensions to Liontown mineralisation in diamond drilling (5 remaining holes) including **8.5m @ 5.5 g/t Au** (LTDD22068) and **7.0m @ 2.1% Cu** (LTDD22076).
- Initial fieldwork and subsequent drilling completed at the Coronation Cu-Au target. Shallow barite-veined Au zone intersected and is a significant Au target. Geophysics planned to target future Cu drilling.
- Encouraging first results from Cardigan Dam drilling including **3m @ 1.56 g/t Au**, (23CDRC002).

A total of 30 drill holes (3,847m) were completed at Ravenswood Consolidated across prospects including Liontown, Coronation, Cardigan Dam, Plateau and Horse Creek.

Five diamond holes that were drilled at Liontown by previous owners were also logged and sampled.

Best assays for all drilling included:

- **17m @ 22.1 g/t Au** from 67m (23LTRC002), Liontown
- **8.5m @ 5.5 g/t Au** from 73.5m (LTDD22068), Liontown
And **1.6m @ 0.56 g/t Au, 2.8% Cu, 3.6% Zn** from 133.9m (LTDD22068), Liontown
- **7.0m @ 2.1% Cu** from 187m (LTDD22076), Liontown
- **2m @ 3.84 g/t Au, 0.45% Cu, 4.43% Zn** from 107m (23LTRD001), Liontown
- **3m @ 3.73 g/t Au** from 132m (23LTRC003), Liontown
- **3m @ 0.51 g/t Au, 1.59% Cu, 3.95% Zn, 9.00% Pb** from 77m (23LTRC007), Liontown
- **2m @ 4.78 g/t Au, 0.43% Cu** from 43m (23LTRC008), Liontown
- **2m @ 2.16 g/t Au, 0.41% Cu** from 49m (23LTRC010), Liontown
And **2m @ 0.86 g/t Au, 2.42% Cu, 0.76% Zn** from 93m (23LTRC010), Liontown

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

REVIEW OF OPERATIONS (continued)

- 8m @ 1.29 g/t Au from 10m (23CORC004), Coronation
- 2m @ 1.79% Zn, 0.62% Pb, 0.17 g/t Au, 0.15% Cu from 90m (23CORC003), Coronation
- 3m @ 1.56 g/t Au from 31m (23CDRC002), Cardigan Dam
- 1m @ 2.29 g/t Au from 41m (23PLRC004), Plateau

CORPORATE

CAPITAL RAISING

In July 2023, the Company completed tranche 2 of a share placement announced in May 2023 to institutional and sophisticated investors at \$0.015 for a total of \$758,500 (before costs). Directors contributed \$500,000 to the placement subject to shareholder approval, which was obtained on 23 June 2023.

In September 2023, the Company completed a share placement to institutional and sophisticated investors at \$0.014 with a one for three free attaching option for a total of \$3.0 million (before costs).

INVESTMENT IN COCKATOO IRON

Sunshine Metals holds 6,250,000 fully paid ordinary shares in Cockatoo Iron NL ("Cockatoo Iron") as a consequence of the sale of its interests in the Cockatoo Island Project and participation in a subsequent entitlements issue. Cockatoo Iron has a 43.24% interest in Pearl Gull Limited (ASX: PLG). On 11 January 2024, the Company received 755,321 shares in Pearl Gull Limited following the completion of an in-specie distribution of Pearl Gull shares by Cockatoo Iron which was approved by shareholders at a General Meeting on 8 January 2024.

BUSINESS DEVELOPMENT

The directors believe the Company's existing cash reserves provide sufficient working capital to carry out its objective of assessing the open-pit potential of the Queensland projects whilst testing for large-scale mineralisation. The Company will maintain an ongoing program of assessing projects that meet its acquisition strategy.

SUBSEQUENT EVENTS

As at the date of this report, no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

RESULTS OF OPERATIONS

The net loss after income tax for the period was \$667,817 (2022: \$583,249).

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' REPORT

REVIEW OF OPERATIONS (CONTINUED)

FINANCIAL POSITION

The net assets of the Company are \$17,229,839 as at 31 December 2023 (at 30 June 2023: \$14,622,455).

SCHEDULE OF TENEMENT INTERESTS AS AT 31 DECEMBER 2023

Project	Tenement	Status	Beneficial Interest
Hodgkinson	EPM 18171	Granted	100%
Hodgkinson	EPM 19809	Granted	100%
Hodgkinson	EPM 25139	Granted	100%
Hodgkinson	EPM 27539	Granted	100%
Hodgkinson	EPM 27574	Granted	100%
Hodgkinson	EPM 27575	Granted	100%
Investigator	EPM 27343	Granted	100%
Investigator	EPM 27344	Granted	100%
Investigator	EPM 28369	Granted	100%
Triumph	EPM 18486	Granted	100%
Triumph	EPM 19343	Granted	100%
Ravenswood	EPM 26041	Granted	100%
Ravenswood	EPM 26152	Granted	100%
Ravenswood	EPM 26303	Granted	100%
Ravenswood	EPM 26304	Granted	100%
Ravenswood	EPM 27824	Granted	100%
Ravenswood	EPM 27825	Granted	100%
Ravenswood	EPM 28237	Granted	100%
Ravenswood	EPM 28240	Granted	100%
Ravenswood	EPM10582	Granted	100%
Ravenswood	EPM12766	Granted	100%
Ravenswood	EPM16929	Granted	100%
Ravenswood	EPM26718	Granted	100%
Ravenswood	EPM27357	Granted	100%
Ravenswood	EPM27520	Granted	100%
Ravenswood	EPM14161	Granted	100%
Ravenswood	EPM25815	Granted	100%
Ravenswood	EPM18471	Granted	100%
Ravenswood	EPM18470	Granted	100%
Ravenswood	EPM18713	Granted	100%
Ravenswood	EPM25895	Granted	100%
Ravenswood	ML10277	Granted	100%
Ravenswood	ML100290	Application	100%
Ravenswood	ML100302	Application	100%
Ravenswood#	EPM25617	Granted	0%
Ravenswood#	EPM26705	Granted	0%

Farm-In tenements. Sunshine Metals has the capacity to earn 75% beneficial interest over 3 years.

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 is included within this financial report.

DIRECTORS' REPORT

This consolidated interim financial report is signed in accordance with a resolution of the board of directors.



Alec Pismiris
Director

Dated at Perth this 12th day of March 2024

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	31 December 2023 \$	31 December 2022 \$
Corporate expenses	2	(590,399)	(583,249)
Impairment of investments		(11,814)	-
Share-based payments	10	(48,661)	-
Exploration expensed		(16,943)	-
Loss before income tax		(667,817)	(583,249)
Income tax		-	-
Loss for the period		(667,817)	(583,249)
Other comprehensive income/(loss) for the period		-	-
Total comprehensive loss for the period attributable to the members		(667,817)	(583,249)
		Cents	Cents
Basic and diluted loss per share (cents per share)	3	(0.06)	(0.08)

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

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	31 December 2023 \$	30 June 2023 \$
Current Assets			
Cash and cash equivalents	4	2,070,179	3,329,590
Trade and other receivables	5	155,199	139,346
Prepayments		17,904	-
Total Current Assets		2,243,282	3,468,936
Non-Current Assets			
Exploration and evaluation expenditure	6	17,147,773	12,808,321
Property, plant and equipment		190,630	251,972
Other financial assets		22,660	34,474
Security deposits		267,478	178,445
Total Non-Current Assets		17,628,541	13,273,212
TOTAL ASSETS		19,871,823	16,742,148
Current Liabilities			
Trade and other payables		889,291	323,035
Provisions		60,737	55,692
Lease liability		102,531	99,508
Total Current Liabilities		1,052,559	478,235
Non-Current Liabilities			
Lease liability		34,425	86,458
Provision for rehabilitation	7	1,555,000	1,555,000
Total Non-Current Liabilities		1,589,425	1,641,458
TOTAL LIABILITIES		2,641,984	2,119,693
NET ASSETS		17,229,839	14,622,455
EQUITY			
Issued capital	8	31,911,927	28,800,741
Reserves	9	4,676,203	4,512,188
Accumulated losses		(19,358,291)	(18,690,474)
TOTAL EQUITY		17,229,839	14,622,455

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

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Issued Capital	Share-Based Payments Reserve	Accumulated Losses	Total Equity
	\$	\$	\$	\$
Balance at 01/07/2022	22,497,970	4,157,108	(15,200,532)	11,454,546
Loss for the period	-	-	(583,249)	(583,249)
Total comprehensive loss for the period	-	-	(583,249)	(583,249)
Issue of fully paid ordinary shares	3,750,000	-	-	3,750,000
Capital raising costs	(203,198)	-	-	(203,198)
Balance at 31/12/2022	26,044,772	4,157,108	(15,783,781)	14,418,099
Balance at 01/07/2023	28,800,741	4,512,188	(18,690,474)	14,622,455
Loss for the period	-	-	(667,817)	(667,817)
Total comprehensive loss for the period	-	-	(667,817)	(667,817)
Issue of fully paid ordinary shares	3,439,000	-	-	3,439,000
Capital raising costs	(327,814)	-	-	(327,814)
Share-based payments	-	164,015	-	164,015
Balance at 31/12/2023	31,911,927	4,676,203	(19,358,291)	17,229,839

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

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

	Note	31 December 2023 \$	31 December 2022 \$
Cash Flows from Operating Activities			
Payments to suppliers and employees		(437,844)	(787,818)
Net Cash Used In Operating Activities		<u>(437,844)</u>	<u>(787,818)</u>
Cash Flows from Investing Activities			
Payments for exploration expenditure		(3,979,008)	(1,600,417)
Purchase of plant and equipment		-	(15,853)
Payment of security deposit		(70,533)	-
Net Cash Used In Investing Activities		<u>(4,049,541)</u>	<u>(1,616,270)</u>
Cash Flows from Financing Activities			
Gross proceeds from share issues		3,439,000	3,750,000
Costs of share issues		(211,026)	(210,210)
Repayment of borrowings		-	(8,506)
Net Cash From Financing Activities		<u>3,227,974</u>	<u>3,531,284</u>
Net increase/(decrease) in cash and cash equivalents held		(1,259,411)	1,127,196
Cash and cash equivalents at beginning of the financial period		3,329,590	1,853,737
Cash and cash equivalents at the end of the half-year	4	<u><u>2,070,179</u></u>	<u><u>2,980,933</u></u>

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

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 1: BASIS OF PREPARATION

The interim consolidated financial report is a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: Interim Financial Reporting. Compliance with AASB 134 ensures that the financial report and notes also comply with International Financial Reporting Standards IAS 34: Interim Financial Reporting.

It is recommended that this consolidated interim financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Sunshine Metals Limited and its controlled entities during the half-year in accordance with the continuous disclosure requirements arising under the *Corporations Act 2001* and ASX Listing Rules.

The interim consolidated financial report does not include full disclosures of the type normally included in annual financial reports.

The interim consolidated financial report has been prepared on an accruals basis and is based on historical costs, cost is based on the fair value of the consideration given in exchange for assets.

Going concern

The consolidated financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

To meet the capital and operating expenditure budgets for the next twelve month from the date of this report the Directors intend to raise further capital for the Group. The directors believe that there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable given its past history of successfully raising new equity and current market capitalisation of the Company.

Should the Company be unable to raise the required capital to fund the next 12 months planned capital and operating expenditure, there is a material uncertainty that may cast significant doubt on its ability to continue as a going concern and it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements.

Statement of compliance

The interim financial statements were authorised for issue on 12 March 2024.

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).

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 *(continued)*

Significant accounting estimates and judgements

The preparation of the interim financial statements 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.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2023.

The accounting policies and methods of computation have been consistently applied by the consolidated entity and are consistent with those in the June 2023 annual financial report except for the impact (if any) of new and revised standards and interpretations outlined below.

New and Revised Accounting Standards and Interpretations

Standards and Interpretations applicable to 31 December 2023

In the period ended 31 December 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 Standards and Interpretations in issue not yet adopted for the period ended 31 December 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 by the Group and, therefore, no change is necessary to Group accounting policies.

NOTE 2: LOSS BEFORE INCOME TAX

Loss before income tax includes the following revenues, expenses and gains whose disclosure is relevant in explaining the financial performance for the interim period:

	Consolidated	
	6 months to 31 December 2023 \$	6 months to 31 December 2022 \$
(b) Significant items		
<i>Included in corporate expenses</i>		
Consulting and directors fees	144,199	139,016
Share register maintenance and listing fees	52,244	65,298
Legal fees	23,652	-

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (continued)**

NOTE 3: LOSS PER SHARE

The following reflects the income and data used in the calculations of basic and diluted loss per share:

	Consolidated	
	6 months to 31 December 2023	6 months to 31 December 2022
	\$	\$
Loss per share (cents)	(0.06)	(0.08)
Loss used in calculating basic and diluted loss per share	(667,817)	(583,249)
	Number of Shares	Number of Shares
Weighted average number of ordinary shares used in calculating basic loss per share:	1,204,107,039	723,021,631

Diluted loss per share is the same as basic loss per share as the conversion to ordinary shares does not lead to an inferior view of the earnings performance of the entity.

NOTE 4: CASH AND CASH EQUIVALENTS

For the purpose of the half-year statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Cash at bank	2,070,179	3,329,590

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

**CONDENSED NOTES TO THE FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (continued)**

NOTE 5: TRADE AND OTHER RECEIVABLES

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
GST	154,269	138,416
Other	930	930
	155,199	139,346

NOTE 6: EXPLORATION AND EVALUATION EXPENDITURE

	Consolidated	
	6 months to 31 December 2023	Year to 30 June 2023
	\$	\$
Balance at the beginning of the period	12,808,321	9,943,600
Acquisition of Greater Lio ntown and Hebrides Projects	2,846,234	-
Non-refundable deposits paid for the Greater Lio ntown acquisition	-	375,000
Expenditure incurred during the period	1,493,218	3,427,323
Impairment of exploration assets ⁽ⁱ⁾	-	(937,602)
Balance at the end of the period	17,147,773	12,808,321

⁽ⁱ⁾ The Company intends to divest of the Hodgkinson and Investigator projects in due course as they are non-core to the future strategy and direction; and have therefore impaired the carrying value of \$937,602 at 30 June 2023. Future expenditure on these tenements is expensed as incurred.

The ultimate recoupment of deferred exploration and evaluation expenditure in respect of an area of interest is dependent upon the discovery of commercially viable reserves and the successful development and exploitation of the respective areas or alternatively sale of the underlying areas of interest for at least their carrying value.

NOTE 7: PROVISIONS

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
Provision for rehabilitation	1,555,000	1,555,000

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (continued)

NOTE 7: PROVISIONS (continued)

Provision for rehabilitation

The provision for the estimated costs to rehabilitate historical mining areas has been on a closure cost estimate methodology prepared by experienced mine closure consultants. The responsibility for and the amount of the obligation is subject to ongoing review and does not take into account commercial factors that could significantly reduce the actual work required and the cost of doing so. These factors are discussed in detail below.

In 2002, the Company acquired the mineral assets of Nugold Hill Mines Limited (“Nugold”) pursuant to an acquisition agreement. The acquisition included the Xanadu Gold Project which comprised three mining leases and an exploration license (“Xanadu”). The Xanadu tenements were relinquished by the Company in 2009 and were subsequently acquired and explored by third parties thereafter. As a consequence of mining operations undertaken by Nugold prior to the Company’s acquisition of Xanadu, there exists an obligation to rehabilitate the site of the historical mining activities. The Company has a security bond of \$114,000 in place with the Department of Mines, Industry, Regulation and Safety (“DMIRS”). Mine closure consultants have provided a report to the Company which includes a costed plan to rehabilitate Xanadu as required by DMIRS. The costed plan forms the basis of the provision for rehabilitation.

The Company reserves its rights in relation to the rehabilitation obligation, if any. It should be noted that:

- the Company is undertaking a legal review to determine whether rehabilitation obligations were part of the Nugold acquisition;
- the Company is undertaking a review to determine what rehabilitation obligations arose from third party activities in the period from relinquishment in 2009 to 31 December 2023;
- the Company has not accepted the scope of the DMIRS rehabilitation obligations;
- Xanadu is subject to active exploration by third parties which may reduce the need for rehabilitation due to potential future mining activities;
- the rehabilitation obligation as estimated by using the DMIRS Rehabilitation Liability Estimate Calculator in the previous financial year was \$357,000; and
- the costed plan does not consider the above factors and is subject to change.

Notwithstanding the above, the directors have taken a conservative approach and made provision for the closure cost estimate prepared by the mine closure consultants.

NOTE 8: ISSUED CAPITAL

	Consolidated	
	31 December 2023	30 June 2023
	\$	\$
(a) Issued Capital		
Ordinary shares fully paid	31,911,927	28,800,741

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 *(continued)*

NOTE 8: ISSUED CAPITAL *(continued)*

(b) Movements in ordinary share capital

Date	Details	No. of Shares	\$
01/07/2022	Opening balance	619,722,730	22,497,970
22/08/2022	Placement	140,200,000	3,505,000
02/12/2022	Director placement	9,800,000	245,000
15/05/2023	Placement – Tranche 1	189,433,334	2,841,500
	Placement – Tranche 2 Shares to be issued	-	319,500
	Less: capital raising costs	-	(608,229)
30/06/2023	Closing balance	<u>959,156,064</u>	<u>28,800,741</u>
01/07/2023	Opening balance	959,156,064	28,800,741
12/07/2023	Placement – Tranche 2	50,566,666	439,000
27/09/2023	Placement	214,285,714	3,000,000
	Less: capital raising costs (note 10)		(327,814)
31/12/2023		<u>1,224,008,444</u>	<u>31,911,927</u>

(c) Deferred Shares

As part of the consideration for the acquisition of XXXX Gold Pty Ltd, the Company issued:

- (a) 50,000,000 Deferred Shares on the Company announcing to ASX, within 3 years of completion of the Acquisition, that it has a JORC 2012 compliant Inferred Resource of 100,000 ounces of gold or gold equivalent at a minimum 1 gram per tonne cut off on tenements owned or being acquired or applied for by XXXX Gold at the time of completion; and
- (b) further 50,000,000 Deferred Shares on the Company announcing to ASX, within 3 years of completion of the Acquisition, that it has a JORC 2012 compliant Inferred Resource of 200,000 ounces of gold or gold equivalent at a minimum 1 gram per tonne cut off on tenements owned or being acquired or applied for by XXXX Gold at the time of completion.

On 31 March 2022, the Company announced a maiden Resource at the 100% owned Triumph Gold Project totalling 1.8 million tonnes at 2.0 g/t for 118 koz of contained gold. As a result, 50,000,000 Deferred Shares vested and were converted into fully paid ordinary shares. The value of deferred shares was recognized in reserves.

On 11 December 2023, the 50,000,000 Deferred Shares lapsed and expired as the relevant performance hurdle has not been satisfied in order for the Deferred Shares to vest and convert into ordinary shares.

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (continued)

NOTE 8: ISSUED CAPITAL (continued)

(d) Performance Rights

During the 2021 financial year, 17,000,000 Performance Rights were issued to directors in the following tranches:

- (a) Tranche 1 – 50% of the rights will vest on the Company announcing to ASX within 3 years of completion of the acquisition of XXXX Gold Pty Ltd that it has a JORC 2012 compliant resource of 100,000 ounces of gold; and
- (b) Tranche 2 – 50% of the rights will vest on the Company announcing to ASX within 3 years of completion of the acquisition of XXXX Gold Pty Ltd that it has a JORC 2012 compliant resource of 200,000 ounces of gold.

On 31 March 2022, the Company announced a maiden JORC 2012 Mineral Resource Estimate at the 100% owned Triumph Gold Project totalling 1.8 million tonnes at 2.03 g/t for 118 koz of contained gold. As a result, 8,500,000 Performance Rights vested and were converted into fully paid ordinary shares. During the 2022 financial year, the Company recognized a share-based payment expense of \$170,000 relating to the Tranche 1 Performance Rights that vested which has been recorded in the options reserve.

On 30 September 2023, the 8,500,000 Tranche 2 Performance Rights lapsed and expired as the relevant performance hurdle has not been satisfied in order for the Performance Rights to vest and convert into ordinary shares.

NOTE 9: RESERVES

(a) Composition	Consolidated	
	31 December	30 June
	2023	2023
	\$	\$
Share based payments reserve	4,676,203	4,512,188

(b) Movements in options

Date	Details	No. of Unlisted Options	Exercise Price	Expiry Date
01/07/2022	Opening balance	68,300,000		
23/06/2023*	Lead manager options	20,000,000	0.0225	07/07/2027
	Director options	20,000,000	0.0225	30/06/2027
30/06/2023	Closing balance	108,300,000		
01/07/2023	Opening balance	108,300,000		
02/08/2023	Employee options	4,933,334	0.0225	30/06/2027
21/11/2023	Placement options	71,482,529	0.03	30/09/2025
28/11/2023	Lead manager options	15,000,000	0.021	27/11/2026
31/12/2023	Closing balance	199,715,863		

* These options were approved by shareholders on 23 June 2023 and issued on 7 July 2023.

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 (continued)

NOTE 10: SHARE BASED PAYMENTS

The following share-based payment transactions occurred or were recognised during the half-year ended 31 December 2023:

- 4,933,334 options exercisable at \$0.0225 expiring 30/06/2027 were issued to employees. These options were valued at \$48,661 and were fully expensed.
- 15,000,000 options exercisable at \$0.021 expiring 27/11/2026 were issued to the lead manager in relation to the September 2023 placement. These options were valued at \$115,354 and recognised as a cost of capital raising.

All share options issued during the half-year ended 31 December 2023 vested immediately. The total amount of \$164,015 was recognised as a share-based payment expense.

Fair values of share options issued are determined using the Black-Scholes model based on information available as at the measurement date, considering the exercise price, term of option, the share price at grant date, expected price volatility of the underlying share, expected yield and the risk-free interest rate for the term of the option. Parameters for all share options issued during period were:

Measurement date	31/7/2023	21/9/2023
Issue date	2/8/2023	27/9/2023
Expiry date	30/6/2027	27/11/2026
Dividend yield	Nil	Nil
Expected volatility	78.5%	78.5%
Risk-free interest rate	3.98%	3.84%
Expected life of options (years)	3.9 years	3 years
Underlying share price	\$0.018	\$0.016
Option exercise price	\$0.0225	\$0.021
Value of option	\$0.00986	\$0.00769
Number of options issued	4,933,334	15,000,000
Value of options	\$48,661	\$115,354
Amount expensed during the year	\$48,661	-
Amount recognised in equity during the year	-	\$115,354

NOTE 11: CONTINGENT LIABILITIES

The Company has no known material contingent liabilities as at 31 December 2023.

NOTE 12: SEGMENT INFORMATION

Business Segments

The directors have considered the requirements of AASB 8 – Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Board) in allocating resources and have concluded that at this time there are no separate identifiable business segments.

The operations and assets of Sunshine Metals Limited and its controlled entities are employed in exploration activities relating to minerals in Australia.

SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

CONDENSED NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023 *(continued)*

NOTE 13: FINANCIAL INSTRUMENTS

Financial Instruments

The following table presents the Group's assets and liabilities measured and recognised at fair value:

31 December 2023	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Equity investments at FVTPL	-	-	22,660	22,660

30 June 2023	Level 1	Level 2	Level 3	Total
<i>Asset</i>	\$	\$	\$	\$
Equity investments at FVTPL	-	-	34,474	34,474

The methods and valuation techniques used for the purposes of measuring fair value are unchanged compared to the previous reporting period.

The carrying amounts of the current receivables, current payables and other liabilities are considered to be a reasonable approximation of their fair value.

NOTE 14: EVENTS SUBSEQUENT TO REPORTING DATE

As at the date of this report, no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent years.

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SUNSHINE METALS LIMITED AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the directors:
 - a. the accompanying interim financial statements and notes are in accordance with the *Corporations Act 2001* including:
 - i. giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year then ended; and
 - ii. complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting', the *Corporations Regulations 2001*, professional reporting requirements and other mandatory requirements.
 - b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made by the Directors in accordance with Section 303(5) of the *Corporations Act 2001* for the half-year ended 31 December 2023.

Signed in accordance with a resolution of the board of directors.

Dated this 12th day of March 2024



Alec Pismiris
Director

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Sunshine Metals Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Sunshine Metals Limited ("the Company") and its controlled entities ("the Group"), which comprises the condensed consolidated statement of financial position as at 31 December 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, selected explanatory notes, 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, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Sunshine Metals 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 31 December 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 in the 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.

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Auditor's Responsibility for the Review of the Financial Report

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

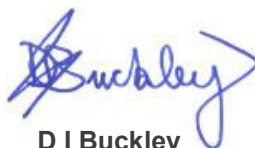
Independence

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



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
12 March 2024



D I Buckley
Partner

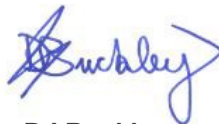
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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sunshine Metals Limited for the half-year ended 31 December 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
12 March 2024



D I Buckley
Partner

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