KAILI RESOURCES LIMITED
AND CONTROLLED ENTITIES

ARBN 077 559 525

Half-Year Financial Report
30 June 2026

CONTENTS

CORPORATE DIRECTORY

Board of Directors

Jianzhong Yang – Non-Executive Chairman
Long Zhao - Executive
Patrick W V M Sam Yue – Non-Executive

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Telephone: +441 295 1111

Company Secretary

Patrick W V M Sam Yue

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Telephone: +612 8234 5000

Registered Office

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Hamilton HM 11
Bermuda

Independent Auditor

John Shute
Chartered Accountant
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Representative Office in Australia

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Sydney NSW 2000
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Telephone: +61 2 9264 6288
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Home Stock Exchange

ASX Limited
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Sydney NSW 2000
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ASX Code: KLR

Website

www.kailigroup.com.au

REVIEW OF OPERATIONS

SUMMARY OF EXPLORATION ACTIVITIES

During the period, the Company advanced its strategy to explore for rare earths elements ("REEs") leveraging the growing economic importance of critical minerals in modern technology. The Company also assessed opportunities in energy technology to diversify future growth pathways. Any investment outside mineral projects will only be undertaken in accordance with the ASX Listing Rules.

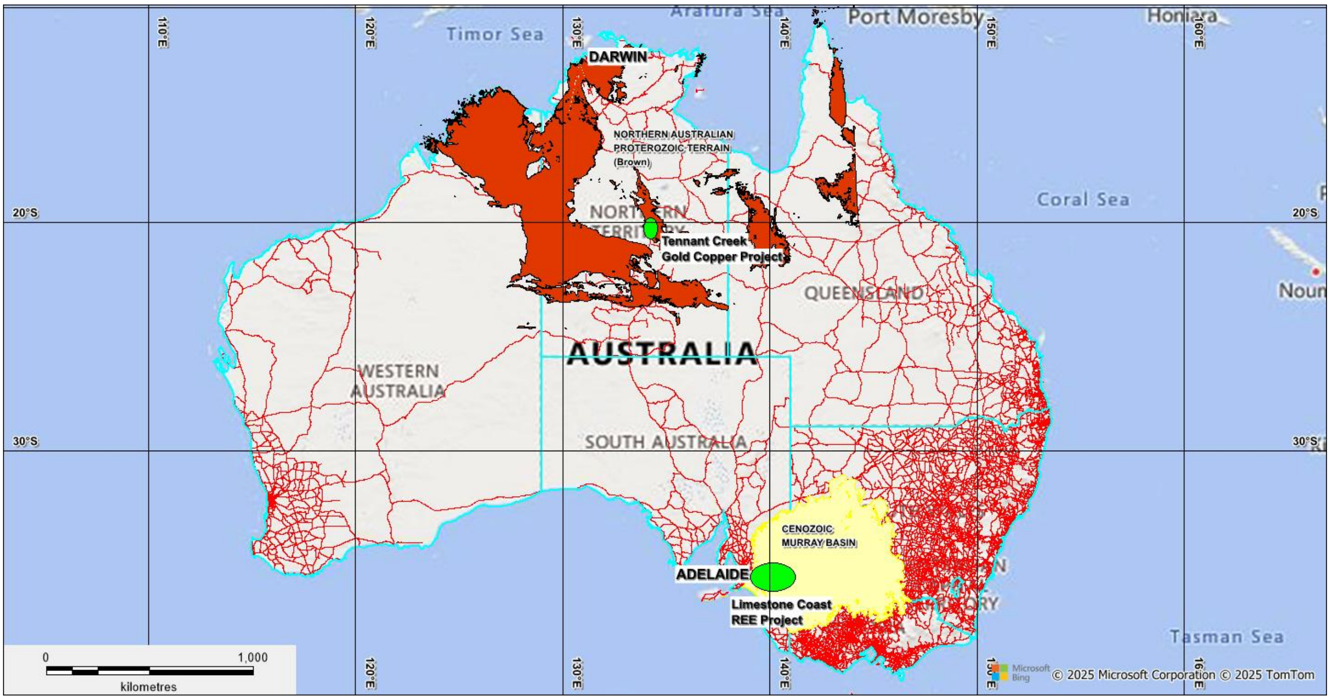


Figure 1: Kaili Resources projects locations in green

Limestone Coast – Rare Earth Elements Exploration Project - South Australia
Lameroo EL 6856, Karte EL 6977 and Coodalya EL 6978
Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

The Company holds 100% interest in three tenements covering approximately 1,989 km^2 located around 200 kms east of Adelaide. The area is accessible by highway and is well supported by regional infrastructure within the Murray Basin, South Australia (**Figure 2**). The tenements overlie the Loxton-Parilla Sands where REEs are reportedly hosted within the fine clay fraction of Tertiary-aged (65 to 2.5 million Years Ago) strandlines consistent with ionic clay-style deposits.

REEs mineralisation in the region is well established. Australian Rare Earths (AR3:ASX) has released a pre-feasibility study for its Koppamurra REEs project (**Figure 2**) reporting positive economic outcome (*refer to AR3 ASX Release of 25th June 2026*).

REVIEW OF OPERATIONS

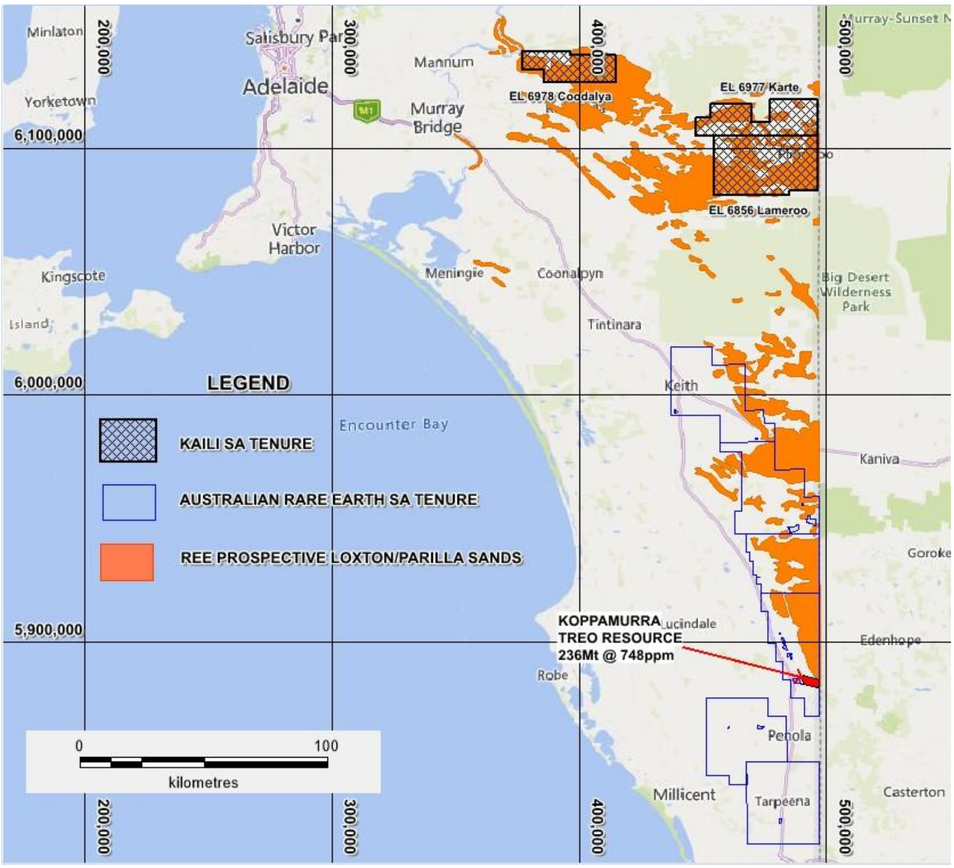


Figure 2: Location of Lameroo, Karte and Coodalya Rare Earth Exploration Tenements in Murray Basin, Limestone Coast, South Australia

Drilling campaigns conducted by the Company in 2024, 2025 and early 2026 confirmed encouraging REEs indications within the Loxton-Parilla Sands across the 3 tenements - Lameroo EL 6856, Karte EL 6977 and Coodalya EL 6978. To manage exploration costs, drill holes were widely spaced along road verges across almost the full 1,989 km^2 area to provide an initial regional overview of potential REEs concentration. This approach enabled the Company to identify priority zones before progressing to closer-spaced drilling and, possibly, grid-based programs to more accurately assess resource potential.

A follow-up drilling program commenced on 27 January 2026, focused predominantly on Coodalya in response to the results from the September 2025 drilling campaign (announced on 20 October 2025). Additional holes were completed within Lameroo and Karte to identify any further REEs mineralisation zones (**Figure 4**). The drilling concluded on 1 February 2026 with 30 holes completed to an average depth of up to 18 metres per hole, totalling 540 metres. (*refer KLR ASX releases of 27 January 2026 and 2 February 2026*).

REVIEW OF OPERATIONS

The total Rare Earth Elements (TREE) results from pXRF scans of the collected samples were encouraging (KLR *ASX Release of 18 February 2026*). However, p-XRF data cannot be fully relied upon for resources assessment, as it does not substitute the quantitative laboratory analysis and provides partial results for only 5 of the 14 REEs - Ce, Pr, La, Nd and Y. Therefore, 52 samples of > 200ppm TREE were submitted to ALS laboratory in Adelaide for full suite REEs analysis using Method ME MS 81, enabling the determination of Total Rare Earth Oxide (TREO) values.

Significant pXRF drilling results (TREE – Total Rare Earth Elements) from selected holes are summarized below:

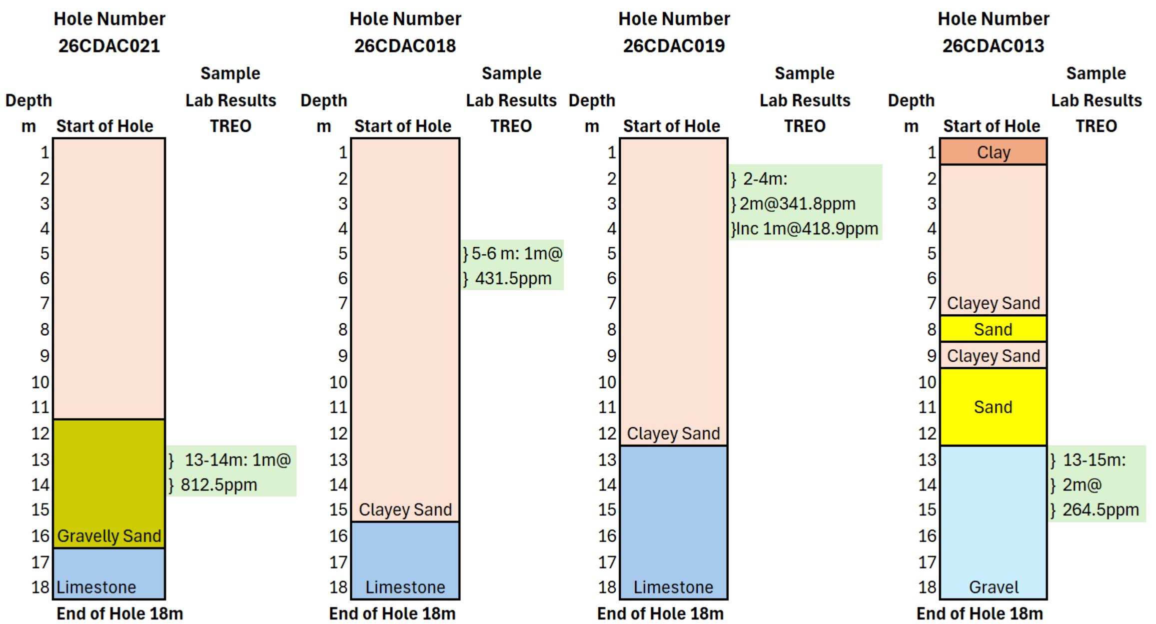
- 26CDAC021 13 - 14m, 1m@749.0ppm
- 26CDAC022 3 - 4m, 1m@413.0ppm
- 26CDAC006 6 - 8m, 2m@335.1ppm
- 26CDAC003 17 - 18m, 1m@389.0ppm
- 26CDAC002 0 - 1m, 1m@359.0ppm

Laboratory assay results were released on 6 March 2026 confirming several significant TREO values, including:

- 26CDAC021: 13 - 14m, 1m@812.5ppm
- 26CDAC018: 5 - 6m, 1m@431.5ppm
- 26CDAC019: 2 - 4m, 2m@341.8ppm (incl 1m@418.9ppm)
- 26CDAC013: 13 - 15m, 2m@264.5ppm

REVIEW OF OPERATIONS

KLR COODALYA EL 6978- LIMESTONE COAST, SA
Diagram of drill holes cross sections based on ALS Laboratory assays of February 2026 program for selected samples with reported significant results
Horizontal not to scale



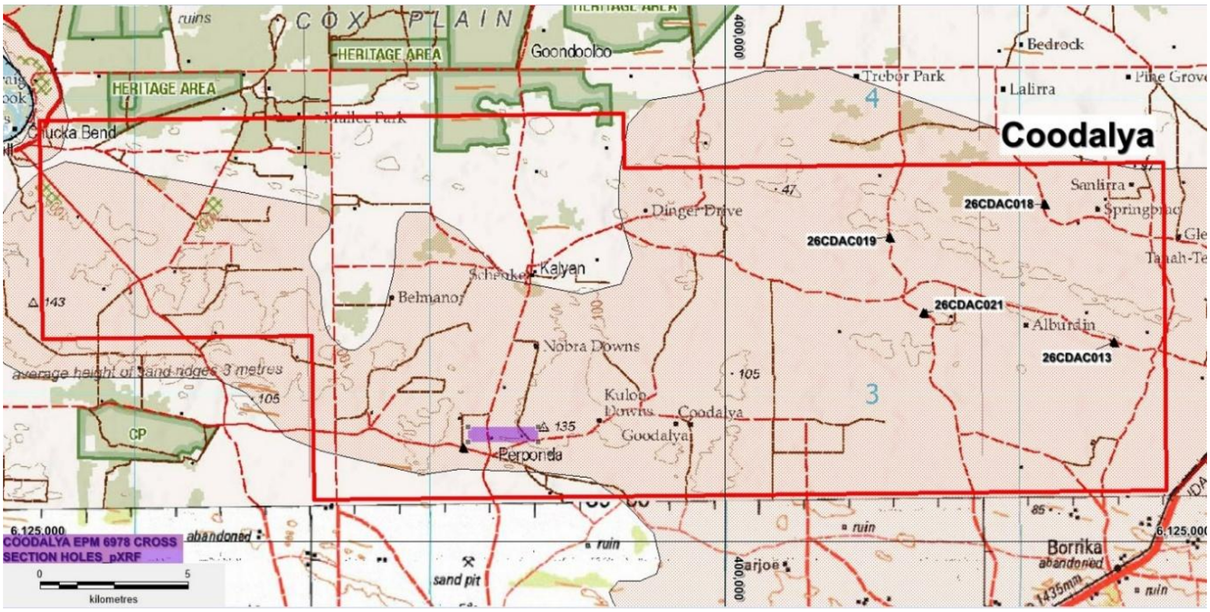


Figure 3: Locations of Drill Holes for the Cross Sections displayed above

Results from the September 2025 and January-February 2026 drilling programs (KLR *ASX Releases of 20 October 2025, 20 November 2025 and 6 March 2026*) have delineated priority areas for further focussed exploration, named the Mallee Project, located within the Coodalya EL 6978 tenement (**Figure 4**).

REVIEW OF OPERATIONS

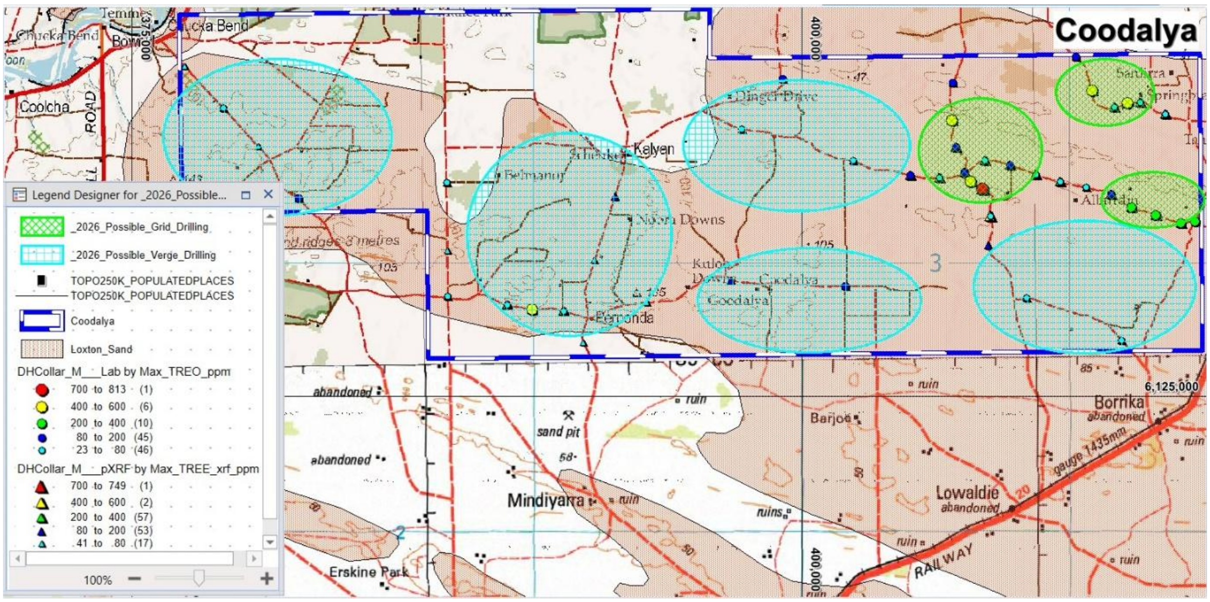


Figure 4: Coodalya Tenement Max TREE and TREO Results to February 2026
Shaded Blue and Green Areas Identified for Future Drilling

Notes on the Legend in Figures 4, 5 and 6:

1. *Readers should not rely solely on p-XRF TREE ppm readings as these do not substitute for quantitative laboratory analysis. Laboratory assays provide the definitive TREO values used for reporting and resource assessment.*
2. *Refer to KLR ASX releases on 25 March 2024, 20 October 2025, 17 November 2025, 20 November 2025, 7 February 2026 and 6 March 2026 for the results summarised in the Legend and drill collar tables.*
3. *The Total Rare Earth Oxide (TREO) is calculated by multiplying the individual element assay by the conversion factor to obtain an oxide value of individual element then adding all oxide values to get the TREO number.*
4. *TREO – elements converted to oxides with oxides conversions in brackets Ce(1.1713), Dy(1.1477), Er(1.1435), Eu(1.1579), Gd(1.1526), Ho(1.1455), La(1.1728), Lu(1.1371), Pr(1.2082) ,Nd(1.1664), Sc(1.5338), Sm(1.1596), Tb(1.1510), Y(1.2699) and Yb(1.1387) from element assays by ALS Laboratory in Adelaide for the full suite of REEs by Method ME MS 81.*

The Company has reviewed all drilling results to date and identified priority areas within Coodalya for future drilling. Additional verge drilling was planned during the period; however, due to crew availability, the program has been carried out in July 2026. Laboratory assay results from this campaign are pending.

Other areas have also been identified for future verge drilling within the blue-shaded zone at Karte and Lameroo. The objective is to reduce current drill hole spacing - presently approximately 500 metres to 1,000 metres - to identify potential focus areas for later drilling. Refer to **Figures 5 and 6.**

REVIEW OF OPERATIONS

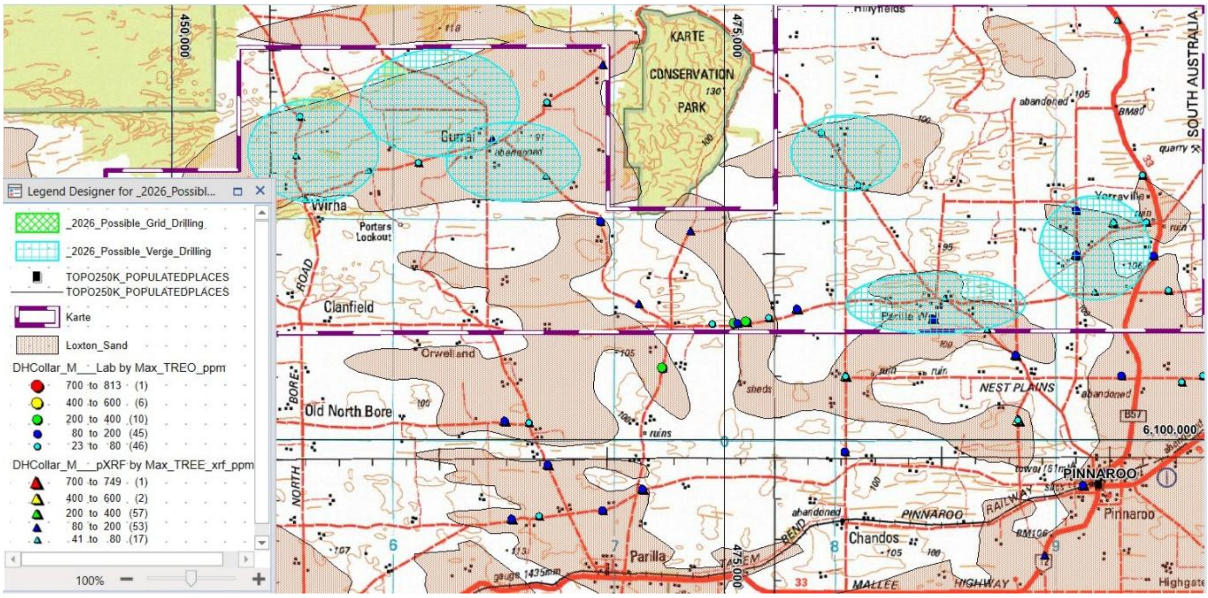


Figure 5: Karte Tenement Max TREE and TREO Results to February 2026
Shaded Blue Areas Identified for Future Drilling

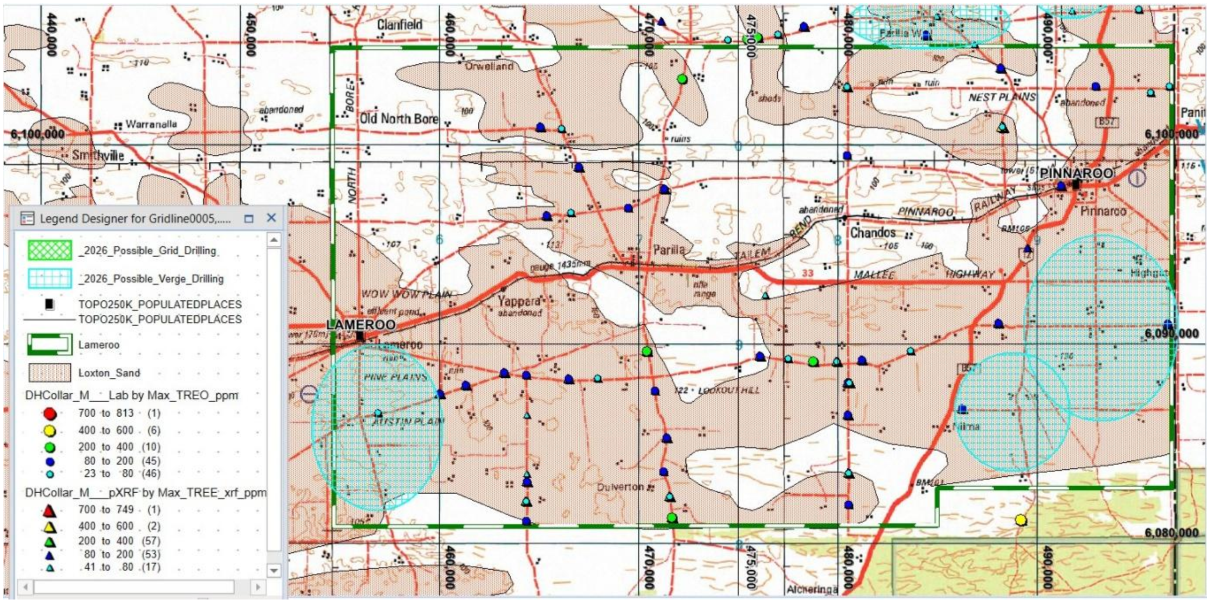


Figure 6: Lameroo Tenement Max TREE and TREO Results to February 2026
Shaded Blue Areas Identified for Future Drilling

REVIEW OF OPERATIONS

Tennant Creek – Gold and Copper Exploration Projects - Northern Territory Kovacs ELA 32666

Held 100% by wholly owned subsidiary Kaili Gold Pty Ltd

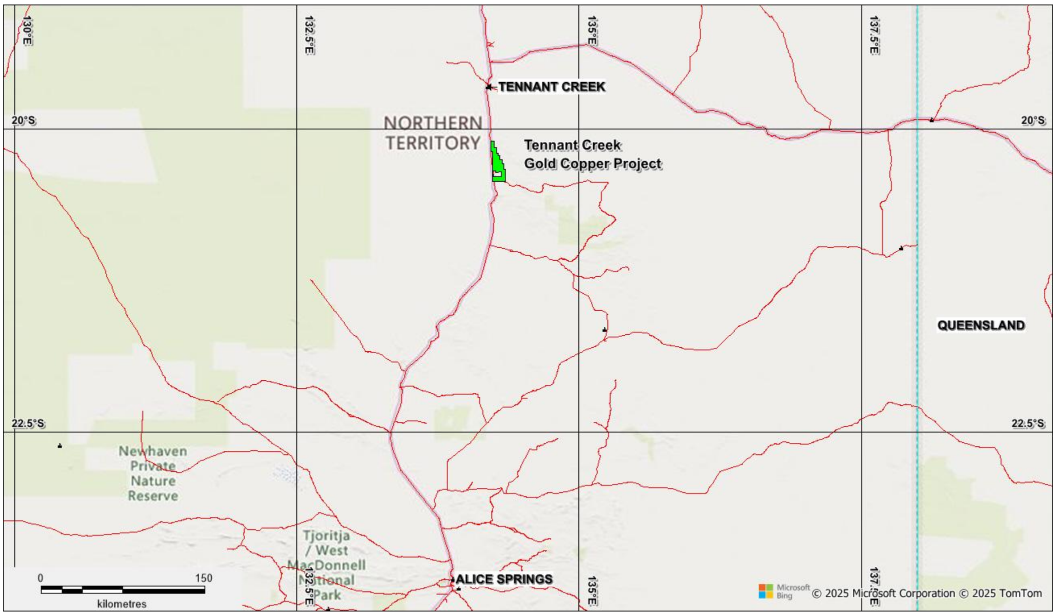


Figure 7: Regional Tenement Location SE of Tennant Creek – Kovacs

Application ELA 32666 Kovacs south of Tennant Creek was lodged in February 2021. In July 2026 the Company decided to withdraw the application noting the lapsed time of procedures.

Technical Releases since 1 January 2026

This review of operations contains information extracted from the Company's ASX market announcements reported in accordance with the 2012 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (2012 JORC Code). Further details (including 2012 JORC Code reporting tables where applicable) of exploration results can be found in the following announcements lodged on the ASX:

27 January 2026	Drilling Commences for REES at Mallee Project
30 January 2026	Quarterly Activities Report
2 February 2026	Drilling for REEs Completed at Mallee Project SA
18 February 2026	REEs pXRF Drilling Results at Mallee Project SA
6 March 2026	Drilling Results of REEs - Mallee Project SA
31 March 2026	Annual Report to Shareholders
30 April 2026	Quarterly Activities Report
16 July 2026	REEs drilling to commence in SA
28 July 2026	Rare Erath Elements Exploration Drilling Completed in SA
31 July 2026	Quarterly Activities Report

REVIEW OF OPERATIONS

LICENCES STATUS

Minerals tenements and applications for tenements held at 30 June 2026 and at the date of this report, and acquired or disposed of during and since the half year ended 30 June 2026, and their locations are set out below:

Granted	Tenement	Name	Commodity	Region	Registered Holder	Beneficial Interest	Area	Status
							Km²	
19/10/2022	EL 6856	Lameroo	Rare Earth	SA - Murray Basin	Kaili Gold Pty Ltd	100%	991.0	Expiry on 18/10/2028
15/02/2024	EL 6977	Karte	Rare Earth	SA - Murray Basin	Kaili Gold Pty Ltd	100%	590.0	Expiry on 14/02/2030
15/02/2024	EL 6978	Coodalya	Rare Earth	SA - Murray Basin	Kaili Gold Pty Ltd	100%	408.0	Expiry on 14/02/2030
Under application	ELA32666	Kovacs	Gold/Base Metals	NT-Warramunga Province	Kaili Gold Pty Ltd	100%	271.7	Application submitted on 23/02/2021 and withdrew in July 2026
						Total	2,260.7	

There was no acquisition or disposal or change in beneficial interests under farm-in or farm-out agreements during the half year.

Competent person

The information in the report above that relates to Exploration Results, Exploration Targets and Mineral Resources is based on information compiled by Mr Mark Derriman, who is the Company's Consultant Geologist and a member of The Australian Institute of Geoscientists (1566).

Mr Mark Derriman has sufficient experience that is relevant to the style of mineralization and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Exploration Targets, Mineral Resources and Ore Reserves. Mr Mark Derriman consents to the inclusion in this report of matters based on his information in the form and context in which it appears.

Forward-Looking Statement

This report may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could," "plan," "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Kaili Resources Limited 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 actual results will be consistent with these forward-looking statements.

REVIEW OF OPERATIONS

OPERATING AND FINANCIAL REVIEW

Performance

During the half-year, the Group recorded a profit of $510,211 (2025: Loss $192,506). This result included other income of $698,059 (2025: Nil) which represented solely the gain on measurement of borrowings at amortised cost.

Financial Position

Cash and cash equivalents at 30 June 2026 were $44,933 (31 December 2025: $15,855) with total current assets of $132,421 (31 December 2025: $119,438).

Current liabilities at 30 June 2026 decreased to $375,309 from $5,385,992 at 31 December 2025. This reduction was primarily due to the reclassification of $4,586,884 in unsecured, interest-free related party loans to non-current liabilities, following their extension of repayment date to 1 October 2027.

Net liabilities at 30 June 2026 decreased to $4,413,367 from $4,923,578 at 31 December 2025, reflecting the net profit reported for the period.

Cash Flows

Net cash outflows from operating activities increased to $315,759 (2025: $115,413) as the Group is still in the exploration phase with no revenue. These activities were funded from existing cash on hand and borrowings.

STRATEGIES AND PROSPECTS FOR FUTURE

The Group will continue its mineral exploration program and search for new projects in the resources sector subject to financing. However, no indication as to likely results in the future can be given due to the uncertainties usually associated with exploration activities and new projects. Future financial performance will depend on the success of exploration in its existing tenements and new projects.

DIRECTORS' REPORT

The Directors of Kaili Resources Limited submit the financial report of the consolidated group for the half-year ended 30 June 2026.

Directors

The names of Directors who held office during or since the end of the half-year are:

Jianzhong Yang – Chairman
Long Zhao
Patrick W V M Sam Yue

Operating Results

Total comprehensive profit for the half-year ended 30 June 2026 was $510,211 (2025: Loss $192,506).

Review of Operations

A review of operations for the half-year ended 30 June 2026 is set out on pages 3 to 11.

Auditor's Independence Declaration

The auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 13, and forms part of this Directors' Report.

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

Long Zhao
Director

Dated this 10th day of September 2026

John Shute
Chartered Accountant

AUDITORS INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To the Directors of Kaili Resources Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Kaili Resources Limited and Controlled Entities for the half year ended 30 June 2026 there has been:

a) no contraventions of the independence requirements of the Corporations Act 2001 in relation to the review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

John F Shute
Chartered Accountant

Dated: 10 September 2026

CHARTERED ACCOUNTANTS
AUSTRALIA • NEW ZEALAND

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Independent Auditor's Report on Review of the Half Year Financial Report to the Members of Kaili Resources Limited and Controlled Entities
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the half year financial report of Kaili Resources Limited (the "Company") and the subsidiaries (together "the Group") set out on pages **17** to **26**, which comprises the consolidated statement of financial position as of 30 June 2026, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of financial position, the consolidated statement of cash flows, the consolidated statement of changes in equity, for the six-months period ended 30 June 2026, and notes to the interim financial report. The directors of the Company are responsible for the preparation and fair presentation of this interim financial report in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, 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 International Standards on Auditing 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.

Emphasis of matter

We draw attention to Note 4, Going Concern to the financial report which describes the basis on which the financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and discharge of the liabilities in the normal course of business.

Chairman Mr Jianzhong Yang had provided the Company an unsecured and interest free loan of $2,400,000 and advances of $2,199,506 both due for repayment on 1 October 2026. The funds advanced under the loan and under the financial support are unsecured and interest free. During the half year Mr Jianzhong Yang agreed to extend the repayment date to 1 October 2027.

Kaili Holdings Limited, controlled by Mr Jianzhong Yang, had confirmed financial support to the Company to provide funds of up to $1 million until 1 October 2026. The funds advanced under the financial support are unsecured and interest free. During the half year, Kaili Holdings Limited increased the existing financial support facility to up to $1.75 million and extended the repayment date to 1 October 2027. At balance date the Company has drawn $685,437 under the financial support facility.

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As stated in Note 4, the directors have assessed the uncertainties relating to the likelihood of securing additional funding, and are of the opinion that the Group will continue to operate as a going concern for the foreseeable future.

In the event the assumptions underpinning the basis of preparing the financial statements on a going concern basis do not occur, then there is material uncertainty whether the Group will continue to operate as a going concern.

We draw attention to Note 9 to the financial statements which details the Group's mining tenements. The carrying value of these assets is based on the Director's opinion as to the fair market value of the mining tenements.

This valuation, if found to be incorrect, indicates that a material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Conclusion

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 Kaili Resources Limited is not in accordance with the Corporations Act 2001, including:

a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

....
JOHN F SHUTE
Chartered Accountant

Dated: 10 September 2026

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DIRECTORS' DECLARATION

In the opinion of the Directors of Kaili Resources Limited:

a. The consolidated financial statements and notes of Kaili Resources Limited are in accordance with the Corporations Act 2001, including:

   i Giving a true and fair view of its financial position as at 30 June 2026 and of its performance for the half-year ended on that date; and

   ii Complying with Accounting Standard AASB 134 Interim Financial Reporting; and

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.

Long Zhao
Director

Dated this 10th day of September 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income For The Half-Year Ended 30 June 2026

	Note	30 June 2026 $	30 June 2025 $
Other revenue	11	698,059	-
Expenses			
Depreciation		(7,053)	(7,053)
Employee benefits		(65,457)	(38,677)
Impairment of exploration and evaluation expenditure	9	-	(8,128)
Project costs		(4,697)	(181)
Other	6	(110,641)	(138,467)
Profit/(Loss) before income tax expense		510,211	(192,506)
Income tax		-	-
Profit/(Loss) for the period		510,211	(192,506)
Other comprehensive income		-	-
Other comprehensive income for the period, net of tax		-	-
Total comprehensive profit/(loss) for the period		510,211	(192,506)
Profit/(Loss) attributable to:			
- members of the Parent Entity		510,211	(192,506)
Total comprehensive Profit/(loss) attributable to:			
- members of the Parent Entity		510,211	(192,506)
		Cents	**Cents**
Earnings/(Loss) per share			
Basic and diluted profit/(loss) per share	7	0.35	(0.13)

The accompanying notes form part of this financial report.

Consolidated Statement of Financial Position

As At 30 June 2026

	Note	30 June 2026 $	31 December 2025 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		44,933	15,855
Trade and other receivables	8	87,488	70,194
Prepayments		-	33,389
TOTAL CURRENT ASSETS		132,421	119,438
NON-CURRENT ASSETS			
Property, plant and equipment		13,224	20,277
Financial assets		10,000	10,000
Exploration and evaluation expenditure	9	393,181	312,699
TOTAL NON-CURRENT ASSETS		416,405	342,976
TOTAL ASSETS		548,826	462,414
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	340,209	544,943
Provisions	12	35,100	31,543
Borrowings	11	-	4,809,506
TOTAL CURRENT LIABILITIES		375,309	5,385,992
NON-CURRENT LIABILITIES			
Borrowings	11	4,586,884	-
TOTAL NON-CURRENT LIABILITIES		4,586,884	-
TOTAL LIABILITIES		4,962,193	5,385,992
NET LIABILITIES		(4,413,367)	(4,923,578)
EQUITY			
Issued capital		1,474,004	1,474,004
Reserves		(5,887,371)	(6,397,582)
TOTAL DEFICIT		(4,413,367)	(4,923,578)

The accompanying notes form part of this financial report.

Consolidated Statement of Changes in Equity
For the Half-Year Ended 30 June 2026

	Share capital	Share premium	Accumulated losses	Total
	$	$	$	$
Balance at 1 January 2025	1,474,004	24,475,363	(30,449,078)	(4,499,711)
Total comprehensive loss for the period	-	-	(192,506)	(192,506)
Balance at 30 June 2025	1,474,004	24,475,363	(30,641,584)	(4,692,217)
Balance at 1 January 2026	1,474,004	24,475,363	(30,872,945)	(4,923,578)
Total comprehensive profit for the period	-	-	510,211	510,211
Balance at 30 June 2026	1,474,004	24,475,363	(30,362,734)	(4,413,367)

The accompanying notes form part of this financial report.

Consolidated Statement of Cash Flows
For the Half-Year Ended 30 June 2026

	30 June 2026 $	30 June 2025 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees	(315,759)	(115,413)
Net cash used in operating activities	(315,759)	(115,413)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for exploration and evaluation expenditure	(84,081)	(68,284)
Net cash used in investing activities	(84,081)	(68,284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	475,437	-
Others	(46,516)	(12,554)
Net cash received (used) in financing activities	428,921	(12,554)
Net increase/(decrease) in cash held	29,081	(196,251)
Cash and cash equivalents at the beginning of period	15,855	211,286
Effect of exchange rates on cash holding in foreign currencies	(3)	(5)
Cash and cash equivalents at the end of period	44,933	15,030

The accompanying notes form part of this financial report.

Notes to Financial Statements For the Half-Year Ended 30 June 2026

Note 1 – Nature of operations

Kaili Resources Limited and subsidiaries' (the Group) principal activities are exploration for base and precious metals, and rare earth elements.

Note 2 – General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 30 June 2026 and are presented in Australian dollar ($), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 31 December 2025 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 10 September 2026.

Note 3 – Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent financial statements.

The Group has reviewed all the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on or after 1 January 2026. It has been determined that there is no material impact of the new and revised Accounting Standards and Interpretations on its business.

The Group has not early adopted new Accounting Standards and Interpretations that are not yet mandatory in this reporting period. No significant impact on the Group's financial performance or position is expected when they are adopted.

Note 4 – Going Concern

At balance date the Group had net liabilities of $4,413,367, current assets of $132,421 including cash and cash equivalents of $44,933, current liabilities of $375,309 and has made a net profit of $510,211. The Group has also an unfulfilled expenditure requirement under its exploration licences of $205,500 for the next 12 months.

Chairman Mr Jianzhong Yang had provided the Company unsecured and interest free loan of $2,400,000 and advances of $2,199,506 both due for repayment on 1 October 2026. The funds advanced under the loan and under the financial support are unsecured and interest free. During the half year Mr Jianzhong Yang agreed to extend the repayment date to 1 October 2027.

Kaili Holdings Limited, controlled by Mr Jianzhong Yang, had confirmed financial support to the Company to provide funds of up to $1 million until 1 October 2026. The funds advanced under the financial support are unsecured and interest free. During the half year, Kaili Holdings Limited increased the existing financial support facility to up to $1.75 million and extended the repayment date to 1 October 2027. At balance date the Company has drawn $685,437 under the financial support facility. Subsequent to the balance date, the Company has further drawn $50,000, leaving up to $1,014,563 available for future drawdowns.

Notes to Financial Statements For the Half-Year Ended 30 June 2026

To continue as a going concern, the Group requires additional funding to be secured from sources including but not limited to:

- New equity or debt capital raising;
- Successful development of its current and future projects; and
- the sale of its interest in current exploration projects.

Having carefully assessed the uncertainties relating to the likelihood of securing additional funding, the Group's ability to effectively manage their expenditures and cash flows from operations, the opportunity to sell or farm out interests in existing permits and the financial support of Kaili Holdings Limited and Mr Jianzhong Yang, the Directors believe that the Group will continue to operate as a going concern for the foreseeable future. Therefore, the Directors consider it appropriate to prepare the financial statements on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

In the event that the assumptions underpinning the basis of preparation do not occur as anticipated, there is material uncertainty whether the Group will continue to operate as a going concern. If the Group is unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of recorded assets amounts nor to the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

Note 5 – Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 31 December 2025.

Impairment

The Directors have reviewed the carrying value of exploration and evaluation expenditure at 30 June 2026 and based on the Group's accounting policy for exploration and evaluation expenditure and in accordance with the requirements of AASB 6 – Exploration and Evaluation of Mineral Resources, no impairment of capitalised exploration and evaluation expenditure was required (30 June 2025: $8,128).

Notes to Financial Statements For the Half-Year Ended 30 June 2026 (continued)

	30 June 2026 $	30 June 2025 $
Note 6 – Other expenses from ordinary activities		
Audit fees	7,900	6,800
Consulting fees	31,370	31,370
Contractor payments	4,080	25,760
Legal and professional fees	25,120	21,396
Listing fees	1,986	842
Motor vehicle expenses	1,164	1,418
Registration fees and charges	38,166	40,099
Share registry	5,848	5,483
Other	(4,993)	5,299
	110,641	138,467

Note 7 – Loss per share

	$	$
Operating profit/ (loss) after income tax used in calculation of basic and diluted profit/(loss) per share	510,211	(192,506)
Weighted average number of shares used in basic and diluted earnings per share calculation	147,400,363	147,400,363
	Cents	**Cents**
Profit/(Loss) per share	0.35	(0.13)

	30 June 2026 $	31 December 2025 $
Note 8 – Trade and other receivables		
GST receivable	28,419	11,125
Other receivable	59,069	59,069
	87,488	70,194

Notes to Financial Statements For the Half-Year Ended 30 June 2026 (continued)

	30 June 2026 $	31 December 2025 $

Note 9 –Exploration and evaluation expenditure

At cost:		
Balance at beginning of period/year	312,699	189,194
Additions	80,482	134,155
Impairment on licences relinquished	-	(10,650)
Balance at end of period/year	393,181	312,699

Exploration and evaluation expenditures are capitalised in respect of each identifiable area of interest. Ultimate recoupment of the carrying value of the exploration areas is dependent on successful development and commercial exploitation, or alternatively sale of the respective areas of interest. The areas of interest are exploration licences held by the Group and are detailed in the schedule contained in the Licences Status shown on page 10.

Note 10 – Trade and other payables

Amounts payable to Directors and their associates	264,729	318,474
Amounts payable to Directors for reimbursement of expenses	-	72,749
Other trade creditors	52,100	124,074
Accrued expenses	23,380	29,646
	340,209	544,943

Note 11 – Borrowings

Current		
Unsecured borrowings from a related party[2]	-	4,599,506
Unsecured borrowings from a related party[3]	-	210,000
	-	4,809,506

Non-Current		
Unsecured borrowings from a related party at carrying amount[2]	4,599,506	-
Unsecured borrowings from a related party at carrying amount[3]	685,437	-
Less: Gain on borrowings at amortised cost[1]	(698,059)	-
Borrowings at amortised cost	4,586,884	-

Notes to Financial Statements For the Half-Year Ended 30 June 2026 (continued)

[1]The gain on borrowings at amortised cost arose from the difference between the net present value of the interest-free borrowings to be settled on 1 October 2027 and the contractual settlement amount at balance date. A discount rate of 12% was applied to the future cash flows to determine their net present values. The gain at amortised cost increased by $698,059 during the half year as a result of extension to the repayment date of the borrowings.

[2]Chairman Mr Jianzhong Yang had provided the Company unsecured and interest free loan of $2,400,000 and advances of $2,199,506 both due for repayment on 1 October 2026. The borrowings are unsecured and interest free. During the half year Mr Jianzhong Yang agreed to extend the repayment date to 1 October 2027.

[3]Kaili Holdings Limited, controlled by Mr Jianzhong Yang, had confirmed financial support to the Company to provide funds of up to $1 million until 1 October 2026. The funds advanced under the financial support are unsecured and interest free. During the half year, Kaili Holdings Limited increased the existing financial support facility to up to $1.75 million and extended the repayment date to 1 October 2027. At balance date the Company has drawn $685,437 under the financial support facility. Subsequent to the balance date, the Company has further drawn $50,000, leaving up to $1,014,563 available at the date of this report for future drawdowns.

	30 June 2026 $	31 December 2025 $
Note 12 – Provisions		
Current		
Annual leave entitlements	20,509	17,580
Long service leave entitlements	14,591	13,963
	35,100	31,543

The annual leave and long service leave provisions are entitlements of Director Long Zhao.

Note 13 – Operating segments

The Group has identified its operating segment as the Mining Sector in Australia.

Note 14 – Commitments

Exploration Expenditure Commitments

The Group holds three granted tenements in Australia. A condition of the tenements is that the Group is required to meet minimum committed requirements to maintain current rights of tenure. These commitments may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements and are due as follows from balance date:

Notes to Financial Statements For the Half-Year Ended 30 June 2026 (continued)

	30 June 2026 $	31 December 2025 $
Within twelve months	205,500	168,000
Twelve months or longer and not longer than 5 years	230,500	-
	436,000	168,000

The Group has obligations to restore land and rehabilitate areas disturbed during exploration.

Note 15– Contingent Liabilities

At balance date, the Group has no contingent liabilities (31 December 2025: $5,000).

Note 16– Related Party Transaction

The Group engaged Vincerek Pty Ltd, an associate of Director Mr. Long Zhao, to provide general administration services for compensation of $1,200 per week. The engagement may be terminated by either party with one month notice. For the half year ended 30 June 2026, a total charge of $31,200 (2025: $31,200) for the services was recognised and $67,200 has been paid for the services provided in prior periods with the amount of $63,360 including GST owing at balance date.

Note 17– Events after Balance Date

In the opinion of the Directors, no items, transactions or events of a material or unusual nature have arisen in the interval between the end of the financial period and the date of this report which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years other than the following:

(a) Subsequent to balance date, Kaili Holdings Limited has advanced $50,000 to the Company as part of the financial support arrangements in place and up to $$1,014,563 under the financial facility remains available at the date of this report.