



Future Battery Minerals Ltd

ACN 148 966 545

AND ITS CONTROLLED ENTITIES

INTERIM FINANCIAL REPORT

For the half year ended 31 December 2023

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DIRECTORS' REPORT

Your Directors present their half-yearly report on the consolidated entity consisting of Future Battery Minerals Limited ("FBM" or "the Company") and the entities it controlled at the end of, or during, the period 1 July 2023 to 31 December 2023 ("the Group").

Directors

The persons who were Directors of Future Battery Minerals Limited during the interim reporting period and up to the date of this report are:

NAME	POSITION	APPOINTMENT/RESIGNATION
Mr Michael Edwards	Non-Executive Chairman	Appointed on 1 February 2022
Mr Nicholas Rathjen	Chief Executive Officer Managing Director	Appointed on 18 October 2023
Mr Robin Cox	Technical Director	Appointed on 1 January 2023
Mr Neville Power	Non-Executive Director	Appointed on 20 November 2023
Mr Trevor Eton	Non-Executive Director	Appointed on 1 February 2021, resigned 22 November 2023
Mr Paul Brown	Non-Executive Director	Appointed on 1 July 2023, resigned 11 October 2023

Chief Financial Officer and Joint Company Secretary

Mrs Silfia Morton appointed as Chief Financial Officer in May 2022, and appointed as Joint Company Secretary on 1 December 2022. Mr Matthew Worner resigned as Joint Company Secretary on 31 December 2023.

Review of Operations

During the half year, FBM accelerated exploration at both the Kangaroo Hills Lithium Project and the Nevada Lithium Project.

The Group's operating loss for the period ended 31 December 2023 was \$3,494,423 (2022: \$1,762,076).

DIRECTORS' REPORT

FBM's focus during the period was on the exploration and advancement of its Kangaroo Hills Lithium Project in Western Australia and Nevada Lithium Project in Nevada, USA.

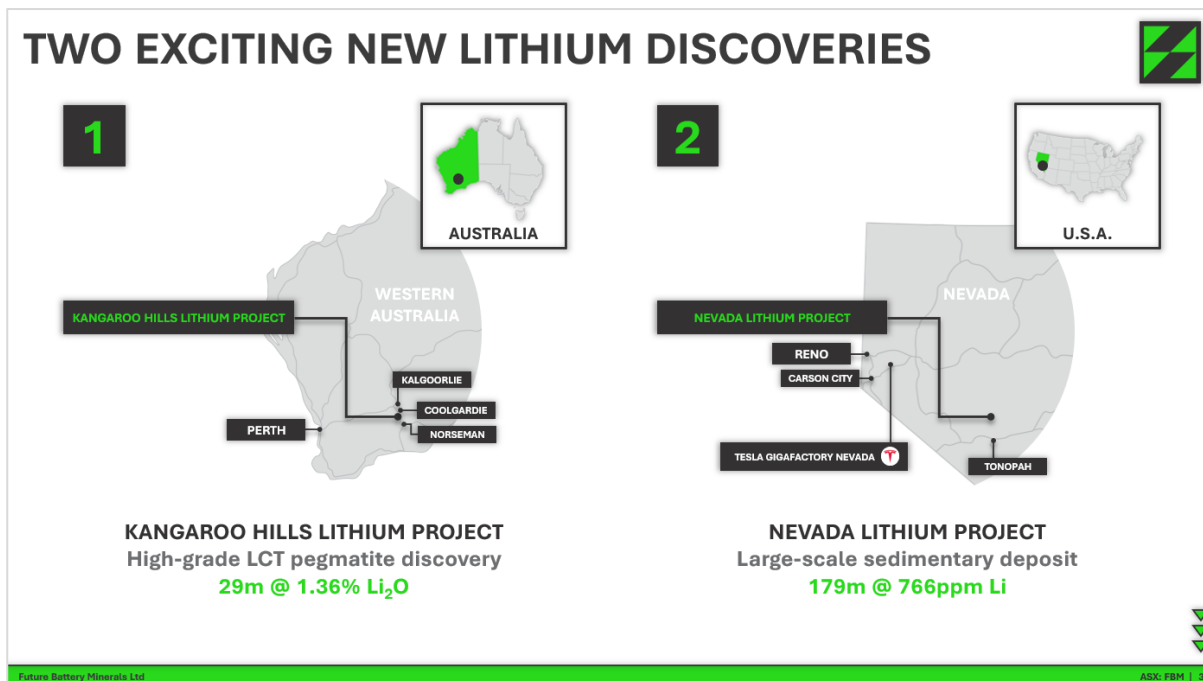


Figure 1: FBM lithium assets portfolio

Kangaroo Hills Lithium Project (KHLP), Western Australia – 100% FBM

The Kangaroo Hills Lithium Project (**KHLP**) is a recent and exciting hard rock lithium discovery located in the Goldfields region of Western Australia, approximately 17 kms south of the township of Coolgardie. Spodumene mineralisation within lithium-caesium-tantalum (LCT) pegmatites was discovered during regional exploration drilling in late 2022.

DIRECTORS' REPORT



Figure 2: KHL location map including surrounding projects and infrastructure

Phase 2 results

Following the successful completion of Phase 2 drilling during the June 2023 quarter, FBM received the assay results from the five-hole diamond drilling (DD) programme at Big Red, showing a continuation of high-grade lithium from spodumene-bearing pegmatites.

Significant results included:

- 23m @ 1.19% Li₂O from 44m (KHDD001);
- 10m @ 1.30% Li₂O from 25m (KHDD002); and
- 5.9m @ 1.15% Li₂O from 0m (KHDD004).

The DD core component of the Phase 2 drilling programme was undertaken to gather further geological information on Big Red and for utilisation in early stage metallurgical and mineralogy investigation work.

Phase 3 drilling

Phase 3 drilling commenced during the period, initially consisting of a planned 5,000m of Reverse Circulation (RC) infilling at Big Red and testing of key regional targets Rocky, Eastern Grey, Wallaroo, and Pademelton. As a result of the early success of the Phase 3 RC programme at Rocky, it was expanded by a further 6,000m in late August.

The initial target generative work successfully identified the targets, Rocky and Eastern Grey, which both host confirmed pegmatites. The presence of a lithium-bearing pegmatite at Rocky was confirmed through the proximal result of 5m @ 1.12% Li₂O from 104m in KHRC0037.

DIRECTORS' REPORT

As Phase 3 drilling progressed through the period, FBM received two batches of assay results. In October 2023, the Company announced the receipt of results from an initial 41 RC and DD holes. These holes were focussed on testing the continuity of Big Red, grid drilling of the Rocky Prospect, and wide-spaced scout drilling of select regional targets including Pademelon, Eastern Grey, and Wallaroo.

Subsequently, in November 2023, the Company announced a second batch of assay results from a further 53 RC and DD holes. These holes were predominantly focussed on grid drilling of the Rocky Prospect and wide-spaced scout drilling of select regional targets.

Big Red Prospect

Key drill intercepts returned from the limited Big Red holes in the first batch of assays included:

- 22m @ 1.24% Li₂O from 23m (KHDD006).

The result in hole KHDD006 is particularly significant in confirming the relative consistency of the Big Red system in that area with respect to thickness and grade.

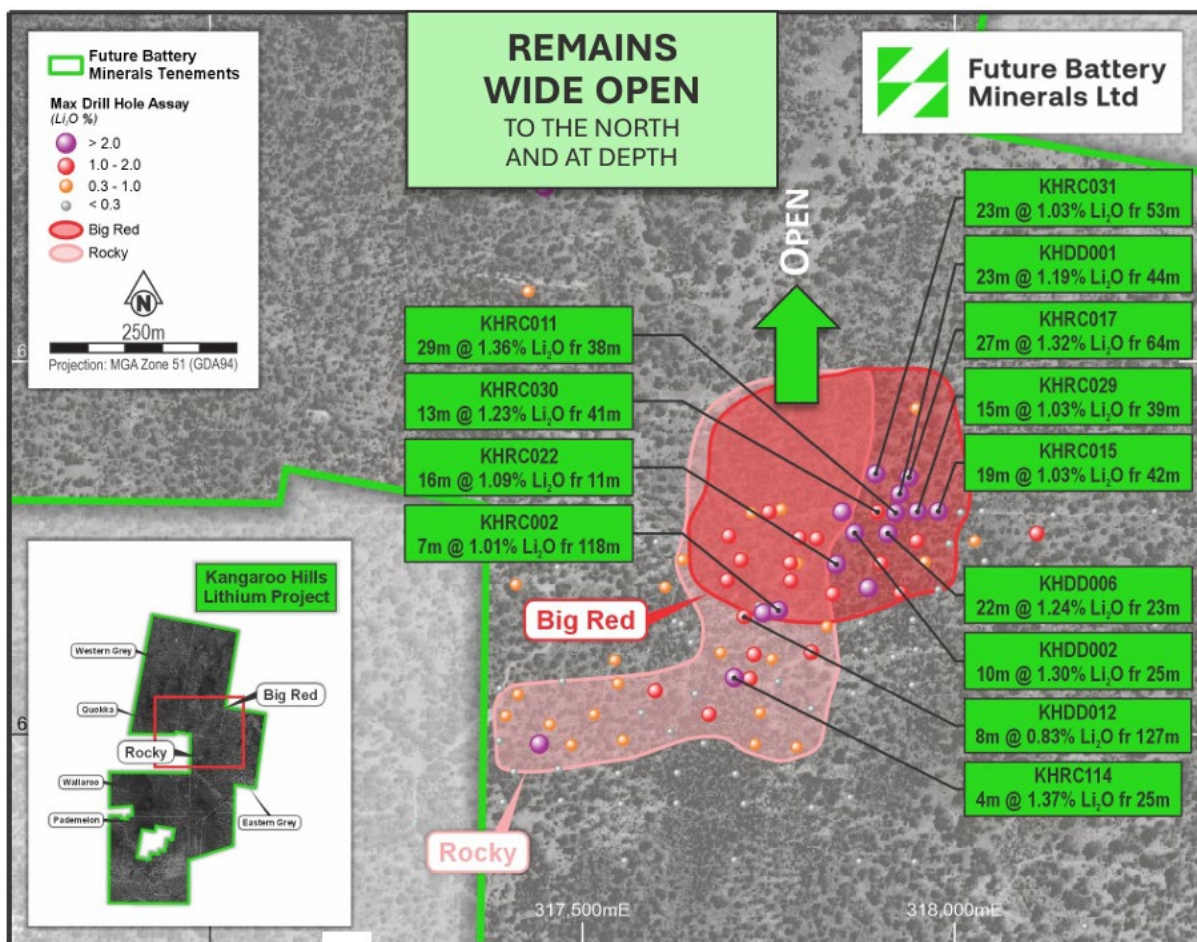


Figure 3: KHLPL plan view - Big Red and Rocky pegmatite system - all drill holes graded by maximum down hole assay

Three holes targeting east-west extensions of Big Red were amongst the second batch of assays. These results successfully further expanded Big Red and delivered additional confidence in the modelling of the pegmatite.

Rocky Prospect

The initial interpretation of Rocky was of a stacked system, with further results suggesting the geometry of the Rocky pegmatite was north-east striking/plunging and north-west dipping. With assay results from KHRC043 and KHRC044D, the plunge was confirmed to be below the Big Red pegmatite.

DIRECTORS' REPORT

Assay results received for Rocky during the period confirmed visual spodumene observations with numerous shallow high-grade intercepts including:

- 8m @ 1.08% Li₂O from 40m (KHRC057);
- 6m @ 1.03% Li₂O from 60m (KHRC089);
- 4m @ 1.34% Li₂O from 9m (Big Red) and 4m @ 1.01% Li₂O from 146m (Rocky) (KHDD009);
- 2m @ 1.27% Li₂O from 23m and 4m @ 1.02% Li₂O from 211m (KHRC095);
- 2m @ 1.09% Li₂O from 35m (KHRC099); and
- 5m @ 1.28% Li₂O from 24m (KHRC114).

Subsequent to the end of the period, FBM received the remaining 15 RC and DD drill hole results from the Phase 3 KHLP programme. The returned holes were predominantly focussed on grid drilling of the Rocky Prospect and wide-spaced scout drilling to the east of Big Red and regional targets Eastern Grey and Wallaroo.

These results further increased the scale of the Rocky mineralised system, demonstrating a highly continuous mineralised system commencing at shallow depths, albeit thinner and of lower average grade than the standout neighbouring Big Red pegmatite. The proximity of Rocky to both surface and Big Red means that it is expected to form a significant part of any future development at Kangaroo Hills.

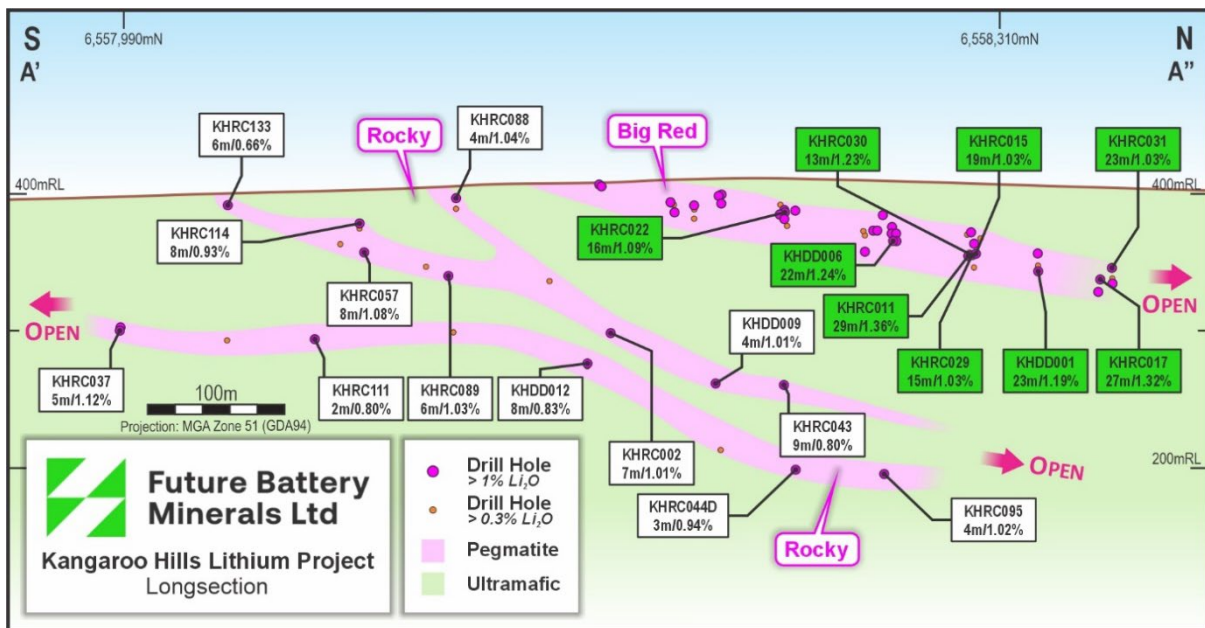


Figure 4: KHLP long section – Big Red and Rocky pegmatite system

Optimised resistivity survey results deliver new and refined northern targets

In December 2023, the Company received results from detailed resistivity surveying undertaken between August and October 2023 across the northern part of the KHLP. The new resistivity survey was designed to build on previously reprocessed resistivity results from an IP survey completed by FBM in this area during 2021 (when the Company was exploring for nickel sulphides in the region).

The new resistivity results extended the prospective target area to the north of the currently defined Big Red mineralised zone by up to 2.2km north-south, with the addition of two connected prospective resistive anomalies along strike identified as Big Red North. They also enlarged and refined the Western Grey and Quokka targets, as well as identifying a further two targets to the west of Big Red, Big Red West and Whip Tail.

DIRECTORS' REPORT

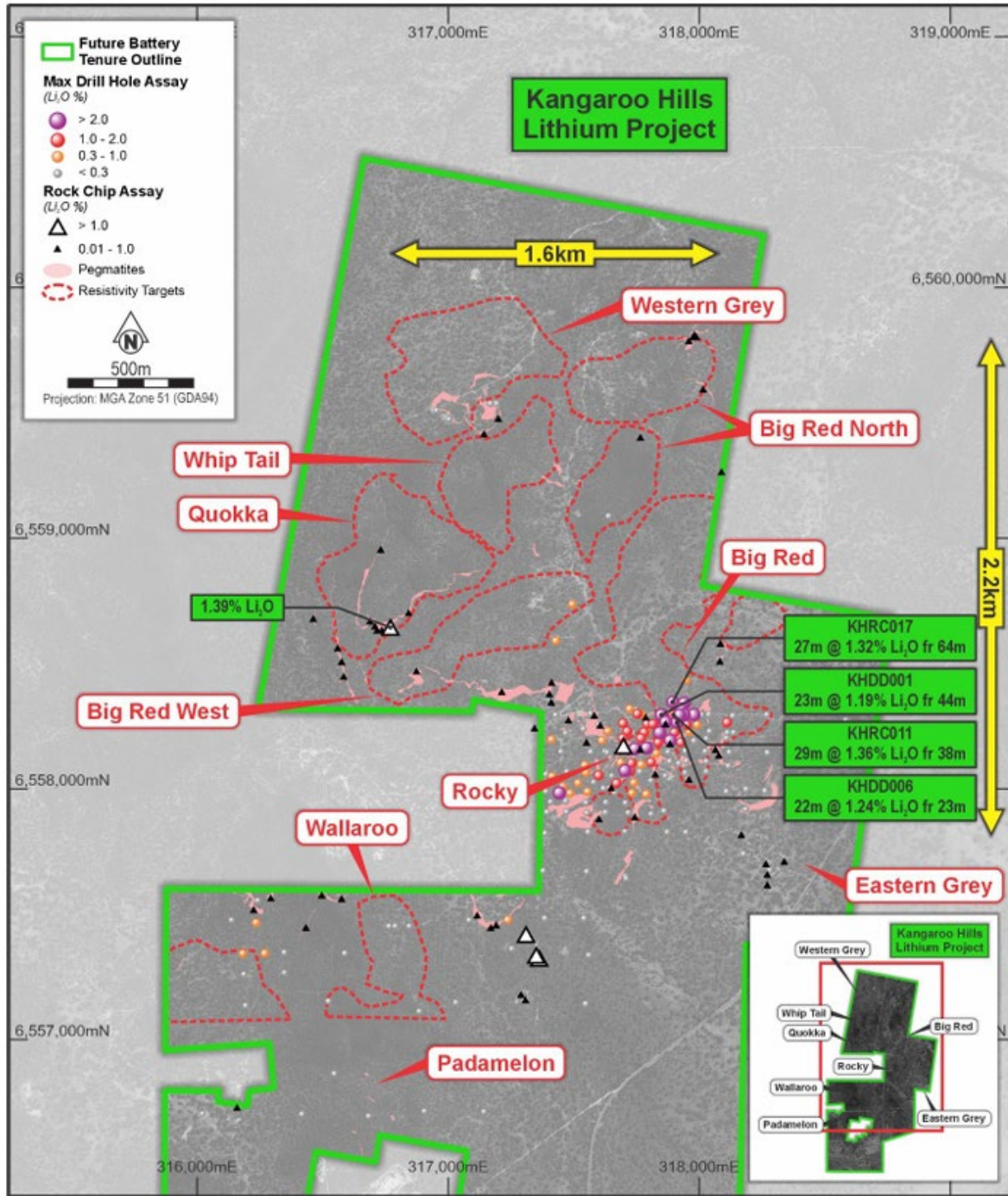


Figure 5: KHLP plan view - Resistivity survey area and prospective anomalies

The new resistivity survey results also highlighted lower order anomalies coincident with Rocky (a mineralised pegmatite, but with thinner average pegmatites than Big Red) and Wallaroo (where drilling has intercepted pegmatites, but with no significant mineralised intercepts to date). This provides further confidence in the geophysical targeting method, as it supports previously drilled targets that intercepted pegmatite.

Selective petrophysical testing was also undertaken on diamond core samples from the KHLP, to determine the geophysical properties of the pegmatite versus the ultramafic and mafic (greenstone) rocks intruded. The results of this testing showed a clear difference in resistivity, density and velocity between the pegmatite and the greenstones. In general, the pegmatite samples have higher resistivity, and lower density and seismic velocity than the greenstone samples. This demonstrates that where significant volumes of pegmatite exist within the greenstone host with similar properties, that gravity, seismic and resistivity methods may all be successful as exploration targeting tools.

DIRECTORS' REPORT

Phase 4 drilling

Subsequent to the end of the period, permitting approval was received for drilling in the northern part of the KHL P (refer FBM ASX release dated 28 February 2024). As at the time of writing, RC drilling of key northern targets at the KHL P (Phase 4 KHL P programme) is expected to commence in early March.

The Phase 4 programme is set to initially focus on drill testing the interpreted northern continuity of the shallow, thick, gently dipping, and high-grade lithium mineralisation intersected at Big Red (Big Red Extension target), which includes:

- 29m @ 1.36% Li₂O from 38m (KHRC011);
- 27m @ 1.32% Li₂O from 64m (KHRC017);
- 23m @ 1.03% Li₂O from 53m (KHRC031);
- 23m @ 1.19% Li₂O from 44m (KHDD001); and
- 22m @ 1.24% Li₂O from 23m (KHDD006).

Other key northern targets to be tested as part of this Phase 4 program include the high-potential optimised resistivity anomalies at Western Grey, Quokka, Big Red West, and Whip Tail.

Initial metallurgical results

Subsequent to the end of the period, initial metallurgical testwork results were received for the KHL P (refer FBM ASX release dated 5 February 2024). X-Ray Diffraction (**XRD**) testing confirmed that spodumene is the predominant lithium mineral (comprising ~90% of the Li₂O) in the Big Red pegmatite.

Critically, the results demonstrated that Big Red is amenable to conventional Dense Media Separation (**DMS**) and Froth Flotation separation techniques to deliver low process complexity and strong recovery into high-quality, marketable spodumene concentrate:

- DMS: Heavy Liquid Separation (**HLS**) undertaken on -3.35mm +850um fraction produced spodumene concentrate grading 5.56% Li₂O with a stage recovery of 52.9%.
- Froth Flotation: Whole-of-Ore (**WOO**) Fines Flotation produced a spodumene concentrate with a grade of 5.50% Li₂O at an overall recovery of 76.9%.

These results indicate that processing of Big Red material via a hybrid flowsheet utilising both DMS and Froth Flotation can produce a high-grade, marketable spodumene concentrate with low impurity levels at robust recoveries. Being only preliminary testing, the results also demonstrate ample opportunity for further optimisation with more refined process evaluation across subsequent metallurgical testwork phases.

Nevada Lithium Project (NLP), Nevada – 80% FBM

FBM acquired an 80% interest in the Nevada Lithium Project (**NLP**) located in Nevada, USA, in June 2022. The NLP consists of five key prospects, Traction, San Antone, Heller, Lone Mountain and Western Flats, comprising over 90km² of ground that is considered highly prospective for larger sedimentary-hosted lithium deposits.

The region is home to several large sedimentary-hosted lithium deposits, including Ioneer Resources' (ASX: INR) Rhyolite Ridge Project and American Lithium Corporation's (TSX.V: LI) (US OTC: LIACF) (Frankfurt: 5LA1) TLC Lithium Project. Albemarle Corporation's (NYSE: ALB) Silver Peak Lithium Mine, currently the only producing lithium mine in North America, lies approximately 45kms to the west of the NLP.

DIRECTORS' REPORT

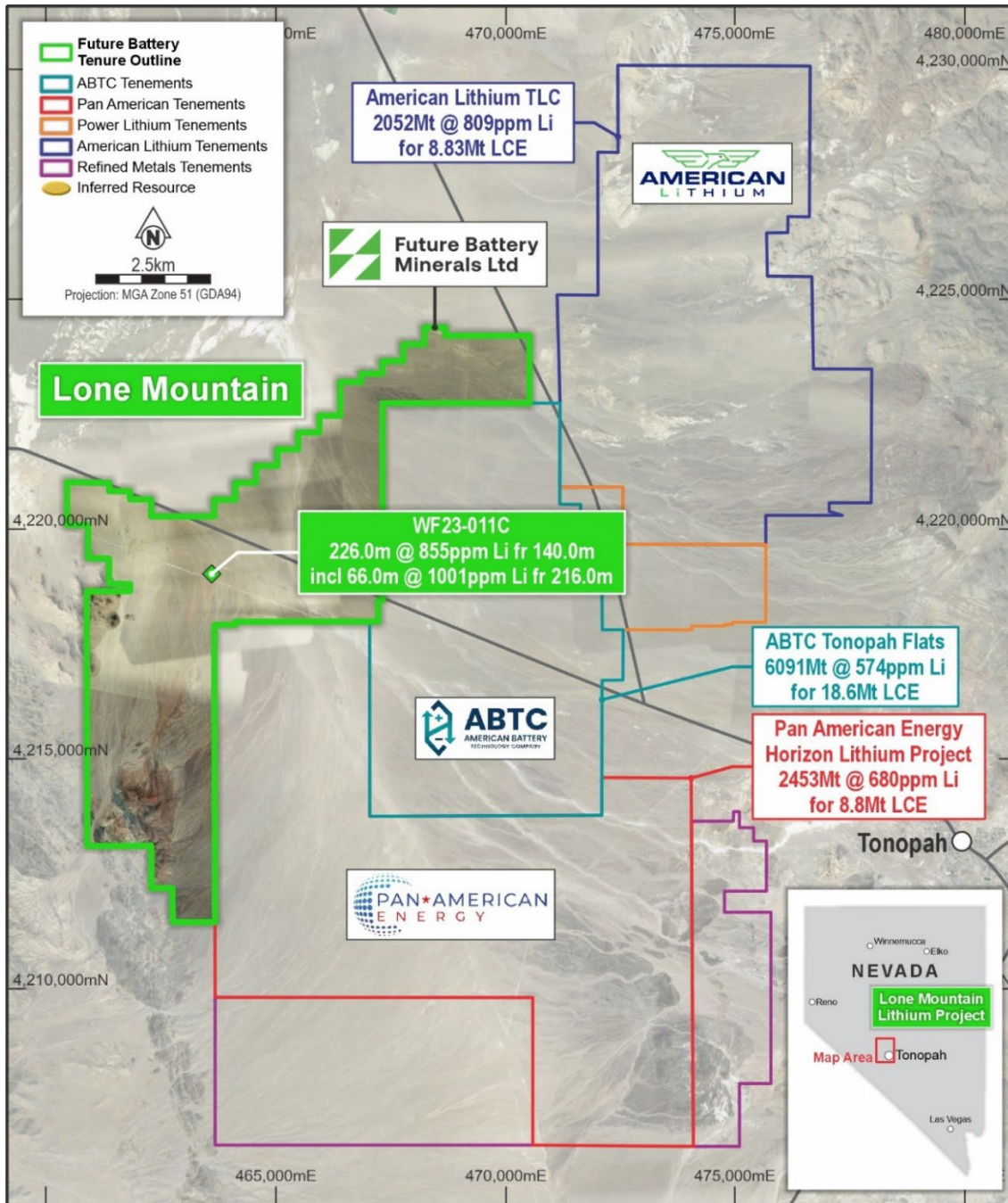


Figure 6: Lone Mountain Prospect location map including neighbouring reported lithium resources

DIRECTORS' REPORT

Phase 2 drilling

Following the success of the maiden drilling campaign at the NLP, the Company completed a Phase 2 programme consisting of 3,000m of RC drilling. The Phase 2 programme was aimed at extending the known lithium claystone horizon intercepted during the Phase 1 programme in drill hole WF23-011 at the Western Flats Prospect, consisting of 109.7m @ 766ppm Li from a down-hole depth of 135m, and which remained open in multiple directions.

The Phase 2 programme incorporated drilling to the south of Western Flats at the Lone Mountain Prospect. Initial assay results received from this drilling highlighted a further discovery, and the emerging scale of the broader system at the NLP, successfully intercepting thick, shallow lithium mineralisation including:

- 179.8m @ 766ppm Li from 39.6m (WF23-015), including 19.8m @ 1,010ppm Li from 80.8m;
- 170.7m @ 764ppm Li from 67.1m to end of hole (WF23-014), including 27.4m @ 1,030ppm Li from 112.8m; and
- 44.2m @ 542ppm Li from 114.3m (WF23-013) and 22.9m @ 652ppm Li from 163.1m (WF23-013).

Phase 3 drilling

The Phase 3 programme commenced at NLP in October 2023 with the aim of delivering a maiden Mineral Resource Estimate during Q1 2024.

DD Programme

Phase 3 DD at Lone Mountain comprised three (3) holes for 1,121 metres drilled. These holes were aimed to extend, at depth, lithium mineralisation intercepted in the Phase 1 and 2 RC programs – including the objective of drilling through the Li-bearing claystone into the bedrock sequence below the basin.

All three DD holes successfully twinned their existing RC hole and returned thick, high-grade intercepts – greatly extending lithium claystone mineralisation in the sequence of host Siebert Formation (including to end-of-hole in two of the three). Moreover, bedrock was not finally intercepted in any holes by target depth. This demonstrated that the host Siebert Formation is much thicker than previously anticipated and highlights the potential for continuity of mineralised thicknesses up-dip to the south.

Assay results from the Phase 3 DD also returned a positive grade differential compared to the previously announced RC hole samples in two of the three twinned holes, owing to improved sample quality. Holes WF23- 011C and WF23-015C showed a 14% and 7% observed uplift, respectively.

Significant intercepts from the Phase 3 DD assays include:

- 226m @ 855 ppm Li from 140m (WF23-011C), including 66m @ 1,001 ppm Li from 216m
- 148m @ 795 ppm Li from 152m (WF23-009C), including 60m @ 918 ppm Li from 191m
- 180m @ 818 ppm Li from 40m (WF23-015C), including 51m @ 915 ppm Li from 53m and **23m @ 1,081 ppm Li from 182m.**

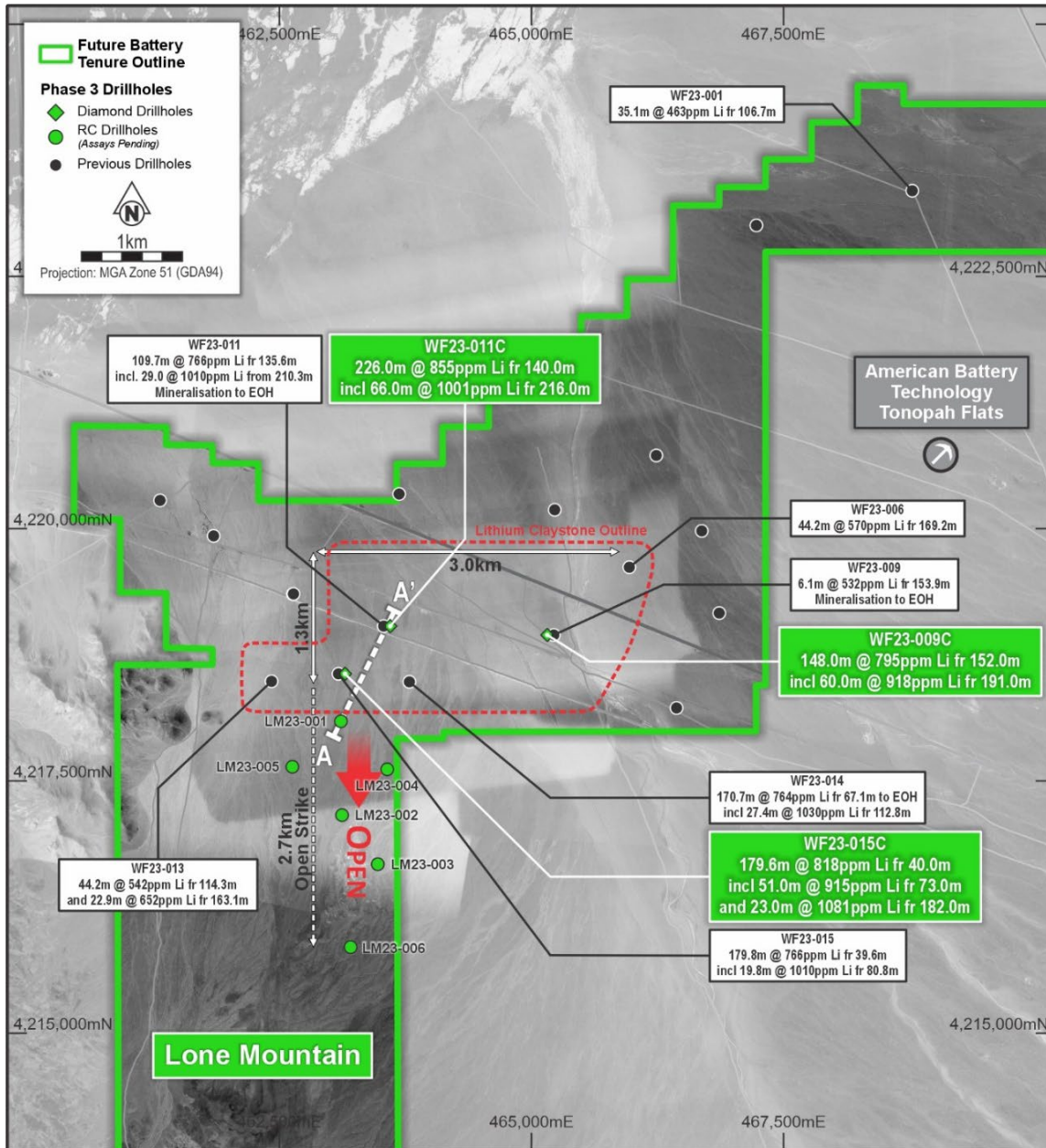


Figure 6: NLP – Phase 3 DD hole locations

RC Programme

RC drilling commenced at the NLP in December 2023 and was designed to test the southern strike extent of the shallow Lone Mountain deposit. The host formation of the lithium claystone mineralisation at Lone Mountain, the Siebert Formation, is interpreted to become progressing shallower moving south from the known mineralisation at Lone Mountain, over a further 2km, where it is then observed to outcrop in various places.

Subsequent to the end of the period, Phase 3 RC drilling was completed with a total of six (6) holes for 1,177m. All six holes intercepted the host Siebert Formation, including LM23-002 intercepting it from surface.

At the time of writing, assay results from the Phase 3 RC drilling remain pending.

Completion of a maiden Mineral Resource Estimate for the NLP remains on track for Q1 2024.

DIRECTORS' REPORT

Corporate

Capital raising

During the period, FBM received firm commitments from institutional and sophisticated investors to raise A\$7.6 million (before costs) under a placement of fully paid ordinary shares over two tranches at an issue price of A\$0.10 per share (**Placement**). Hancock Prospecting Pty Ltd agreed to participate in the Placement as a cornerstone investor, investing A\$2.65 million across the two tranches.

Tranche 1 of the Placement was completed in September 2023 with funds received totalling A\$5.2 million. Tranche 2, comprising the remaining A\$2.4 million including Directors' participation of A\$225,000, was completed in November 2023, following the receipt of shareholder approval at the Company's 2023 Annual General Meeting (**AGM**).

Significant Change in State of Affairs

On 11 August 2023, FBM completed the acquisition of the remaining 20% interest in Kangaroo Hills Lithium Project (KHLP). The acquisition is made by acquiring the remaining 20% interest in Eastern Coolgardie Goldfields Pty Ltd (ECG) from Goldfellas Pty Ltd, a wholly owned subsidiary of Lodestar Minerals Limited (ASX: LSR). Prior to the acquisition, FBM held 80% interest in ECG, the Joint Venture entity exploring the KHLP, and following the completion of the acquisition, FBM now holds 100% interest in ECG.

The total consideration for the 20% acquisition is as follows:

- \$500,000 in cash comprising of \$250,000 to be paid at Completion, \$125,000 payable 3 months from Completion, and \$125,000 payable 6 months from Completion; and
- 27,505,429 fully paid ordinary shares in the Company (**Consideration Shares**); and
- 27,505,429 Performance Rights which will vest and convert into fully paid ordinary shares upon the Company delineating and announcing a Mineral Resource (JORC Code compliant) of at least 10mt at 1.0% Li₂O at the Kangaroo Hills Lithium Project (**Consideration Performance Rights**).

On 11 October 2023, Mr. Paul Brown has resigned as a Non-Executive Director of FBM.

On 18 October 2023, Mr. Nick Rathjen commenced as Managing Director and CEO, and Mr. Mike Edwards has stepped down from his executive duties and assumes the role of Non-Executive Chairman.

On 20 November 2023, Mr Neville Power has been appointed as a Non-Executive Director of FBM, and on 22 November 2023, Mr. Trevor Eton has resigned as a Non-Executive Director of FBM.

On 31 December 2023. Mr Matthew Worner has stepped down as Joint Company Secretary of FBM.

There were no other significant changes in the state of affairs of the Group during the period.

Matters Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future periods.

DIRECTORS' REPORT

Auditor's Independence Declaration

The Auditor's Independence Declaration under section 307C of the *Corporation Act 2001* is included within this financial report.

This report is signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'NR', with a horizontal line extending to the right.

Nicholas Rathjen
CEO & Managing Director

Perth, Western Australia, 13 March 2024

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF FUTURE BATTERY MINERALS LIMITED

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

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

This declaration is in respect of Future Battery Minerals Limited and the entities it controlled during the period.



Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

13 March 2024

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 \$
Revenue from continuing operations			
Other income	3	446,716	8,030
Other revenue		975	50,000
Less Expenses:			
Accounting fees		(12,196)	(31,571)
Audit fees		(6,464)	(4,015)
Advertising and marketing		(55,550)	(44,020)
Consulting fees		(106,231)	(60,090)
Director fees		(151,198)	(98,000)
Employee benefit expense		(98,957)	(60,242)
Corporate and regulatory fees		(96,452)	(109,081)
Impairment expense	3	(2,596,878)	(953,946)
Legal costs		(148,021)	(209,223)
Rent		(13,223)	(11,900)
Share based payment expenses	7	(442,458)	(44,932)
Travel and accommodation		(14,810)	(4,479)
Finance costs		(5,820)	(4,937)
Other expenses		(193,856)	(183,670)
(Loss) before income tax expense		(3,494,423)	(1,762,076)
Income tax expense		-	-
(Loss) after income tax for the period		(3,494,423)	(1,762,076)
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss</i>			
Other comprehensive loss for the period		(111,421)	(7,329)
Other comprehensive loss for the period, net of tax		(3,605,844)	(1,769,405)
Total comprehensive profit/(loss) for the period		(3,605,844)	(1,769,405)
Total comprehensive profit/(loss) is attributable to:			
Owners of Future Battery Minerals Limited		(3,565,213)	(1,757,919)
Non-Controlling interest		(40,631)	(11,486)
		(3,605,844)	(1,769,405)
Profit/(Loss) per share from continuing operations attributable to the ordinary equity holders of Future Battery Minerals Limited:			
Basic and diluted profit/(loss) per share (cents)	12	(0.72)	(0.47)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	31 December 2023 \$	30 June 2023 \$
ASSETS			
Current assets			
Cash and cash equivalents		2,949,540	3,039,181
Trade and other receivables		282,662	154,438
Other receivables	3	5,200,000	-
Total current assets		8,432,202	3,193,619
Non-current assets			
Property, plant, and equipment		152,432	176,691
Right of use assets		12,857	37,539
Mineral exploration and evaluation expenditure	3	19,777,445	16,581,317
Bond receivables		119,347	119,347
Other receivables	3	1,923,077	6,685,537
Total non-current assets		21,985,158	23,600,431
TOTAL ASSETS		30,417,360	26,794,050
LIABILITIES			
Current liabilities			
Trade payables and other payables	4	1,383,557	1,197,334
Lease liability		52,197	59,150
Total current liabilities		1,435,754	1,256,484
Non-current liabilities			
Lease liability		27,769	56,580
Other payable	4	-	1,337,107
Total non-current liabilities		27,769	1,393,687
TOTAL LIABILITIES		1,463,523	2,650,171
NET ASSETS		28,953,837	24,143,879
EQUITY			
Contributed equity	5	49,826,481	39,644,297
Reserves	6	764,096	2,359,065
Non-controlling interest		200,298	483,132
Accumulated losses		(21,837,038)	(18,342,615)
TOTAL EQUITY		28,953,837	24,143,879

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	Issued Capital \$	Accumulated Losses \$	Option, Performance Rights, & Other Reserve \$	FX Reserve \$	Non- Controlling Interest \$	Total \$
Balance at 1 July 2023	39,644,297	(18,342,615)	2,318,365	40,700	483,132	24,143,879
Total comprehensive income for the period						
Loss for the period	-	(3,494,423)	-	-	-	(3,494,423)
Other comprehensive loss	-	-	-	(111,421)	-	(111,421)
Total comprehensive income/(loss) for the period	-	(3,494,423)	-	(111,421)	-	(3,605,844)
Transactions with owners, recorded directly in equity						
Issue of shares, net of costs (note 5)	7,088,239	-	-	-	-	7,088,239
Issue of Options (note 6)	-	-	48,000	-	-	48,000
Conversion of performance rights (note 6)	205,875	-	(205,875)	-	-	-
Acquisition of 20% interest in Eastern Coolgardie Goldfields Pty Ltd (ECG)	2,888,070	-	(1,768,131)	-	(282,834)	837,105
Share based payments (note 7)	-	-	442,458	-	-	442,458
Balance at 31 December 2023	49,826,481	(21,837,038)	834,823	(70,727)	200,298	28,953,837

	Contributed Equity \$	Accumulated Losses \$	Option and Performance Rights Reserve \$	FX Reserve \$	Non- Controlling Interest \$	Total \$
Balance at 1 July 2022	36,920,122	(15,936,261)	2,358,251	-	2,299,296	25,641,408
Total comprehensive income for the period						
Loss for the period	-	(1,762,076)	-	-	-	(1,762,076)
Other comprehensive loss	-	-	-	(7,329)	-	(7,329)
Total comprehensive income/(loss) for the period	-	(1,762,076)	-	(7,329)	-	(1,769,405)
Transactions with owners, recorded directly in equity						
Issue of shares (note 5)	2,650,000	-	-	-	-	2,650,000
Share capital raising costs (note 5)	(183,000)	-	-	-	-	(183,000)
Issue of options (note 6)	-	-	24,000	-	-	24,000
Conversion of performance rights (note 6)	257,175	-	(257,175)	-	-	-
Share based payments (note 7)	-	-	44,932	-	-	44,932
Balance at 31 December 2022	39,644,297	(17,698,337)	2,170,008	(7,329)	2,299,296	26,407,935

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

	31 December 2023 \$	31 December 2022 \$
Cash flows from operating activities		
Payments to suppliers and employees	(989,424)	(743,399)
Interest received	9,176	8,030
Other revenue	975	50,000
Net cash outflow from operating activities	(979,273)	(685,369)
Cash flows from investing activities		
Payment for property, plant, and equipment	(5,490)	(1,585)
Exploration and evaluation expenditure	(5,651,438)	(2,004,550)
Payment for acquisition of 20% interest in ECG	3 (500,000)	-
Net cash outflow from investing activities	(6,156,928)	(2,006,135)
Cash flows from financing activities		
Proceeds from share issue	7,587,348	2,650,000
Share issue costs	(491,803)	(159,000)
Lease payment	(48,985)	(60,837)
Net cash inflow from financing activities	7,046,560	2,430,163
Net decrease in cash and cash equivalents	(89,641)	(261,341)
Cash and cash equivalents at beginning of the financial period	3,039,181	4,458,921
Cash and cash equivalents at end of the period	2,949,540	4,197,580

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

1. Summary of significant accounting policies

Basis of preparation

These general purpose interim financial statements for the half year reporting period ended 31 December 2023 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report does not include full disclosures of the type normally included in an annual report. It is recommended that this financial report to be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Future Battery Minerals Limited during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sales financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Going Concern

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

As disclosed in the financial statements, the Group incurred a loss of \$3,494,423 (31 December 2022: loss of \$1,762,076) and had net cash outflows from operating activities of \$979,273 (31 December 2022: outflow of \$685,369). At 31 December 2023, the Company had \$2,949,540 (30 June 2023: \$3,039,181) in cash and cash equivalents. For the Group to continue to carry out its exploration activities, meet its expenditure requirements and continue as a going concern it is dependent on securing additional funding. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

For the Group to be able to continue to carry out its exploration activity and to have sufficient working capital, it is dependent on the financial support from its shareholders to fund its working capital requirements and/or successfully raising capital. The Directors are satisfied they will be able to raise additional working capital as required and thus it is appropriate to prepare the financial statements on a going concern basis. In arriving at this position, the Directors have considered the following matters:

- The Directors have assessed the cash flow requirements for the 12-month period from the date of approval of the financial statements and its impact on the Group and believe there will be sufficient funds to meet the Group's working capital requirements;
- In the event that funding of an amount required to meet the future budgeted operational and investing activities of the Company is unavailable, the Directors would undertake steps to scale down its operations and reduce its discretionary expenditure in order to curtail cash outflows; and
- The Group had successfully raised funds through a Placement in the current period and in the prior year, which supports the Group's ability to raise capital if required.

Should the Group not be able to continue as a going concern, it may be required to realise its assets and discharge its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the Group not continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

New and amended standards adopted by the entity

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the AASB that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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).

Use of estimates and judgements

In the process of applying the accounting policies, management has made certain judgements or estimations which have an effect on the amounts recognised in the financial information.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of options is determined using the Black-Scholes option pricing model, and the fair value of performance rights is determined using the trinomial barrier model.

2. Segment Information

Operating Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration and corporate activities. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics.

The Group operates within on segment which is mineral exploration within Australia. The Group is domiciled in Australia.

3. Exploration and Evaluation Expenditure

	31 December 2023 \$	30 June 2023 \$
Balance at beginning of the period	16,581,317	21,814,560
Exploration expenditure incurred	5,793,006	4,777,526
Impairment expense ⁽ⁱ⁾	(2,596,878)	(963,252)
Disposal of exploration assets ⁽ⁱⁱ⁾	-	(9,047,517)
Balance at the end of the period	19,777,445	16,581,317

The balance carried forward represents projects in the exploration and evaluation phase. Ultimate recoupment of exploration expenditure carried forward is dependent on successful development and commercial exploitation, or alternatively, sale of respective areas.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

- (i) During the period, the Company have assessed each area of interest for impairment in accordance with AASB 6 Exploration for and Evaluation Minerals Resources. Based on the Company assessment, impairment expense of \$2,596,878 was recognised in the income statement (30 June 2023: \$963,252). This impairment expense is related to a number of exploration licenses associated with the Heller Prospect that were relinquished during the period, as well as to recognise the impairment of South Australia Projects due to inactivity during the same period.
- (ii) The Company completed the sale of the 80% owned Nepean Nickel Project (NNP) to Rocktivity Nepean Pty Ltd on 15 June 2023. The NNP tenements comprise of M15/709, M15/1809 and P15/5750. A cash consideration of \$2.7 million (FBM: \$2.16 million) was received upon completion in addition to the \$100,000 deposit received on signing, with the remaining deferred consideration of \$7.2 million payable as follows:
- \$2.7 million payable 12 months from Completion of the Transaction (June 2024);
 - \$2.5 million payable 18 months from Completion of the Transaction (December 2024); and
 - \$2 million payable 24 months from Completion of the Transaction (June 2025).

The first deferred consideration of \$2.7 million which is due in June 2024 and the second deferred consideration of \$2.5 million due in December 2024 have been classified as current asset, and as a result the Company recognised other income of \$437,540 related to the unwind of the present value of the first deferred consideration.

On 11 August 2023, FBM completed the acquisition of the remaining 20% interest in the Kangaroo Hills Lithium Project (KHLP). This acquisition is made by acquiring the remaining 20% interest in Eastern Coolgardie Goldfields Pty Ltd (ECG) from Goldfellas Pty Ltd (Seller), a wholly owned subsidiary of Lodestar Minerals Limited (ASX: LSR). Prior to the acquisition, FBM held 80% interest in ECG, the Joint Venture entity exploring the KHLP, and following the completion of the acquisition, FBM now holds 100% interest in ECG. LSR was entitled for 20% of the consideration receivables from Rocktivity. Post the acquisition of 20% interest in ECG, the Company will retain 100% of the deferred considerations from Rocktivity.

The total consideration for the 20% acquisition is as follows:

- \$500,000 in cash comprising of \$250,000 to be paid at Completion, \$125,000 payable 3 months from Completion, and \$125,000 payable 6 months from Completion; and
- 27,505,429 fully paid ordinary shares in the Company (Consideration Shares)(refer to note 5); and
- 27,505,429 Performance Rights which will vest and convert into fully paid ordinary shares upon the Company delineating and announcing a Mineral Resource (JORC Code compliant) of at least 10mt at 1.0% Li2O at the Kangaroo Hills Lithium Project (Consideration Performance Rights). The performance rights have non-market vesting condition and therefore were valued based on the share price on the completion date. Refer to note 6 for further details.

4. Trade and Other Payables

	31 December 2023 \$	30 June 2023 \$
Current		
Trade Creditors	1,114,278	1,084,012
Accrual	269,279	113,322
	1,383,557	1,197,334
Non-Current		
Other payables (Refer to Note 3)	-	1,337,107
	-	1,337,107

All current liabilities are expected to be settled within 12 months as they are generally due on 30–60-day terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

5. Contributed Equity

(a) Issued and fully paid

	31 December 2023		30 June 2023	
	\$	No.	\$	No.
Ordinary shares	49,826,481	533,755,986	39,644,297	427,845,133
	49,826,481	533,755,986	39,644,297	427,845,133

(b) Movement reconciliation

Ordinary Shares	No. of Shares	\$
Opening Balance at 1 July 2022	369,451,799	36,920,122
15 Jul 2022 - Conversion of Performance Rights	250,000	16,250
19 Aug 2022 - Conversion of Performance Rights	1,410,000	134,200
13 Dec 2022 – Placement	55,208,334	2,650,000
21 Dec 2022 - Conversion of Performance Rights	1,525,000	106,726
Share issue costs	-	(183,000)
Closing Balance at 31 December 2022	427,845,133	39,644,297
Opening Balance at 1 July 2023	427,845,133	39,644,297
11 Aug 2023 – Issue of shares to LSR for acquisition of 20% interest in ECG (Refer to Note 3)	27,505,429	2,888,070
21 Sept 2023 – Tranche 1 Placement	51,950,424	5,195,042
21 Sept 2023 – Conversion of Performance Rights	2,605,000	205,875
28 Nov 2023 - Tranche 2 Placement	23,850,000	2,385,000
Share issue costs	-	(491,804)
Closing Balance at 31 December 2023	533,755,986	49,826,481

6. Reserve

(a) Equity settled share-based payments

	31 December 2023	30 June 2023
	\$	\$
Option reserve	1,278,388	1,214,473
Performance rights reserve	4,212,636	1,103,892
Other reserve ¹	(4,656,201)	-
FX reserve	(70,727)	40,700
	764,096	2,359,065

- 1) The other reserve recognises the remaining non-controlling interest (20%) that was purchased from Goldfellas Pty Ltd (a wholly owner subsidiary of Lodestar Minerals Limited) on the 11 August 2023. Refer to note 3 for further details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

(b) Movement reconciliation

Performance Rights

	\$
Balance at the beginning of the period – 1 July 2022	1,152,228
Vesting of employee performance rights	208,840
Conversion of performance rights	(257,176)
Balance at the end of the period – 30 June 2023	1,103,892
Balance at the beginning of the period – 1 July 2023	1,103,892
Issue of performance rights to LSR for the acquisition of 20% interest in ECG (Refer to Note 3)	2,888,070
Conversion of performance rights	(205,875)
Vesting of employee performance rights	426,549
Balance at the end of the period – 31 December 2023	4,212,636

Options

	\$
Balance at the beginning of the period – 1 July 2022	1,206,022
Grant of brokers options	39,657
Options lapsed and cancelled	(31,206)
Balance at the end of the period – 30 June 2023	1,214,473
Balance at the beginning of the period – 1 July 2023	1,214,473
Vesting of options	15,915
Grant of brokers options ⁽ⁱ⁾	48,000
Balance at the end of the period – 31 December 2023	1,278,388

- (i) During the period, the Company granted 3,000,000 Lead Manager Options to Canaccord as part of lead manager broker fees for the Tranche 1 and Tranche 2 - 2023 Placement. The Options were issued after shareholder approval was obtained the AGM on 22 November 2023. As required by AASB 2, as the company couldn't fair value the services rendered, the options have been valued based on the fair value of the options issues. The Options was valued based on Black-Scholes valuation model based on the following inputs:

Description	Input used
Grant date	22 November 2023
Share price on grant date	\$0.083
Exercise price	\$0.15
Volatility rate	100%
Risk free rate	4.05%
Fair value per option	\$0.016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

7. Share Based Payments

Share based payments during the half year ended 31 December 2023 are summarised below.

(a) Recognised share-based payment expense

	31 December 2023	31 December 2022
	\$	\$
Expense arising from equity settled share-based payment transactions	442,455	44,932

Securities granted during the half year

Other than the broker option (refer to Note 6), no options granted during the half year to 31 December 2023 as share-based payments.

During the period, the Company issued 19,500,000 Performance rights to Nick Rathjen, CEO and Managing Director, under the employee share plan.

The performance rights were valued using Black-Scholes valuation model and Up-and-In Trinomial Model based on the following inputs:

Tranche	Number of Securities	Performance Vesting Conditions	Performance Period	Expiry Date
1	3,000,000	Subject to the continuous service of the executive in the position from the date of issue of the performance rights to the date that is 12 months from the issue date, the performance rights will vest on the date that is 12 months from the issue date.	12 months from issue date	5 years from issue date
2A	3,000,000	The Company achieving a Share price of at least \$0.20 per Share based on a 30-day VWAP.	3 years from issue date	5 years from issue date
2B	3,000,000	The Company achieving a share price of at least \$0.35 per share based on a 30-day VWAP.	3 years from issue date	5 years from issue date
2C	1,500,000	The Company achieving a share price of at least \$0.35 per share based on a 30-day VWAP.	12 months from issue date	5 years from issue date
3	3,000,000	The Company announcing a JORC or NI43-101 compliant mineral resource of more than 10m tonnes at 1% Li2O (or contained Li2O - equivalent) for any of the Company's projects and subject to the continuous service of the executive in the position from the date of issue of the performance rights to the date that is 6 months from the issue date.	5 years from issue date	5 years from issue date
4	3,000,000	The Company announcing the release of a scoping study or preliminary economic assessment for any of the Company's projects and subject to the continuous service of the Executive in the Position from the date of issue of the Performance Rights to the date that is 12 months from the issue date.	5 years from issue date	5 years from issue date
5	3,000,000	The earlier to occur of: (i) the Company achieving a Share price of at least \$0.40 per Share based on a 30-day VWAP; or the Company achieving a Share price of at least \$0.40 per Share based on a 30-day VWAP; or (ii) the Company announcing the completion of an acquisition of a mineral exploration project and/or company from a third party (New Project) and the Company announcing a JORC (or NI 43-101) compliant resource of 10m tonnes at 1% Li2O (or contained Li2O-equivalent) in respect to the New Project.	5 years from issue date	5 years from issue date

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

Tranche 1, Tranche 3, Tranche 4, and Tranche 5(ii) of the Director Performance Rights contain non-market vesting conditions. Therefore, management have valued them based on the Company's share price at the grant date, which was \$0.083 per security. A 100% probability of achieving the vesting condition has been applied to Tranche 1, Tranche 3, Tranche 4, and less than likely probability of achieving the vesting condition has been applied to Tranche 5(ii).

The Director Performance Rights contain market vesting conditions, and management used a combination of Hoadley Barrier 1 Model and Hoadley's Parisian Model with the following inputs:

Tranche	Dividend Yield	Valuation Date	Expected Volatility	Risk-Free Interest Rate	Underlying Share Price	Value per Right (\$)	Total Fair Value (\$)
2A	NIL	22 Nov 2023	88%	4%	\$0.083	\$0.0583	\$174,900
2B	NIL	22 Nov 2023	88%	4%	\$0.083	\$0.0434	\$130,200
2C	NIL	22 Nov 2023	83%	4.36%	\$0.083	\$0.0068	\$10,200
5(i)	NIL	22 Nov 2023	91%	4.05%	\$0.083	\$0.0601	\$180,300

8. Related Party Transactions

On 18 October 2023, Mr. Nick Rathjen commenced as Managing Director and CEO. FBM entered into an executive services agreement with Mr. Nick Rathjen in respect of his employment as Chief Executive Officer and Managing Director of the Company (Executive Services Agreement or ESA). His remuneration package include:

Base Salary

The Company will pay an annual base salary of \$300,000 per annum plus superannuation.

Termination Notice

Either the Company or the Executive may terminate the employment by giving the other 6 months' written notice. The Company may immediately terminate the ESA for cause.

Security Based Incentives

Mr. Nick Rathjen is entitled to participate in the Employee Incentive Plan via the issue, subject to shareholder approval, of Performance Rights as disclosed in Note 7.

Following Mr. Rathjen appointment as the Company's CEO and Managing Director, Mr. Mike Edwards has stepped down from his executive duties and assumes the role of Non-Executive Chairman. Effective from 1 November 2023, his director's fees is reduced to \$80,000 per annum plus superannuation.

On 20 November 2023, Mr Neville Power has been appointed as a Non-Executive Director of FBM. His Non-Executive Director's fee is set at \$60,000 per annum plus superannuation. Mr Power is also entitled to a rate of \$1,400 per day for services provided to the Company outside the scope of the ordinary duties of a non-executive director.

There were no other material changes to the Group's related party transactions to those disclosed in the 30 June 2023 Annual Report.

9. Dividends

No dividends have been paid or declared since the start of the financial period, and none are recommended.

10. Commitments

There are no other new commitments, other than the commitments that existed as at 30 June 2023 that the Group has entered into during the period under review.

11. Contingent Assets and Liabilities

There have been no material changes in contingent liabilities or contingent assets since the last annual reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2023

12. Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit/(loss) for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the total operations basic and diluted earnings per share computations:

	31 December 2023	31 December 2022
Basic and diluted profit/(loss) per share	\$	\$
Basic and diluted profit/(loss) per share from continuing operations (cents per share)	(0.72)	(0.47)
Profit/(Loss)		
Profit/(loss) used in the calculation of basic and diluted earnings per share is as follows:		
Loss for the period from continuing operations	(3,494,423)	(1,769,405)
Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the period used in calculating basic and diluted EPS	484,177,535	376,547,883

13. Events Subsequent to Reporting Date

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

DIRECTOR'S DECLARATION

The directors of the Company declare that:

- (a) The financial statements and notes are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with the Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory professional reporting requirements.
 - (ii) giving a true and fair view of the financial position as at 31 December 2023 and the performance for the half year ended 31 December 2023.
- (b) At the date of this statement there are reasonable grounds to believe that Future Battery Minerals Limited will be able to pay its debts when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed on behalf of the Directors by:



Mr Nicholas Rathjen
CEO and Managing Director

Perth, 13 March 2024

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Future Battery Minerals Limited

Report on the Half-Year Financial Report

Conclusion

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

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

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

Basis for conclusion

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

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

Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. 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 is true and fair and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the financial report

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

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

BDO Audit (WA) Pty Ltd

BDO


Jarrad Prue

Director

Perth, 13 March 2024