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Locksley Resources Limited
ACN: 629 672 144

Interim Financial Report
for the Period Ended
31 December 2023

LOCKSLEY RESOURCES LIMITED
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LOCKSLEY RESOURCES LIMITED

CORPORATE DIRECTORY

Directors

Non-Executive Chairman
Mr Nathan Lude (Appointed 9 October 2023)
Mr Adam Giles (Resigned 27 October 2023)

Managing Director
Mr Stephen Woodham

Non-Executive Director
Mr Stephen Brockhurst

Company Secretary
Mr Alan Armstrong

Registered and Principal Office
Level 8
216 St Georges Terrace
Perth Western Australia 6000

Telephone : +61 (8) 9481 0389
Facsimile : +61 (8) 9463 6103

Auditors

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco Western Australia 6008

Bankers

National Australia Bank Limited
Ground Floor, 100 St Georges Terrace
Perth Western Australia 6000

The Directors present their report together with the interim financial statements of Locksley Resources Limited (referred to hereafter as "the Company") for the half year ended 31 December 2023.

Current Directors

The name and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire half year unless stated otherwise.

Mr Nathan Lude - Non-Executive Chairman (appointed 9 October 2023)
Mr Stephen Woodham – Managing Director
Mr Stephen Brockhurst - Non-Executive Director
Mr Adam Giles - Non-Executive Chairman (resigned 27 October 2023)

Mr Nathan Lude
Non-Executive Chairman (appointed 9 October 2023)

Mr Lude has broad experience working in Asset Management, Mining and the Energy Industry, and is well experienced in project identification and project development across multiple ASX listed companies. Nathan is the founding Director of corporate advisory firm Advantage Management which specialises in business growth and project development of ASX listed companies or private companies aspiring to become listed. Previously Mr Lude worked for ATCO Gas Australia and has previously held Executive and Managing Director positions for various ASX listed companies. Mr Lude is currently the Chairman for ASX listed, GTI Resources. Since 2007 Mr Lude has been involved in Asset and Fund Management and formerly operated a publicly unlisted business development fund. Mr Lude's business network spreads across Australia and Asia and has strong ties with Australian broking firms, institutions and also Asian Investors. Mr Lude has completed a Masters of Asset Management at Bond University, a Post Graduate Diploma in Asset Management and has a Bachelor of Business degree.

Mr Stephen Woodham
Managing Director

Mr Woodham has over 30 years' experience in the mining and exploration industry in Western Australia New South Wales and overseas. His area of specialisation includes field logistics and support and land access in rural and remote environments. He also has an extensive track record of tenement acquisition, mining investment and commercial and cross-cultural negotiation. Mr Woodham was a founding director of YTC Resources (Aurelia) and Centaurus Resources. and managing director of Kingwest Resources and Tellus Resources. .

Mr Stephen Brockhurst
Non-Executive Director

Mr Brockhurst is the founding Director of Mining Corporate Pty Ltd and has over 20 years' experience in the finance and corporate advisory industry and has been responsible for the preparation of the due diligence process and prospectuses on a number of initial public offers. His experience includes corporate and capital structuring, corporate advisory and company secretarial services, capital raising, ASX and ASIC compliance requirements.

Mr Adam Giles
Non-Executive Chairman (resigned 27 October 2023)

Adam was the 10th Chief Minister of the Northern Territory and held office from 2013 until 2016. During his political career Adam held the portfolios of Northern Australia, Major Projects, Economic Development, Indigenous Affairs, Transport and Infrastructure and Treasury. Prior to politics, Adam had a long career in the Indigenous affairs, housing, training and employment sectors and previously worked as a social and economic policy adviser in the Department of Prime Minister and Cabinet.

Principal Activities
The principal activity of the Group during the period was mineral exploration.

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Operating Results for the Year
The operating result of the Group for the period was a loss of $1,405,431 (2022: $635,900).

Review of Operations

Highlights for the December Half Year Period:

- Follow-up work campaign commenced for high-grade REE's on the North Block of the Mojave Project, California;
- Stream sediment sampling on the North Block Claim has been designed to locate the source of the elevated REE anomalies;
- Change of Directors – the appointment of Mr Nathan Lude in the role of Non-Executive Chairman effective from the 9 October 2023.
- Successful acquisition of the Highly Prospective REE Mojave Project in California, USA;
- 12.1% (122,338 ppm) TREO High-Grade Rockchips from the El Campo Prospect
- Highly Anomalous TREO Results from a Stream Sediment Sampling Program at the Mojave North Block
- Drilling at Tottenham returned up to 5.03% Copper and 0.53g/t Gold

MOJAVE PROJECT

El Campo Prospect

- A total of 171 rock-chip samples were assayed for a full suite of elements by American Analytical Services (AAS);
- The surface sampling program returned very high-grade assays up to 12.1% (121,388 ppm) Total Rare-Earth Oxide (TREO's) and 3.19% (31,940 ppm) NdPr;
- 12 rock-chip samples returned TREO grades over 1%;
- The mapping and sampling program also identified a 860m long interpreted prospective horizon associated with high-grade outcropping samples between 1.03% and 12.1% TREO;
- Applications for drilling have been lodged with the BLM (Bureau of Land Management) to undertake 5-6 diamond holes to follow-up the high-grade TREOs. Drillholes will target the El Campo 'lode'.

North Block

- Multiple REE targets have been identified within the North Block of the Mojave Project post the field program in August 2023;
- The recent stream sediment sampling program at the North Block returned highly anomalous total rare-earth oxide (TREO) results;
- Seven (7) stream sediment samples returned assays ranging from 0.103% to 0.26% TREO;
- Six (6) catchment areas were identified as prospective for ongoing REE exploration;
- A total of 51 stream sediment samples were collected within the North Block and assayed for a full suite of elements by American Analytical Services (AAS);
- The stream sediment sampling program has identified additional rare earth potential within the Mojave Project;
- These catchments have been interpreted to be feeding topographic low stream sediments with elevated REE.

<u>The Mojave Project</u>
Locksley was pleased to announce that it has successfully completed the acquisition of the highly prospective rare-earth elements (REE) exploration project located adjacent to the largest REE mine in the USA. The Company successfully acquired 100% of the issued capital of Enigma Strategic Minerals Pty Ltd ("ESM") which, through its wholly owned subsidiaries, owns 201 mineral claims making up the North Block and South Block of the Mojave Project located in the Mojave Desert, California, USA, along with an additional five (5) mineral claims making up the El Campo Prospect area (see Figure 1).

The Mojave Project consists of three areas: The North Block comprising of 164 claims totalling 14.9 km², South Block comprising of 32 claims totalling 3.5 km², and the El Campo Prospect comprising of five (5) claims

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totalling 0.34 km².

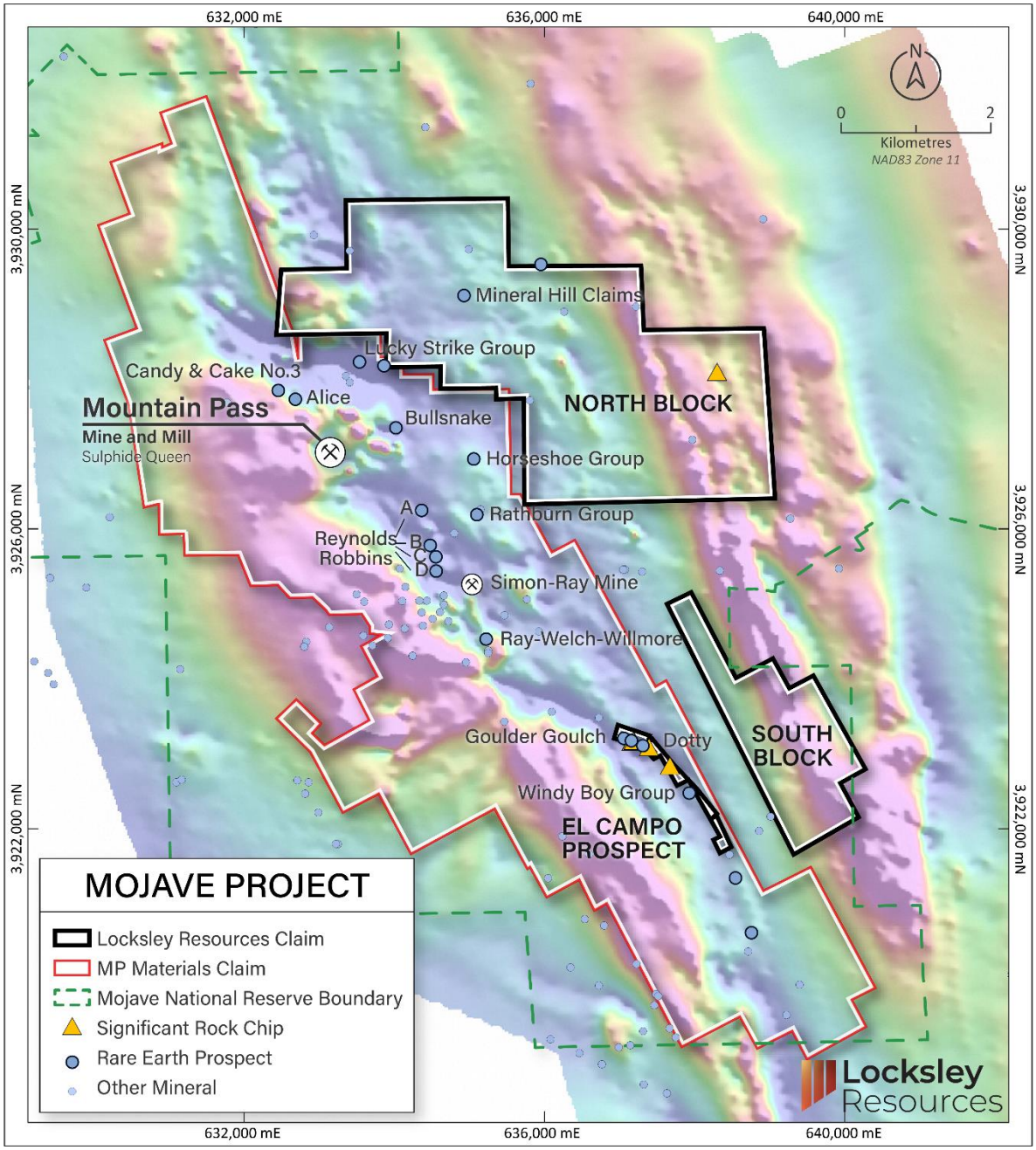

Figure 1. MOJAVE PROJECT – Location of the Mojave Project Prospects relative to MP Materials Mountain Pass Mine and Claims

Mapping at El Campo defined a south-west dipping cataclastic gneiss prospective for REE mineralisation, the prospective horizon dips at between 45-55 degrees to the south-west and has a footwall of layered granitic gneiss to the east. The prospective horizon appeared to be cut off by a granite to the north-west, the footwall of the interpreted prospective horizon extends for 860m along strike within the El Campo claims.

On 29 November 2023, the Company announced the completion of a follow-up stream sediment sampling campaign targeting high-grade REE's on the North Block of the Mojave Project. The sampling of the anomalous catchment areas has potential to identify additional high-grade rare earths within the broader Mojave Project area.

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Figure 2. El Campo 'lode' running 12.1% TREO – Dipping 75° to the south-west

On 20 September 2023, the Company announced the rockchip sampling program completed over Mojave's, North Block, South Block, and EL Campo lease returned assays greater than 1% TREO, ranging between 1.03% to 12.14% TREO. The high-grade 12.1% TREO rockchip sample was collected from the outcropping gossan identified during the mapping and sampling program completed in August.

The mapping identified an interpreted prospective horizon that extends for 860m. The highest-grade samples collected within the El Campo claims were associated with a line of historic workings developed on the mapped gossan reported on the 6th September, seven (7) samples over 46m strike returned over 1% TREO, five (5) of those over 3% TREO (including 12.1% TREO) were collected along the line of workings.

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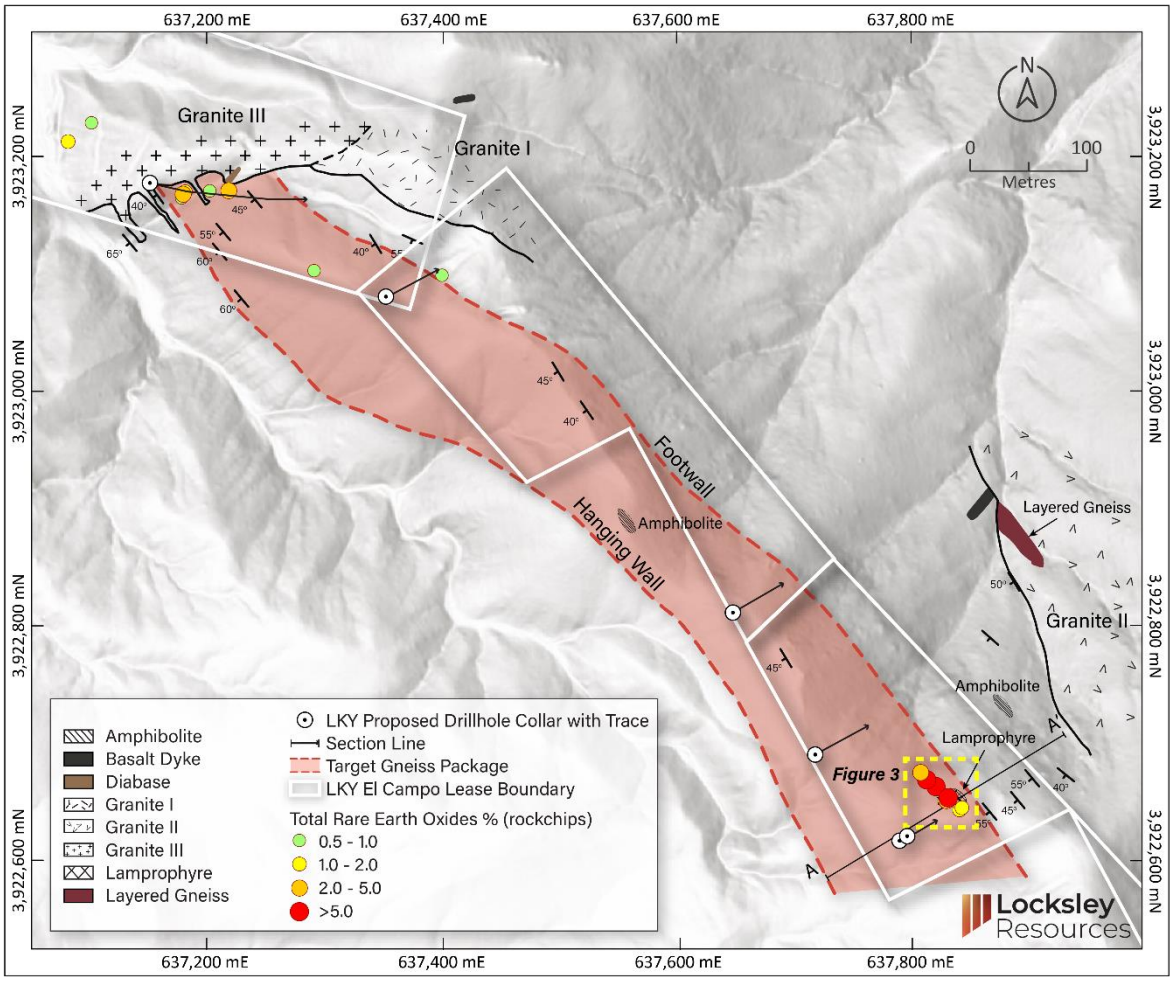

Figure 3. Plan view mapped prospective horizon and rockchip samples. Yellow square = El Campo 'lode' gossan (Figure 4)

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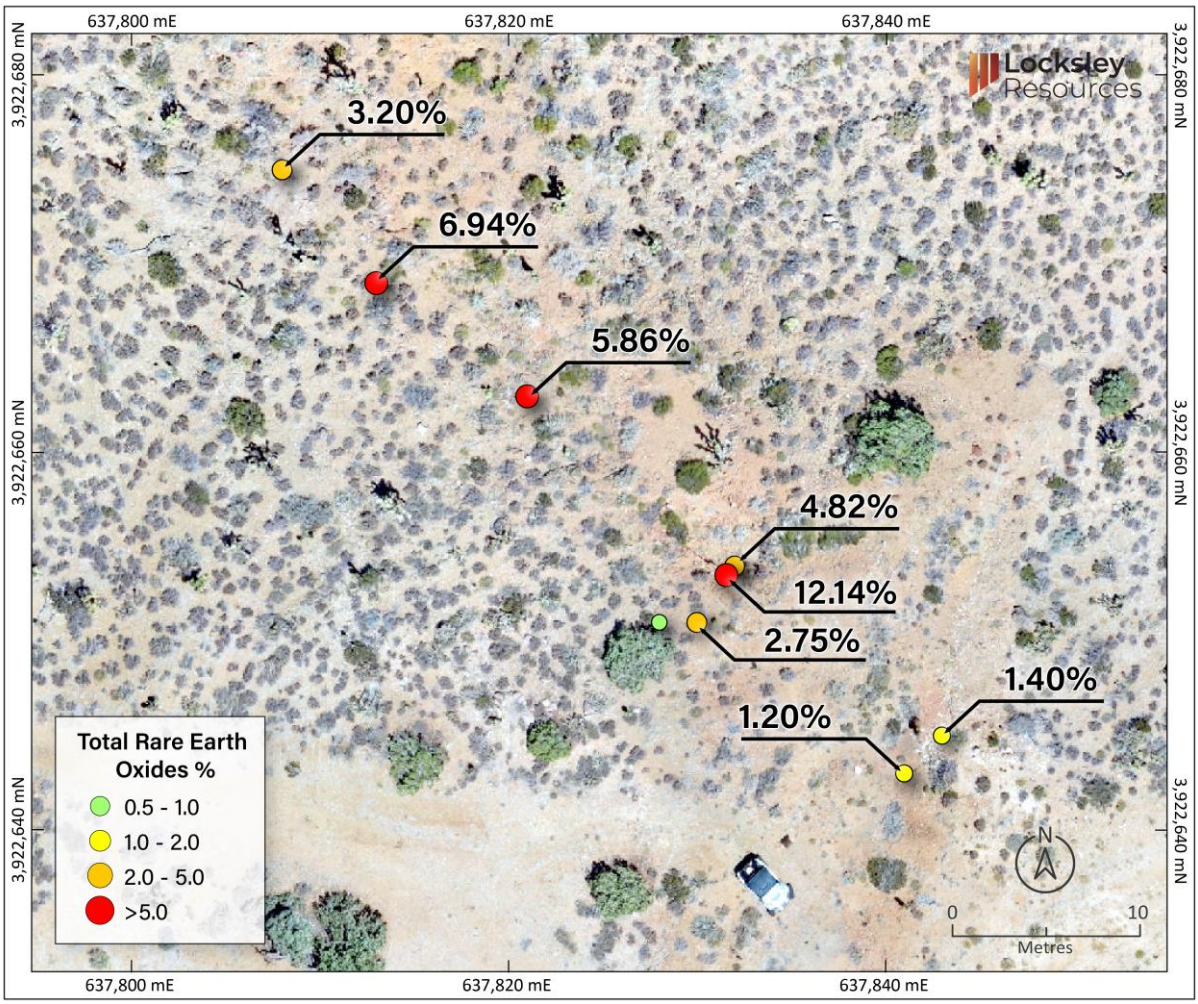

Figure 4. El Campo 'lode' gossan high-grade TREO rock-chip samples (on drone orthomosaic)

The surface expression of the sampled gossan was seen as an oxide stain shedding down slope in detailed drone orthomosaic imagery (figure 4) but could not be traced further than 46m under a steep scree slope to the north-west so remains open under cover along strike. The El Campo 'lode' runs close to parallel to the footwall of the mapped prospective horizon mapped for 860m. Applications were lodged with the Bureau of Land Management (BLM) for drilling to test the down dip continuity.

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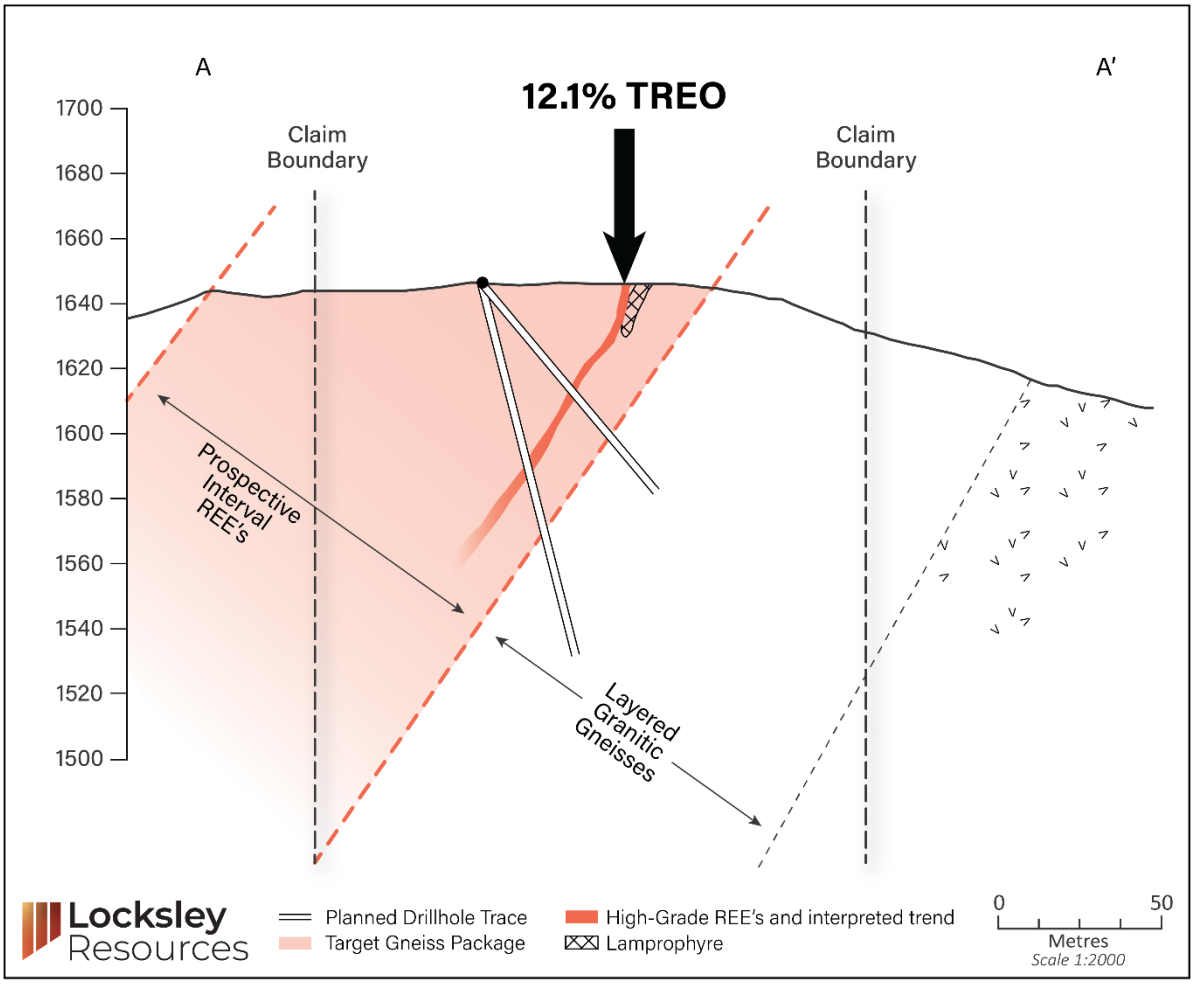

Figure 5. Interpreted cross-section El Campo 'lode' and planned priority drillholes

On Thursday 28 September, the Company announced that the stream sediment sampling program completed at the Mojave Project returned seven (7) anomalous results ranging from 0.103% (1,030ppm) to 0.26% 2,600ppm) TREO.

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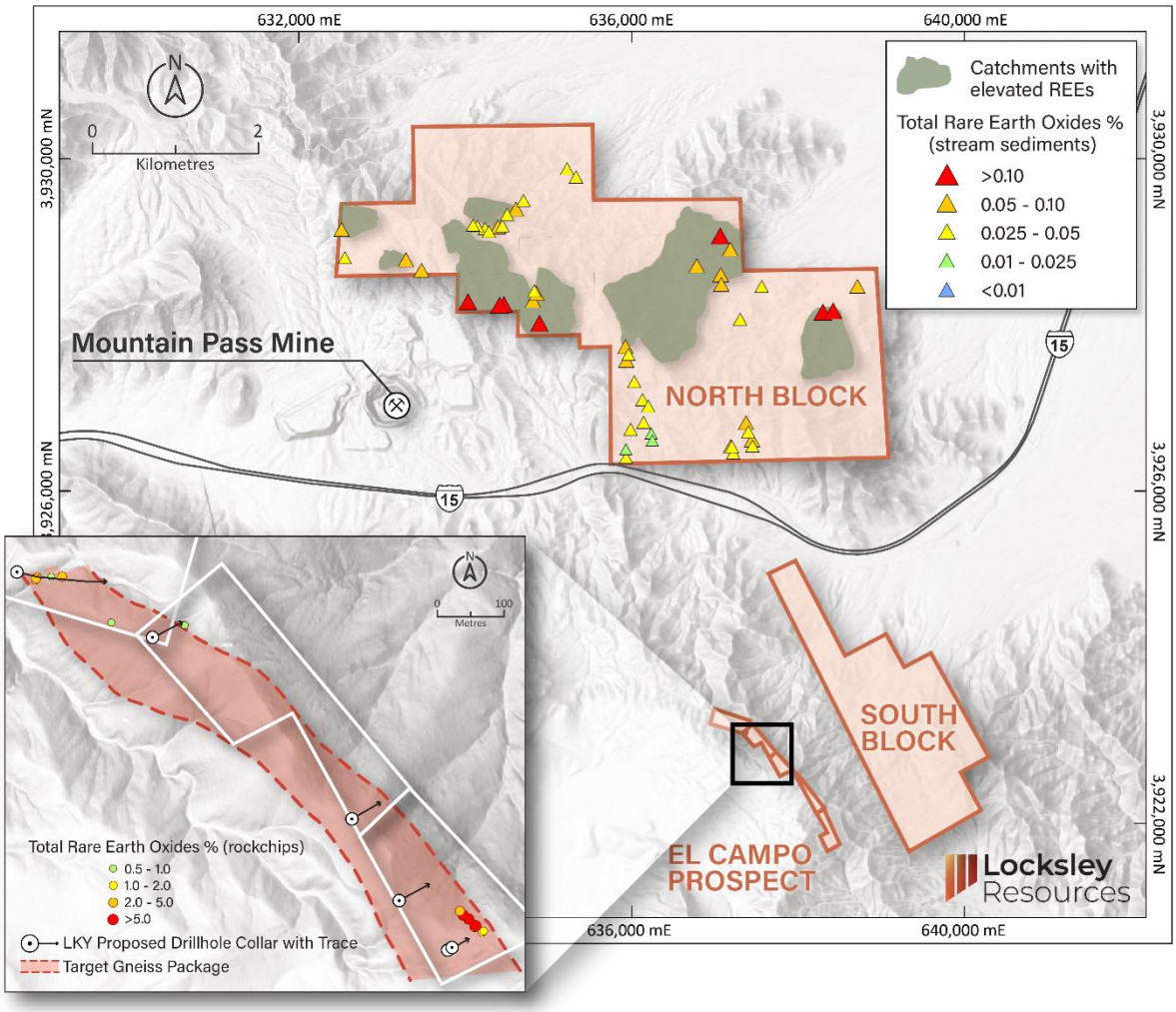

Figure 6. North Block stream sediment assay results and localities in relation to the El Campo Prospect

The Company collected fifty-one (51) stream sediment samples within the North Block Claim. The purpose of the sampling program was to identify potential mineral trends associated with REE mineralisation outside of the already identified 860m long mineralised horizon located within the El Campo Prospect. The first pass stream sediment sampling program was designed to collect samples from dry stream beds over a broadly spaced area within the North Block as an early exploration tool to cover large areas of the claims with the aim of identifying smaller areas of interest that require additional ground reconnaissance.

Six (6) catchment areas were identified as potential source areas for REE mineralisation in the North Block (Figure 7). Seven (7) stream sediment samples have identified highly anomalous REE potential, resulting in erosion from nearby surrounding outcrops. The sampling points with anomalous elevated REE geochemistry, especially if condensed, indicate the possibility of a REE deposit upstream from where the samples were collected. A cluster of elevated REE stream sediment samples are prominent in two distinct areas. Four (4) stream sediments with TREO's ranging from 0.13% to 0.21% are located on the central western boundary of North Block, in a west-north-west to east-south-east orientation.

The second cluster, consisting of three (3) stream sediment samples ranging from 0.103% to 0.26% TREOs, are situated in a similar orientation, but instead lie on the central eastern boundary of North Block (Figure 7). The similarities shared between both sample clusters, is the orientation of the stream sediment samples with elevated REE. These clusters have a similar spatial relationship and orientation of regional structures delineated from satellite imagery. Interpretations suggest that both clusters lie in a NW-SE orientation likethe orientation of regional bedding structures located along the eastern margin of Clark Mountain.

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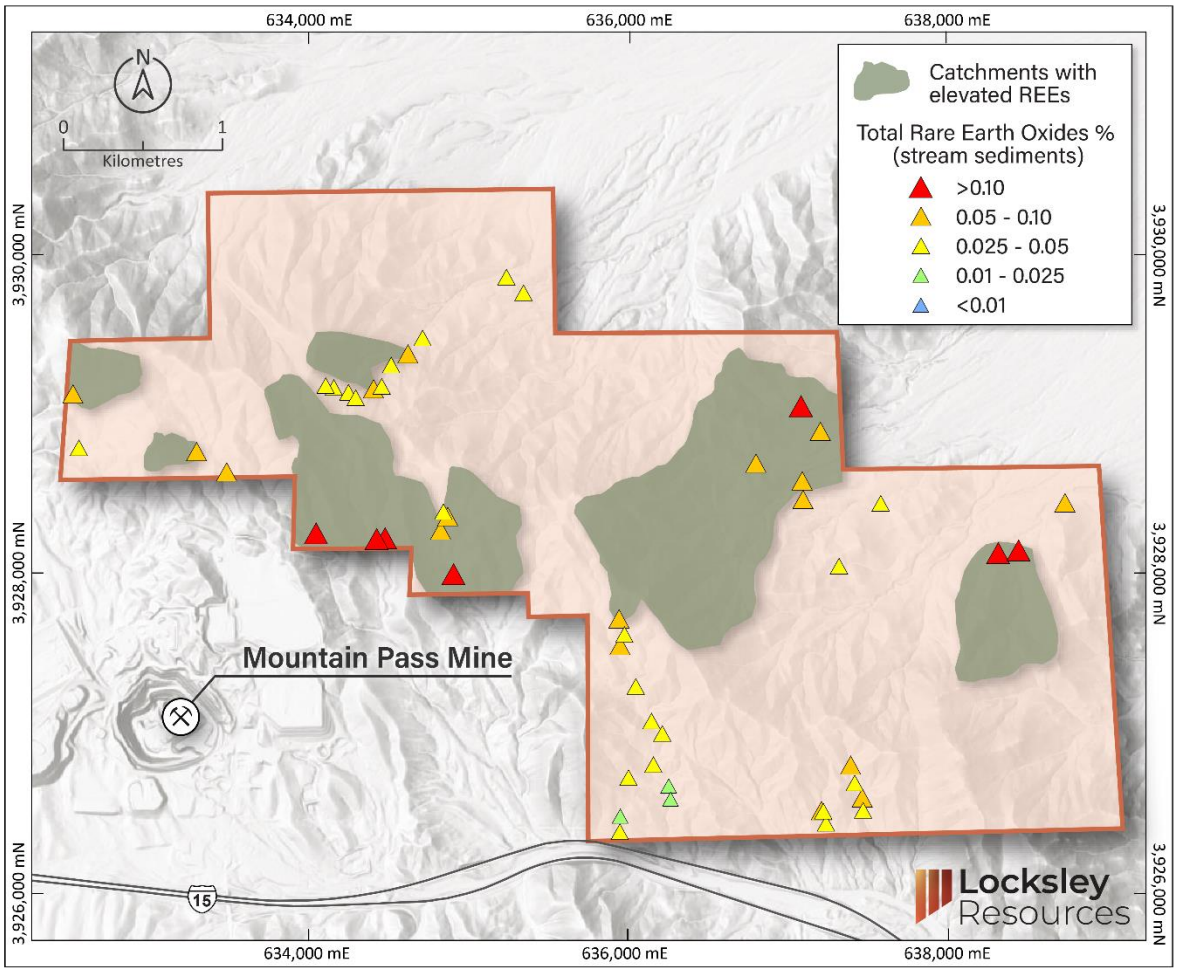

Figure 7. Source of REE mineralisation relative to elevated REE stream sediment samples
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TOTTENHAM PROJECT
Highlights for the Tottenham Project.

Reverse Circulation (RC) Drilling Program

- Results received for 18 RC drillholes totaling 3,267m
- Drilling was designed to add to known resources and extend into new areas
- Global Inferred JORC Mineral Resource stands at 9.86Mt @ 0.72% Cu, 0.22g/t Au prior to current drilling program
- Mount Royal – Orange Plains infill drilling
- 8m @ 1.57% Cu and 0.16g/t Au from 65m (TORC030)
- Including 2m @ 5.03% Cu and 0.53g/t Au from 67m;

The Company received all assay results from the RC drilling program conducted during the 2nd quarter of 2023. The drilling predominantly focused on testing targets for additional resources to complement the existing Inferred JORC Mineral Resource Estimate (MRE) of 9.86 Mt @ 0.72% Cu and 0.22g/t Au at the Mount Royal - Orange Plains Deposit.

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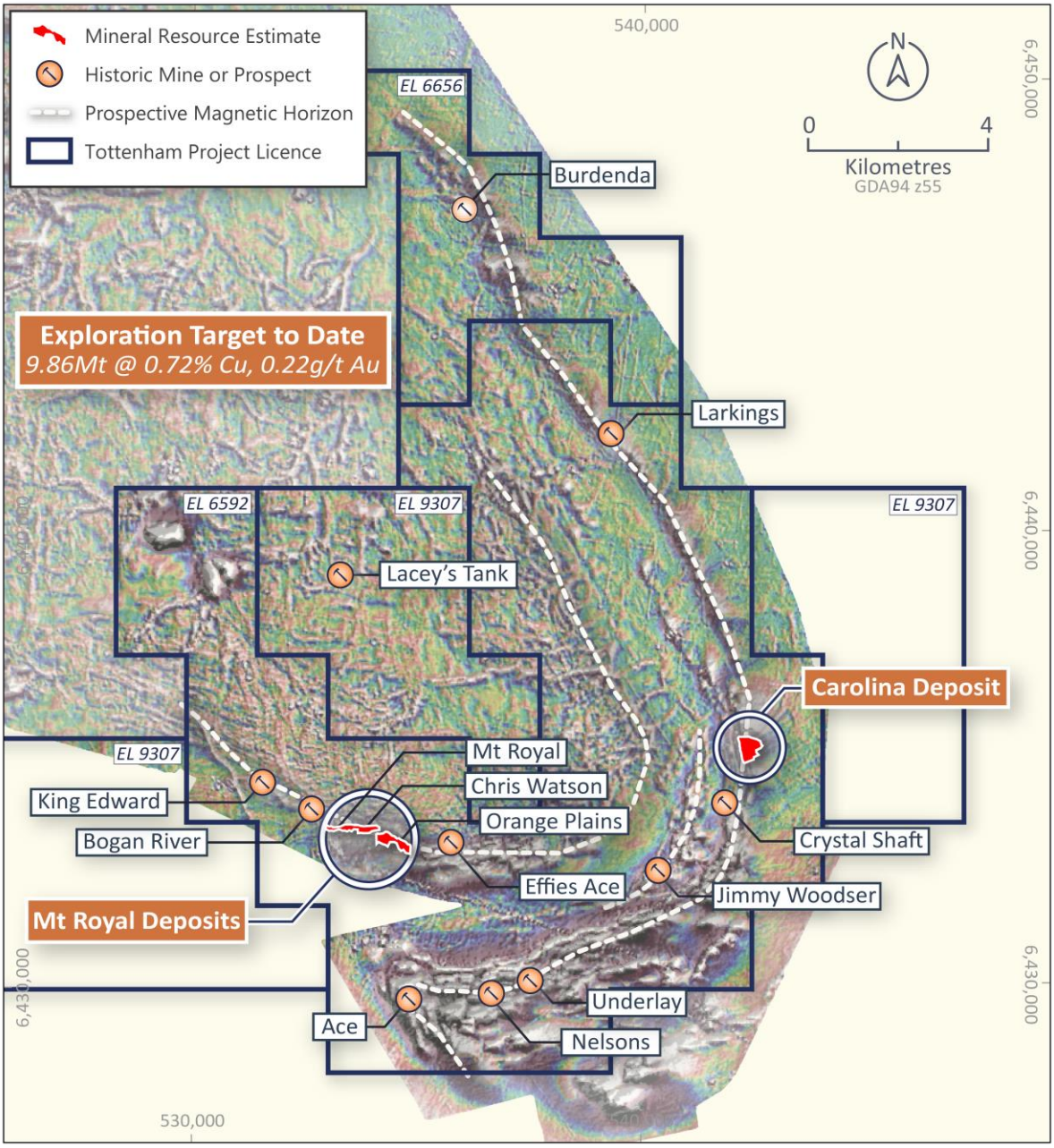

Figure 8. Tottenham Project overview on Airborne Magnetics RTP Image

Mount Royal – Orange Plains

Infill Drilling

Hole TORC030 was drilled within the Mount Royal – Orange Plains MRE and returned 8m @ 1.57% Cu and 0.16g/t Au with a higher-grade core of 2m @ 5.03% Cu and 0.53g/t Au.

TORC030 is interpreted to represent the portion of the deposit that displays high-grade 'lodes' or 'ribbons' within the broader global resource, with more drilling these 'ribbons' are open down plunge and have the potential to significantly increase the grade and tonnage of the overall resource.

Additional infill drilling within the Mount Royal – Orange Plains MRE included TORC031 which returned 10m @ 0.42% Cu and 0.35g/t Au, including 1m @ 1.19% Cu and 0.31g/t Au.

A number of holes (TORC036-039) were drilled to test interpreted west plunging sulphide ribbons, down plunge of the Orange Plains portion of the resource. Three of the four holes intersected significant copper, gold mineralisation:

- TORC036 – 2m @ 1.45% Cu and 1.15g/t Au from 158m
- TORC037 – 11m @ 0.56% Cu and 0.16g/t Au from 162m
- Including 1m @ 1.43% Cu and 0.39g/t Au from 162m; and
- Including 1m @ 1.70% Cu and 0.43g/t Au from 172m
- TORC038 – 2m @ 1.10% Cu and 0.20g/t Au from 152m; and
- 1m @ 2.77% Cu and 0.95g/t Au from 176m

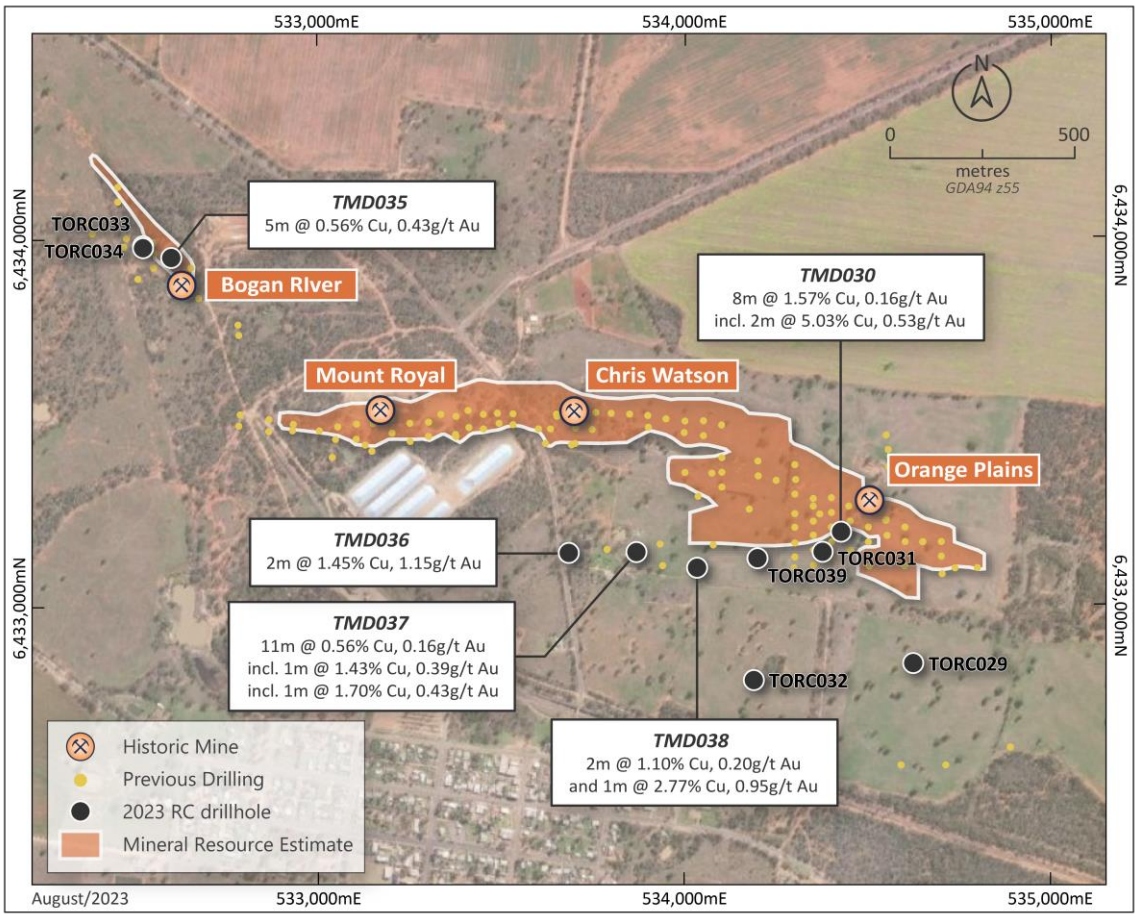

Figure 9. Plan view showing drilling locations relative to MRE domain outlines

Bogan River

The Bogan River prospect is approximately 600m north-west of Mount Royal – Orange Plains. Three (3) holes were drilled following up a previous drill intercept of 16m @ 6.94% Cu from 3m (TPRC043) associated with historic underground workings. All three holes were abandoned due to intercepting cavities located within historic mine workings, one hole (TORC035) returned 5m @ 0.89% Cu and 0.43g/t Au from 30m immediately prior to intersecting underground workings. The Bogan River prospect therefore remains open.

Jimmy Woodser

The Jimmy Woodser Prospect lies approximately 5.5km east-south-east of Mount Royal – Orange Plains and 3.3km south-west of Carolina Deposits. Four (4) holes were drilled to follow-up the previous drill intercept of 24m @ 0.73% Cu from 32m (TPRC057) spatially related to modelled EM conductors.
Two (2) of the holes intercepted mineralisation JWRC002 returned 9m @ 0.29% Cu and 0.08g/t Au from 29m.

Mineralisation remains open at Jimmy Woodser and requires additional drilling to test down plunge of the known copper, gold mineralisation.

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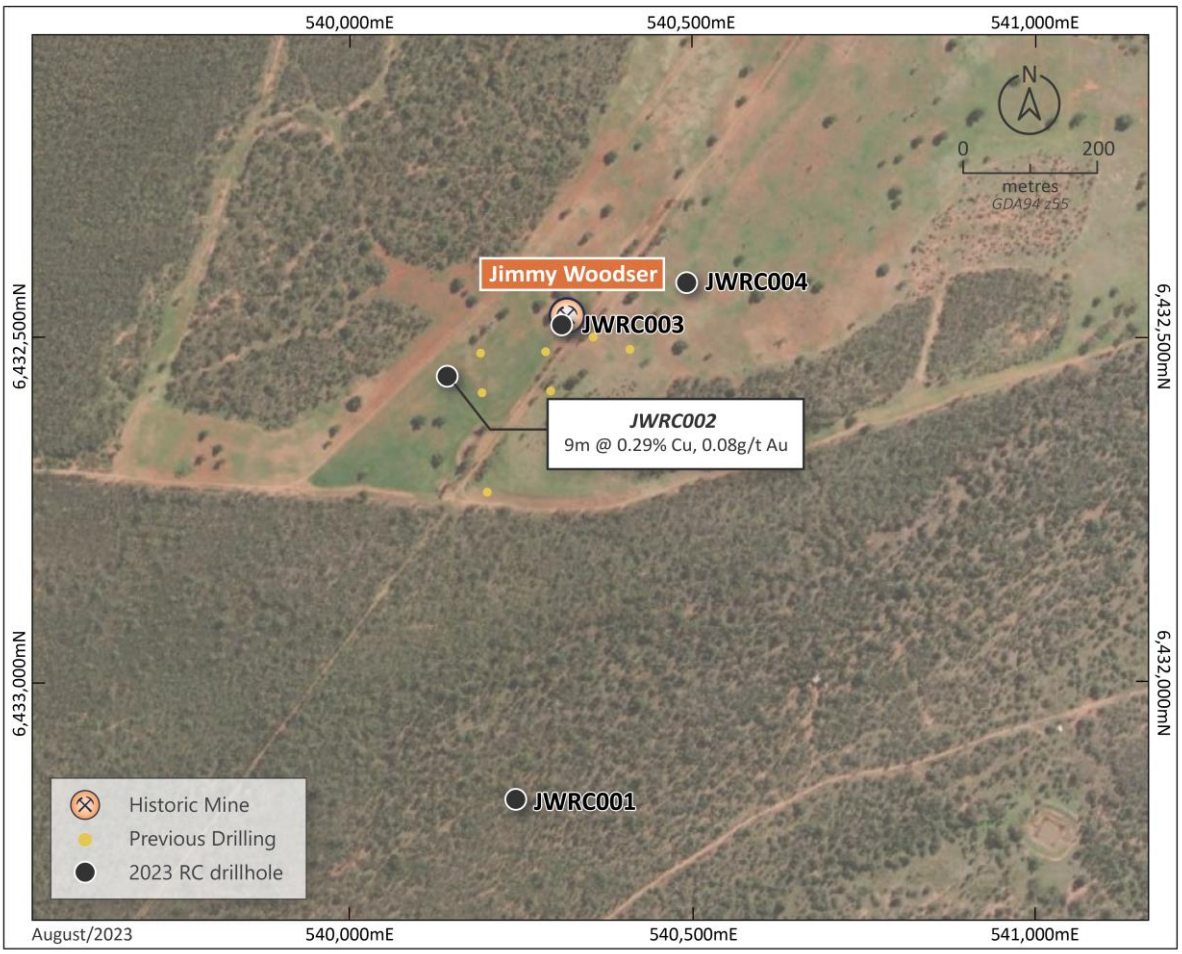

Figure 10. Jimmy Woodser Prospect – Plan view showing drilling locations

Electromagnetic (EM) Anomalies

Additional targets were identified in the latest geophysical HeliTEM² survey conducted over parts of EL6592, EL8384 and EL9307 during June 2022. The 1066.2-line km survey identified new additional anomalies located at Lacey's Tank, Jimmy Woodser Mine and Effies Ace Mine. Some of the identified electro-magnetic (EM) anomalies are located to the east of the Mount Royal-Orange Plains deposit with the potential to significantly increase the strike of the copper-gold trend.

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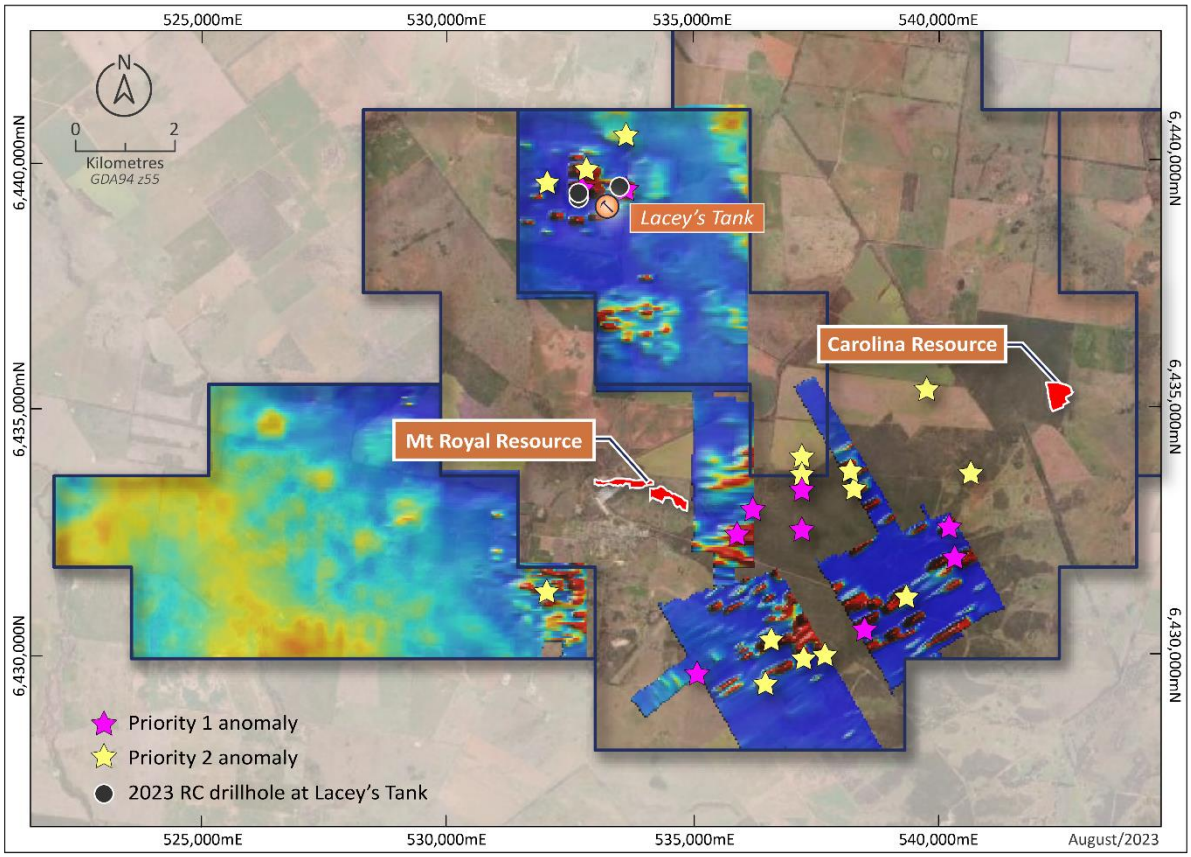

Figure 11. Tottenham Project – Historic drillholes and ranked HeliTEM² anomalies in the Tottenham area with current resources shown in orange

The HeliTEM results indicate that a large portion of the central and southern areas of EL6592 contain multiple prospective EM conductors. Three (3) holes were drilled at Lacey's Tank (LTRC001-003) following up EM anomalies with surface indications of copper-gold mineralisation, the holes did not return any significant copper-gold anomalism, most of the generated EM anomalies from the 2022 survey remain untested.

COMPLIANCE STATEMENTS

Cautionary Statement
With reference to previously reported Exploration results and mineral resources, the company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Forward-Looking Statements
This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning the Company's planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "expect," "intend," "may", "potential," "should,", "further" and similar expressions are forward-looking statements. Although the Company believes that its expectations reflected in these forward- looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that further exploration will result in additional Mineral Resources.

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Significant Events after Reporting Date

No other matters or circumstances have arisen since the end of the financial year which 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 future financial years.

Dividends
The Directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

Auditor Independence
Section 307C of the Corporations Act 2001 requires our auditors, Hall Chadwick to provide the Directors of the Company with an Independence Declaration in relation to the audit of this financial report. The Directors have received the Independence Declaration which has been included within this financial report.

Signed in accordance with a resolution of the directors:

Mr Nathan Lude
Non-Executive Chairman

Dated this 15th day of March 2024

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To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit director for the review of the financial statements of Locksley Resources 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:

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

Yours Faithfully,

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated this 15th day of March 2024
Perth, Western Australia

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LOCKSLEY RESOURCES LIMITED
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Note	Dec 2023 $	Dec 2022 $
Revenue		6,510	34,138
Administration expenses		(272,084)	(332,514)
Consulting and corporate advisory fees		(99,005)	(30,030)
Depreciation and amortisation		(34,458)	(34,995)
Director Fees		(111,000)	(23,600)
Exploration and evaluation expenses		(681,496)	(208,752)
Finance cost		(345)	(1,242)
Legal fees		(23,395)	(10,916)
Travel and accommodation		(65,893)	(27,989)
Share based payments		(124,265)	-
Profit/(loss) before income tax		**(1,405,431)**	**(635,900)**
Income tax expense		-	-
Net profit/(loss) for the year		**(1,405,431)**	**(635,900)**
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		**(1,405,431)**	**(635,900)**
(Loss) per share			
Basic and diluted (loss) per share (cents)		(1.08)	(1.14)

The accompanying notes form part of these financial statements

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LOCKSLEY RESOURCES LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	Dec 2023 $	Jun 2023 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		3,020,681	2,272,641
Trade and other receivables		123,235	125,383
Prepayments		56,945	25,810
TOTAL CURRENT ASSETS		3,200,861	2,423,834
NON-CURRENT ASSETS			
Exploration Expenditure	4	5,957,981	4,574,500
Plant and equipment		177,012	155,842
Right-of-use asset		4,243	29,702
TOTAL NON-CURRENT ASSETS		6,139,236	4,760,044
TOTAL ASSETS		**9,340,097**	**7,183,878**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	149,562	303,466
Borrowings		1,805	1,805
Lease liabilities – current		4,281	29,699
TOTAL CURRENT LIABILITIES		**155,648**	**334,970**
TOTAL LIABILITIES		**155,648**	**334,970**
NET ASSETS		**9,184,449**	**6,848,908**
EQUITY			
Issued capital	6	14,036,160	11,064,438
Reserves	7	1,343,750	574,500
Accumulated losses		(6,195,461)	(4,790,030)
TOTAL EQUITY		**9,184,449**	**6,848,908**

The accompanying notes form part of these financial statements

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LOCKSLEY RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Dec 2023 $	Dec 2022 $
Cash flows from operating activities		
Payments to suppliers and employees	(660,872)	(336,671)
Interest paid	(502)	(1,302)
Payments for exploration expenses	(708,429)	(396,040)
Receipts from other income	5,190	33,034
Net cash flows from/(used in) operating activities	(1,364,613)	(700,979)
Cash flows from investing activities		
Payments for acquisition of subsidiary	(500,000)	-
Cash on acquisition of subsidiary	2,585	-
Payments for plant and equipment	(30,169)	-
Net cash flows from/(used in) investing activities	(527,584)	-
Cash flows from financing activities		
Proceeds from issue of shares in the Company (net of costs)	2,665,655	-
Repayment of lease liabilities	(25,418)	(24,519)
Net cash flows from / (used in) financing activities	2,640,237	(24,519)
Net (decrease)/ increase in cash and cash equivalents	748,040	(725,498)
Cash and cash equivalents at the beginning of the year	2,272,641	1,905,730
Cash and cash equivalents at the end of the year	3,020,681	1,180,232

The accompanying notes form part of these financial statements

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LOCKSLEY RESOURCES LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Issued Capital $	Options Reserve $	Other Equity $	Accumulated Losses $	Total $
Balance at 1 July 2022	**9,297,301**	**574,500**	**-**	**(3,289,747)**	**6,582,054**
Loss for the period	-	-	-	(635,900)	(635,900)
	-	**-**	**-**	(635,900)	**(635,900)**
Issue of shares (net of costs)	-	-	-	-	-
Share based payment	-	-	-	-	-
Total transactions with equity holders in their capacity as owners	**-**	**-**	**-**	**-**	**-**
Balance at 31 December 2022	**9,297,301**	**574,500**	**-**	**(3,289,747)**	**6,582,054**

	Issued Capital $	Options Reserve $	Other Equity $	Accumulated Losses $	Total $
Balance at 1 July 2023	**11,064,438**	**574,500**	**-**	**(4,790,030)**	**6,848,908**
Loss for the period	-	-	-	(1,405,431)	(1,405,431)
	-	**-**	**-**	(1,405,431)	**(1,405,431)**
Issue of shares (net of costs)	2,971,722	-	-	-	2,971,722
Share based payments	-	769,250	-	-	769,250
Total transactions with equity holders in their capacity as owners	**2,971,722**	**769,250**	-	-	**3,740,970**
Balance at 31 December 2023	**14,036,160**	**1,343,750**	**-**	**(6,195,461)**	**9,184,449**

The accompanying notes form part of these financial statements

1. CORPORATE INFORMATION

This financial report of Locksley Resources Limited ("Company") was authorised for issue in accordance with a resolution of the directors on 15 March 2024.

Locksley Resources Limited is a public company listed on the ASX, incorporated and domiciled in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The interim financial statements are a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: *Interim Financial Reporting*.

The interim financial report does not include all of the information required for a full annual financial report.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of certain non-current assets, financial assets and financial liabilities.

The financial statements are presented in Australian dollars which is the Company's functional and presentation currency.

(b) New and Amended Accounting Policies Adopted by the Company

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

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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(c) Accounting Policies

The same accounting policies and mthods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, in addition to the following accounting policies:

Principles of consolidation
The consolidated financial statements incorporate all of the assets, liabilities and results of the parent, Locksley Resources Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as “non-controlling interests”. The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary’s net assets on liquidation at either fair value or at the non-controlling interests’ proportionate share of the subsidiary’s net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

Business Combinations
The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement

period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

3. SEGMENT INFORMATION

The Company has identified its operating segments based on the internal reports that are used by the Board (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Board as a whole will regularly review the identified segments in order to allocate resources to the segment and to assess its performance.

The Board considers that it has only operated in one segment, being mineral exploration in Australia.

4. EXPLORATION EXPENDITURE

	31 December 2023 $	30 June 2023 $
Exploration assets		
Balance at the beginning of period	4,574,500	4,574,500
Acquisition of the Mojave Project[1]	1,383,481	-
Balance at the end of reporting period	5,957,981	4,574,500

[1]During the period the Company acquired exploration assets of $1,383,481 being the Mojave Project through the acquisition of 100% of the issued capital of Enigma Strategic Metals Holdings Pty Ltd (ESM). Through its wholly owned subsidiaries ESM owns 201 mineral claims making up the North Block and South Block of the Mojave Project located in California USA, prospective for rare-earth elements. Consideration for the acquisition consisted of the issue of 10,000,000 ordinary shares, 5,000,000 unquoted options exercisable at $0.10 on or before 30 March 2026, 30,000,000 Performance Rights and payment of $500,000 cash to the ESM vendors as reimbursement of expenditure previously incurred as well as the issue of 6,0000,000 unquoted options exercisable at $0.10 and expiring 3 years from the date of issue to facilitators of the acquisition, refer below:

Purchase consideration:	**$**
10,000,000 ordinary shares	570,000
5,000,000 unquoted options	136,983
6,000,000 unquoted options	179,881
Cash reimbursement	500,000
Performance Rights	-
	1,386,864
Identifiable assets/(liabilities) acquired:	
Cash	2,585
Receivables	5,418
Exploration tenements	1,383,481
Trade and other payables	(4,620)
	1,386,864

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5. TRADE AND OTHER PAYABLES

	31 December 2023 $	30 June 2023 $
Trade creditors	84,090	229,963
Accruals	31,550	44,704
Provisions for annual leave	33,922	28,709
	149,562	303,466

All trade creditors are unsecured, non interest bearing and are due and payable within 12 months.

6. CONTRIBUTED EQUITY

	31 December 2023 $	30 June 2023 $
Ordinary shares		
Issued and fully paid	14,036,160	11,064,438

	No.	*$*
Movement in ordinary shares on issue		
On issue at 1 July 2023	87,499,996	11,064,438
Placement	49,166,669	2,950,000
ESM Consideration Shares	10,000,000	570,000
Share issue costs	-	(548,278)
On issue at 31 December 2023	146,666,665	14,036,160

7. RESERVES

	31 December 2023	30 June 2023
Share based payment reserve	1,343,750	574,500
	1,343,750	574,500

The share based payment reserve is used to record the fair value of options issued.

	.	*$*
Reconciliation of movement in share based payment reserve during the period:		
Opening balance		574,500
Issue of consideration options[1]		136,983
Issue of facilitator options[1]		179,881
Issue of director and employee options[2]		124,265
Issue of joint lead manager options[3]		328,121
Issue of performance rights[4]		-
Closing balance		1,343,750

[1] The consideration options and facilitaor options were issued to vendors and the facilitators respectively of ESM for the acquisition of the Mojave Project (refer to note 4).

[2] The director options were approved by shareholders at the general meeting on 10 August 2023 as non-cash incentive remuneration. The employee options were issued pursuant to the employee share option plan to employees as non-cash incentive remuneration.

[3] The Joint Lead Manager options were approved by sharesholders at the general meeting on 10 August 2023 and issued to the joint lead managers of the Placement completed in June 2023. The options were issued in November 2023 with an expiry date of 3 years from the date of issue

	Number of Instruments	Grant Date	Expiry Date	Exercise Price	Fair value per instrument $	Value $
Consideration Options	5,000,000	28/08/2023	30/03/2026	$0.10	0.0274	136,983
Facilitator Options	6,000,000	28/08/2023	02/11/2026	$0.10	0.0300	179,881
Director Options	3,500,000	10/08/2023	30/03/2026	$0.10	0.0263	92,139
Employee Options	1,200,000	24/08/2023	30/03/2026	$0.10	0.0268	32,126
Joint Lead Manager Options	11,500000	10/08/2023	02/11/2026	$0.10	0.0285	328,121

The options issued during the period were calculated using the Black-scholes option pricing model with the following inputs:

	Options granted Range
Expected volatility (%)	100%
Risk free interest rate (%)	4.1%
Weighted average expected life of options (years)	2.6 - 3
Expected dividends	Nil
Option exercise price ($)	$0.10
Share price at grant date ($)	$0.055 - $0.057

The options issued were deemed to vest immediately and there were no other vesting conditions.

[4] During the period the Company issued 30,000,000 Performance Rights to vendors of ESM for the acquisition of the Mojave Project (refer to note 4) which convert into fully paid ordinary shares (one for one basis) on the satisfaction of the milestone for each relevant class. The value of the Performance Rights is calculated with reference to the share price at grant date ($0.057) multiplied by management's assessment of the probability of achieving the milestone, which is reassessed at each reporting date until the Performance Rights either vest or expire. As at 31 December 2023 Management has assessed the probability of achieving each of the vesting conditions as nil given the uncertainty involved in their achievement.

	Number of Instruments	Grant Date	Expiry Date	Vesting Condition	Value $
Performance Rights – Class A	10,000,000	28/08/2023	28/08/2026	Rock chip sample of greater than 4% Total Rare Earth Oxide (RARE) from ESM Project or El Campo Prospect which supports a decision to commence drilling of over 2,000m	-
Performance Rights – Class B	10,000,000	28/08/2023	28/08/2026	Following completion of a minimum 2,000m drilling program, achievement of a drilling intersection from ESM Project or El Campo Prospect, greater than 5m with an average grade above 4% TREO	-

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Performance Rights – Class C	10,000,000	28/08/2023	28/08/2026	Achievement of a drilling intersection from ESM Project, greater than 5m with an average grade above 4% TREO	-

8. RELATED PARTY DISCLOSURE

During the reporting period, following shareholder approval the Directors were issued 3,500,000 unquoted options exercisable at $0.10 and expiring on 30 March 2026 as non cash incentive remuneration. Mr Stephen Woodham received 2,000,000 options, Mr Stephen Brockhurst received 1,000,000 options and Mr Giles received 500,000 options. Each option had a fair value of $0.0263 per option (refer to Note 7).

During the period Mr Stephen Woodham was also issued 1,000,000 Class B Performance Rights as a performance incentive. These Rights have the same vesting conditions as the ESM Performance Rights (refer to Note 7) and have been assessed to have a value of nil as at 31 December 2023.

In the opinion of the directors, there were no other significant changes in related party transactions during the period ended 31 December 2023.

9. COMMITMENTS

In the opinion of the directors, there were no significant changes in commitments during the period ended 31 December 2023.

10. CONTINGENT ASSETS AND LIABILITIES

LKY acknowledges that, on and from settlement of the EL Campo Option Agreement, Enigma Strategic Minerals LLC grants Neveda Select Royalty Inc, a 2.5% Net Smelter Royalty over all minerals produced from the EL Campo Tenements (Nevada Select Royalty).

In the opinion of the directors, there were no other significant changes in contingent assets or liabilities during the period ended 31 December 2023.

11. EVENTS AFTER REPORTING DATE

No other matters or circumstances have arisen since the end of the period which 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 future financial years.

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In the opinion of the Directors of Locksley Resources Limited:

(a) The attached financial statements and notes:

(i) comply with Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Act 2001, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) give a true and fair view of the Company's financial position as at 31 December 2023 and of the Company's performance, for the half-year ended on that date.

(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.

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

Mr Nathan Lude
Non Executive Chairman

Dated this 15th day of March 2024

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INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF LOCKSLEY RESOURCES LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Locksley Resources Limited ("the Company") and Controlled Entities ("the Consolidated Entity") which comprises the consolidated statement of financial position as at 31 December 2023, 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 summary of significant accounting policies and 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 half-year financial report of Locksley Resources Limited and Controlled Entities does not comply with the *Corporations Act 2001* including:

a. Giving a true and fair view of the Consolidated Entity'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 *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* 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.

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

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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.

HALL CHADWICK

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 Consolidated Entity'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.

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

D M BELL CA
Director

Dated this 15th day of March 2024
Perth, Western Australia

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