

IRIS Metals Limited

ABN 61 646 787 135

Interim Report - 30 September 2023

IRIS Metals Limited
Directors' report
30 September 2023

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of IRIS Metals Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period ended 30 September 2023.

Directors

The following persons were directors of IRIS Metals Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Simon Lill	Non-Executive Chairman
Peter Marks	Executive Director
Christopher Connell	Executive Director
Tal Paneth	Non-Executive Director
Bruce Smith (appointed 15 June 2023)	Non-Executive Director

Principal activities

The principal activities during the half-year of the consolidated entity were the exploration, evaluation and acquisition of mining tenements that comprise the South Dakota, Kookynie and Leonora projects respectively.

Review of operations

The loss for the consolidated entity after providing for income tax amounted to \$9,876,735 (half-year ended 30 September 2022 (restated): \$4,442,484).

The consolidated entity is a resources and exploration company with highly prospective projects located in South Dakota and Western Australia. Since the commencement of the new financial year in April 2023, IRIS Metals Limited has progressed its exploration and related activities on a number of fronts. Highlights for the period include:

On 18 April 2023, the company issued a prospectus (and supplementary prospectus 2 June 2023) where it intended to raise \$15,000,000 through the issuance of 15,000,000 ordinary shares at an issue price of \$1.00 per share and 7,500,000 free-attaching options at a ratio of one for two, exercisable at \$1.50 per option expiring on 14 June 2025.

ASX recompliance

On 14 June 2023, the company raised \$15,000,000 pursuant to the offer under its prospectus dated 18 April 2023, as supplemented by the supplementary prospectus dated 2 June 2023, by the issue of 15,000,000 shares at an issue price of \$1.00 per share and 7,500,000 options exercisable at \$1.50 per option expiring on 14 June 2025. The company issued 750,000 options exercisable at \$1.50 per option expiring 14 June 2025 to the lead manager in connection with the capital raise.

Acquisition of Longview Minerals

On 14 June 2023, the company completed the acquisition of Longview Minerals L.L.C. following issuance of 5,500,000 shares and 2,500,000 options exercisable at \$1.50 per option expiring 14 June 2026 to Jasadak Pty Ltd in consideration for the acquisition of 100% of the issued capital in Longview Minerals L.L.C. The acquired entity is based in South Dakota.

Acquisition of the Edison patented claim

On 14 June 2023, the company completed the acquisition of the Edison patented claim and 313 BLM claims following issuance of 3,800,000 shares to Schad Investments L.L.C. and 200,000 shares to Cody Schad in consideration for the acquisition of the Edison Patented Claim. The Edison claims are in the Keystone and Tinton districts of South Dakota.

Drilling Campaign in South Dakota

During the half-year ended 30 September 2023, the consolidated entity began its RC drilling program at Longview and Beecher, 50 RC holes were drilled and the consolidated entity has received assay results for 38 of these holes. These holes have indicated wide high-grade lithium intersections at Longview and Beecher. Best results include;

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- **60m @ 1.21% Li₂O** (true width) from 16m in BDH-23-001, including:
 - **40m @ 1.40% Li₂O** from 36m; and
 - **22m @ 1.90% Li₂O** from 46m
- **54m @ 1.30% Li₂O** (true width) from 1m in BDH-23-009, including:
 - **35m @ 1.58% Li₂O** from 4m; and
 - **13m @ 2.10% Li₂O** from 24m
- **40m @ 1.10% Li₂O** (true width) from 48m in BDH-23-002, including:
 - **11m @ 1.53% Li₂O** from 48m; and
 - **10m @ 1.97% Li₂O** from 78m
- **78m @ 1.03% Li₂O** (70m true width) from 19m in BDH-23-020, including:
 - **46m @ 1.36% Li₂O**
 - **10m @ 2.00% Li₂O**
- **62m @ 1.02% Li₂O** (60m true width) from 15m in BDH-23-011, including:
 - **25m @ 1.30% Li₂O**

The drilling indicates that depletion of lithium grades through weathering is very minimal with only shallow weathering present.

In October 2023, the consolidated entity began a diamond drilling (DD) program at Longview and Beecher. The DD program is designed to test the strike and depth extension of the Longview and Beecher pegmatites. The information the consolidated entity obtains from selected holes will also be used for metallurgical and geotechnical test work for use in future scoping studies.

Significant changes in the state of affairs

Issuance of performance rights and options

- On 5 May 2023, 2,400,000 performance rights were granted to Directors and the CFO as share-based payment expenses with an exercisable price of nil, expiring on 30 June 2024. These will vest upon the company achieving a market capitalisation of \$500,000,000 over a consecutive 20-day period.
- On 5 May 2023, 2,400,000 performance rights were granted to Directors and the CFO as share-based payment expenses with an exercisable price of nil, expiring on 14 June 2025. These will vest upon the company achieving an independently verified JORC inferred resource of at least 7.5mt at equal to or greater than 1.0% Li₂O at the South Dakota Project.
- On 5 May 2023, 2,400,000 performance rights were granted to Directors and the CFO as share-based payment expenses with an exercisable price of nil, expiring on 31 December 2024. These will vest upon the company achieving an independently verified JORC inferred resource of at least 7.5mt at equal to or greater than 1.5% Li₂O at the South Dakota Project.
- On 5 May 2023, 2,400,000 performance rights were granted to Directors and the CFO as share-based payment expenses with an exercisable price of nil, expiring on 30 June 2025. These will vest upon the company achieving an independently verified JORC inferred resource of at least 15mt at equal to or greater than 1.5% Li₂O at the South Dakota Project.
- On 5 May 2023, 2,400,000 performance rights were granted to Directors and the CFO as share-based payment expenses with an exercisable price of nil, expiring on 30 June 2026. These will vest upon the company achieving an independently verified JORC inferred resource of at least 20mt at equal to or greater than 1.5% Li₂O at the South Dakota Project.
- On 10 August 2023, 266,241 employee incentive options were issued as share-based payment expenses with an exercisable price of \$1.50, expiring on 14 June 2025.
- On 15 August 2023, 250,000 employee incentive options were issued as share-based payment expenses with an exercisable price of \$1.50, expiring on 14 June 2025.

Appointment of corporate advisers

On 29 June 2023, the consolidated entity announced the appointment of Harvis Advisers Pty Ltd, led by Mr Kelvin Flynn, as strategic and corporate advisor to assist with the progression of its South Dakota lithium projects in the USA.

The main terms of the engagement are as follows:

- Incentive fee of 300,000 shares to be issued 18 months from commencement;
- Either party can terminate by giving 30 days written notice;
- No retainer or cash paid fees; and
- Immediate issue of:
 - 300,000 options exercisable at \$1.50 each on or before 36 months from issue and vesting once the 30-day volume-weighted average price ("VWAP") exceeds \$2.00;
 - 300,000 options exercisable at \$2.00 each on or before 36 months from issue and vesting once the 30-day VWAP exceeds \$2.50; and
 - 300,000 options exercisable at \$2.50 each on or before 48 months from issue and vesting once the 30-day VWAP exceeds \$3.00.

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Exercise of options

On 16 August 2023, the company issued:

- 1,000,000 fully paid ordinary shares on the conversion of zero exercise price options;
- 1,000,000 fully paid ordinary shares on the conversion of performance rights;
- 1,500,000 fully paid ordinary shares on the conversion of zero exercise price options; and
- 12,500 fully paid ordinary shares on the conversion of options at an exercisable price of \$1.50 per share.

On 25 August 2023, the company issued 53,500 fully paid ordinary shares on the conversion of options at an exercisable price of \$1.50 per share.

On 1 September 2023, the company issued 8,500 fully paid ordinary shares on the conversion of options at an exercisable price of \$1.50 per share.

On 8 September 2023, the company issued 1,500 fully paid ordinary shares on the conversion of options at an exercisable price of \$1.50 per share.

On 19 September 2023, the company issued 900,000 fully paid ordinary shares on the conversion of options at an exercisable price of \$0.40 per share.

On 22 September 2023, the company issued 8,500 fully paid ordinary shares on the conversion of options at an exercisable price of \$1.50 per share.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

On 5 October 2023, the company issued 35,000 fully paid ordinary shares on the conversion of options at an issue price of \$1.50 per share.

On 11 October 2023, the company issued 1,000 fully paid ordinary shares on the conversion of options at an issue price of \$1.50 per share.

On 26 October 2023, the company issued 2,000 fully paid ordinary shares on the conversion of options at an issue price of \$1.50 per share.

On 8 December 2023 the company went into a trading halt pending it releasing an announcement.

On 12 December 2023, the company announced that it had received firm commitments for a \$7.5 million AUD placement at \$1.00 per share. Proceeds to be used to fund growth activities including resource drilling, regional exploration and acquisition initiatives at its premier hard rock lithium project in South Dakota, USA.

No other matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Environmental impact

The exploration undertaken on the consolidated entity's combined tenements in Western Australia and South Dakota to date has not created significant environmental issues. However, environmental issues will arise as and when the company moves into development and production and these issues will be thoroughly assessed at the time any mining authority is sought. Measures are undertaken pre and post drilling to ensure that the environmental impact is minimised. The work undertaken to date has produced minimal impact on the environment. No issues regarding compliance were encountered during the reporting period.

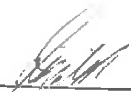
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

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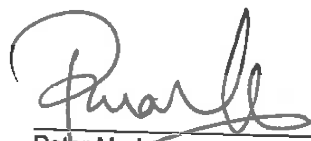
This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors



Simon Lill
Non-Executive Chairman

13 December 2023



Peter Marks
Director

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF IRIS METALS LIMITED

I declare that, to the best of my knowledge and belief, during the half-year ended 30 September 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Melbourne, 13 December 2023

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General information

The financial statements cover IRIS Metals Limited as a consolidated entity consisting of IRIS Metals Limited (the 'company' or 'parent entity') and the entities it controlled (the 'consolidated entity') at the end of, or during, the period. The financial statements are presented in Australian dollars, which is IRIS Metals Limited's functional and presentation currency.

IRIS Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 6, 400 Collins Street
Melbourne VIC 3000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 13 December 2023.

IRIS Metals Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 30 September 2023

		Consolidated	
		30	30
	Note	September	September
		2023	2022
		\$	(Restated)
		\$	\$
Income			
Interest income		86,055	-
Expenses			
Corporate and administrative costs	4	(9,505,455)	(4,437,213)
Depreciation expense		(16,092)	(5,271)
Transaction costs of ASX recompliance		(432,326)	-
Finance costs		(8,917)	-
Loss before income tax expense		(9,876,735)	(4,442,484)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of IRIS Metals Limited		(9,876,735)	(4,442,484)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		280,383	-
Other comprehensive income for the half-year, net of tax		280,383	-
Total comprehensive income for the half-year attributable to the owners of IRIS Metals Limited		(9,596,352)	(4,442,484)
		Cents	Cents
		(Restated)	(Restated)
Basic loss per share	15	(8.47)	(4.77)
Diluted loss per share	15	(8.47)	(4.77)

Refer to note 2 for detailed information on Restatement of comparatives.

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

IRIS Metals Limited
Statement of financial position
As at 30 September 2023

		Consolidated	
	Note	30 September 2023 \$	31 March 2023 \$
Assets			
Current assets			
Cash and cash equivalents (excluding bank overdraft)	5	9,302,935	675,419
Other receivables		194,411	115,486
Total current assets		<u>9,497,346</u>	<u>790,905</u>
Non-current assets			
Property, plant and equipment		78,407	84,257
Intangibles		24,373	29,713
Capitalised exploration and evaluation	6	27,137,365	11,793,274
Advance payments to suppliers	7	673,538	-
Environmental bonds		124,456	45,000
Total non-current assets		<u>28,038,139</u>	<u>11,952,244</u>
Total assets		<u>37,535,485</u>	<u>12,743,149</u>
Liabilities			
Current liabilities			
Bank overdraft	8	1,304,030	-
Trade and other payables		645,834	702,712
Borrowings	9	-	72,530
Employee benefits		77,068	20,546
Provisions	10	30,000	30,000
Total current liabilities		<u>2,056,932</u>	<u>825,788</u>
Total liabilities		<u>2,056,932</u>	<u>825,788</u>
Net assets		<u>35,478,553</u>	<u>11,917,361</u>
Equity			
Issued capital	11	42,776,178	15,840,203
Foreign currency translation reserve		280,383	-
Share-based payment reserve	12	16,680,780	10,459,211
Accumulated losses		(24,258,788)	(14,382,053)
Total equity		<u>35,478,553</u>	<u>11,917,361</u>

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

IRIS Metals Limited
Statement of changes in equity
For the half-year ended 30 September 2023

Restated Consolidated	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 April 2022 (reported)	8,563,117	680,178	-	(5,036,767)	4,206,528
Adjustment for reclassification (note 2)	-	-	-	2,782,126	2,782,126
Balance at 1 April 2022 (restated)	8,563,117	680,178	-	(2,254,641)	6,988,654
Loss after income tax expense for the half-year (restated)	-	-	-	(4,442,484)	(4,442,484)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year (restated)	-	-	-	(4,442,484)	(4,442,484)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs	5,190,772	-	-	-	5,190,772
Share-based payments	-	3,578,012	-	-	3,578,012
Reversal of share-based payment due to forfeiture of performance rights	-	(52,305)	-	-	(52,305)
Share-based payment issue of options to brokers	(932,317)	932,317	-	-	-
Balance at 30 September 2022 (restated)	<u>12,821,572</u>	<u>5,138,202</u>	<u>-</u>	<u>(6,697,125)</u>	<u>11,262,649</u>

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

IRIS Metals Limited
Statement of changes in equity
For the half-year ended 30 September 2023

Consolidated	Issued capital \$	Share-based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 April 2023	15,840,203	10,459,211	-	(14,382,053)	11,917,361
Loss after income tax expense for the half-year	-	-	-	(9,876,735)	(9,876,735)
Other comprehensive income for the half-year, net of tax	-	-	280,383	-	280,383
Total comprehensive income for the half-year	-	-	280,383	(9,876,735)	(9,596,352)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 11)	15,902,374	228,147	-	-	16,130,521
Exercise of options, net of transaction costs (note 11)	963,601	(464,351)	-	-	499,250
Issue of ordinary shares as consideration for acquisition of assets (note 11)	3,400,000	-	-	-	3,400,000
Issue of ordinary shares and options as consideration for acquisition of subsidiary (note 6)	4,675,000	1,005,901	-	-	5,680,901
Vesting of options and performance rights issued in current period (note 12)	-	2,464,818	-	-	2,464,818
Vesting of options and performance rights issued in prior periods (note 12)	-	4,091,617	-	-	4,091,617
Transfer of vesting charge on exercise of zero exercise price options (note 12)	1,050,000	(1,050,000)	-	-	-
Transfer of vesting charge on exercise of performance rights (note 12)	630,000	(630,000)	-	-	-
Vesting of deferred shares (note 12)	315,000	575,437	-	-	890,437
Balance at 30 September 2023	<u>42,776,178</u>	<u>16,680,780</u>	<u>280,383</u>	<u>(24,258,788)</u>	<u>35,478,553</u>

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

IRIS Metals Limited
Statement of cash flows
For the half-year ended 30 September 2023

Note	Consolidated	
	30 September 2023	30 September 2022 (Restated)
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(1,969,415)	(862,025)
Payment for interest and costs of finance	(8,917)	-
Net cash used in operating activities	<u>(1,978,332)</u>	<u>(862,025)</u>
Cash flows from investing activities		
Cash acquired on acquisition of subsidiary	115,614	-
Payments for intangibles	-	(29,714)
Payments for exploration and evaluation	6,7 <u>(5,002,293)</u>	<u>(3,766,832)</u>
Net cash used in investing activities	<u>(4,886,679)</u>	<u>(3,796,546)</u>
Cash flows from financing activities		
Proceeds from issue of shares	11 15,000,000	2,010,000
Proceeds from exercise of share options	11 499,250	-
Cost of issue of shares	11 (1,241,274)	(25,228)
Repayment of borrowings	9 <u>(76,073)</u>	<u>-</u>
Net cash from financing activities	<u>14,181,903</u>	<u>1,984,772</u>
Net increase/(decrease) in cash and cash equivalents	7,316,892	(2,673,799)
Cash and cash equivalents at the beginning of the financial half-year	675,416	4,190,042
Effects of exchange rate changes on cash and cash equivalents	6,597	-
Cash and cash equivalents at the end of the financial half-year	5,8 <u><u>7,998,905</u></u>	<u><u>1,516,243</u></u>

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

IRIS Metals Limited
Notes to the financial statements
30 September 2023

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 30 September 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 March 2023 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

Note 2. Restatement of comparatives

During the year ended 31 March 2023, the consolidated entity concluded it is more appropriate to capitalise all costs associated with the exploration and evaluation activities undertaken. Please refer to the annual financial statements dated 31 March 2023 for disclosure.

In accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*, the consolidated entity has retrospectively applied the aforementioned change in accounting policy and therefore, comparative information presented herein for the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows have been restated.

Statement of profit or loss and other comprehensive income

	Consolidated		
	30 September 2022 \$ Reported	\$ Adjustment	30 September 2022 \$ Restated
Expenses			
Corporate and administrative costs	(4,437,213)	-	(4,437,213)
Exploration and evaluation costs	(7,092,058)	7,092,058	-
Depreciation expense	(5,271)	-	(5,271)
Loss before income tax expense	(11,534,542)	7,092,058	(4,442,484)
Income tax expense	-	-	-
Loss after income tax expense for the half-year attributable to the owners of IRIS Metals Limited	(11,534,542)	7,092,058	(4,442,484)
Other comprehensive income for the half-year, net of tax	-	-	-
Total comprehensive income for the half-year attributable to the owners of IRIS Metals Limited	<u>(11,534,542)</u>	<u>7,092,058</u>	<u>(4,442,484)</u>

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Note 2. Restatement of comparatives (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic loss per share	(12.37)	7.60	(4.77)
Diluted loss per share	(12.37)	7.60	(4.77)

Statement of changes in equity

The restatement of comparatives above requires a restatement of the prior period statement of changes in equity. As elements of the restated amounts related to opening balances pre-1 April 2022, the opening retained earnings figure has been restated by \$2,782,126.

Statement of cash flows

The restatement of comparatives above requires a restatement of the prior period statement of cash flows. \$3,766,832 has been reclassified from cash flows from operating activities to cash flows from investing activities as payments for exploration and evaluation.

Note 3. Operating segments

The consolidated entity is organised into 2 operating segments: Australia and the USA. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments

Types of products and services

The principal products and services of each of these operating segments are as follows:

Australia	Mining exploration and evaluation in Australia
USA	Mining exploration and evaluation in the USA

Operating segment information

Consolidated - 30 September 2023	Australia \$	USA \$	Total \$
EBITDA*	(8,000,368)	(1,937,414)	(9,937,782)
Depreciation and amortisation	(9,281)	(6,810)	(16,091)
Interest revenue	86,055	-	86,055
Finance costs	(8,917)	-	(8,917)
Loss before income tax expense	<u>(7,932,511)</u>	<u>(1,944,224)</u>	<u>(9,876,735)</u>
Income tax expense			-
Loss after income tax expense			<u>(9,876,735)</u>
Assets			
Segment assets	12,493,089	25,042,396	37,535,485
Total assets			<u>37,535,485</u>
Liabilities			
Segment liabilities	1,785,615	271,317	2,056,932
Total liabilities			<u>2,056,932</u>

*Included within EBITDA is \$7,233,881 of share-based payments, \$5,570,907 of which is attributable to the Australia segment and \$1,662,974 to the USA segment. EBITDA excluding share-based payments is \$2,703,901. \$2,429,461 of EBITDA excluding share-based payments is attributable to the Australia segment and \$274,440 to the USA segment.

IRIS Metals Limited
Notes to the financial statements
30 September 2023

Note 3. Operating segments (continued)

	Australia	USA	Total
	\$	\$	\$
Consolidated - 30 September 2022 (Restated)			
EBITDA**	(4,437,213)	-	(4,437,213)
Depreciation and amortisation	(5,271)	-	(5,271)
Loss before income tax expense	<u>(4,442,484)</u>	<u>-</u>	<u>(4,442,484)</u>
Income tax expense			-
Loss after income tax expense			<u>(4,442,484)</u>
Consolidated - 31 March 2023			
Assets			
Segment assets	4,007,963	8,735,186	12,743,149
Total assets			<u>12,743,149</u>
Liabilities			
Segment liabilities	715,870	109,918	825,788
Total liabilities			<u>825,788</u>

**Included within EBITDA is \$3,346,547 of share-based payments, all of which is attributable to the Australia segment. EBITDA excluding share-based payments is \$1,090,666.

Note 4. Corporate and administrative costs

	Consolidated	
	30	30
	September	September
	2023	2022*
	\$	\$
Administration expenses	574,979	285,717
Consultancy fees	162,056	58,368
Employee benefits expense	675,204	371,132
Marketing and promotion expenses	37,336	20,000
Other expenses	94,962	80,303
Professional fees	727,037	215,213
Share-based payment - business development and consultancy fees**	2,808,382	1,925,838
Share-based payment - directors and employees	4,425,499	1,480,642
	<u>9,505,455</u>	<u>4,437,213</u>

*30 September 2022 comparatives have been reclassified to more appropriately reflect the nature of these costs.

**Share-based payments for business development and consultancy fees relates to the allotment of options to several corporate advisors engaged in corporate and investor relations functions such as marketing, advisory services, marketing-related tasks, connecting with potential off-take partners, engaging local and offshore investors, and coordinating investor presentations, among other responsibilities. This involvement involved introductions with potential US partners and facilitating initial and subsequent meetings.

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Note 5. Cash and cash equivalents

	Consolidated	
	30	31
	September	March
	2023	2023
	\$	\$
Cash at bank	302,935	675,419
Term deposit	9,000,000	-
	<u>9,302,935</u>	<u>675,419</u>

Term deposit

In July 2023, the consolidated entity entered a term deposit with Westpac for \$9 million with a maturity date of 12 October 2023. The interest rate attached to this term deposit was 4.55%.

Reconciliation to cash flow statement

The above figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial period as follows:

	Consolidated	
	30	31
	September	March
	2023	2023
	\$	\$
Balances as above	9,302,935	675,419
Bank overdraft (note 8)	(1,304,030)	-
Balances per statement of cash flows	<u>7,998,905</u>	<u>675,419</u>

Note 6. Capitalised exploration and evaluation

	Consolidated	
	30	31
	September	March
	2023	2023
	\$	\$
Capitalised exploration and evaluation		
<i>Areas of interest</i>		
Leonora	723,839	679,658
Kookynie	2,457,687	2,405,282
Custer	6,398,893	5,833,470
Dewey	2,297,381	2,107,499
Tin Mountain	850,722	767,365
Edison	3,230,000	-
Tinton	142,942	-
Longview	10,923,096	-
Keystone	112,805	-
	<u>27,137,365</u>	<u>11,793,274</u>

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Note 6. Capitalised exploration and evaluation (continued)

Reconciliations

Reconciliations of the values of capitalised exploration and evaluation projects at the beginning and end of the current financial half-year are set out below:

Consolidated	Leonora	Kookynie	Custer	Dewey	Tin Mountain	Edison	Tinton	Longview	Keystone	Total
Balance at 1 April 2023	679,658	2,405,282	5,833,470	2,107,499	767,365	-	-	-	-	11,793,274
Additions*	44,181	52,405	460,279	147,206	62,493	-	46,925	2,773,568	38,051	3,625,108
Share-based payments - issuance of options (note 12)	-	-	-	-	-	-	-	301,990	-	301,990
Share-based payments - issuance of ordinary shares (note 11)	-	-	-	-	-	-	-	1,390,938	-	1,390,938
Acquisition of assets (note 11)	-	-	-	-	-	3,230,000	95,591	-	74,409	3,400,000
Acquisition of subsidiary	-	-	-	-	-	-	-	5,680,901	-	5,680,901
Foreign exchange	-	-	105,144	42,676	20,864	-	426	72,052	345	241,507
Amounts reimbursable to Jasdak Pty Ltd	-	-	-	-	-	-	-	703,647	-	703,647
Balance at 30 Sep 2023	<u>723,839</u>	<u>2,457,687</u>	<u>6,398,893</u>	<u>2,297,381</u>	<u>850,722</u>	<u>3,230,000</u>	<u>142,942</u>	<u>10,923,096</u>	<u>112,805</u>	<u>27,137,365</u>

*In addition to the above, \$673,538 of advance payments have been made to suppliers for the purpose of exploration and evaluation activities during the period (note 7).

Acquisition of assets

On 14 June 2023, the company completed the acquisition of the Edison patented claim and 313 BLM claims, following the issuance of 3,800,000 shares to Schad Investments L.L.C. and 200,000 shares to Cody Schad in consideration for the acquisition of the Edison Patented Claim. The Edison claims are in the Keystone and Tinton districts of South Dakota.

The equity consideration transferred relating to the acquisition of assets has been treated as a share-based payment under *AASB 2: Share-based payment*, recorded as capitalised exploration and evaluation. The fair value of consideration transferred is determined on the grant date, being 5 May 2023 at a fair value of \$0.85 per share. On this date the shares were in a trading halt. The fair value of \$0.85 was determined by using the \$1 value per share of shares issued in a placement prior to the cessation of the halt in May 2023, and discounting for 15% for the dilutionary impact of these shares.

Acquisition of subsidiary

On 14 June 2023, the company entered into a share purchase agreement to acquire 100% of the fully paid ordinary shares in Longview Minerals, L.L.C. ('Longview') from Jasdak Pty Ltd ('Jasdak') (the 'acquisition'), an unrelated party of the consolidated entity. Jasdak's wholly owned subsidiary, Longview, owns two patented properties, the Longview Property and the Beecher Property, located alongside the consolidated entity's existing South Dakota Projects. Longview now forms part of the consolidated entity through 100% ownership by IRIS Metals Limited.

The total consideration transferred for the acquisition is as follows:

- 5,500,000 fully paid ordinary shares at a fair value of \$0.85 cent per share;
- 2,500,000 options to acquire ordinary shares in the company, exercisable at \$1.50 and an expiry 3 years from their date of issue; and
- Up to USD\$500,000 of cash reimbursements, based on the provision of approved receipts.

The equity consideration transferred relating to the acquisition has been treated as a share-based payment under *AASB 2: Share-based payment*, recorded as capitalised exploration and evaluation. Longview contained no substantive processes, as the value was substantially derived from the tenements held. There were no firm contracts with either suppliers or customers in place on the acquisition date. Therefore, this is not considered a business combination under *AASB 3: Business combinations*.

Details of the acquisition are as follows:

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Note 6. Capitalised exploration and evaluation (continued)

	Fair value \$AUD
Cash and cash equivalents	115,614
Capitalised exploration and evaluation	1,489,031
Trade payables	(963,155)
Reimbursable to Jasdak Pty Ltd	<u>(703,647)</u>
Net liabilities acquired	<u><u>(62,157)</u></u>
<i>Acquisition-date fair value of the total consideration transferred:</i>	
Ordinary shares in IRIS Metals Limited, recorded as capitalised exploration and evaluation	4,675,000
Options in IRIS Metals Limited, recorded as capitalised exploration and evaluation	<u>1,005,901</u>
Total consideration transferred	<u><u>5,680,901</u></u>

Note 7. Advance payments to suppliers

	Consolidated	
	30 September 2023 \$	31 March 2023 \$
Advance payments to suppliers	<u>673,538</u>	<u>-</u>

Advance payments to suppliers comprises funds paid in advance for capitalised exploration and evaluation on tenements held.

Note 8. Bank overdraft

	Consolidated	
	30 September 2023 \$	31 March 2023 \$
Bank overdraft	<u>1,304,030</u>	<u>-</u>

Bank overdraft

During the period the consolidated entity increased its available funding with a short-term overdraft facility provided by Westpac. The purpose of the facility was to increase working capital pending the release of funds from the term deposit account (note 5). This release of funds occurred on maturity of the term deposit on 12 October 2023. The interest rate of the overdraft facility during this period was 13.46% and the facility was repaid in full on 16 October 2023.

Note 9. Borrowings

	Consolidated	
	30 September 2023 \$	31 March 2023 \$
Loan - Damien Henderson	<u>-</u>	<u>72,530</u>

IRIS Metals Limited
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Note 9. Borrowings (continued)

During the year ended 31 March 2023, Damien Henderson, the company CFO provided a loan in USD of AUD \$72,530 equivalent to the consolidated entity. The loan was made to support the working capital needs of the company. The loan was non-interest bearing, unsecured and payable at call. During the current period the loan was repaid in full.

Note 10. Provisions

	Consolidated	
	30	31
	September	March
	2023	2023
	\$	\$
Contingent consideration	<u>30,000</u>	<u>30,000</u>

Contingent consideration

The provision represents the obligation to pay contingent consideration following the acquisition of assets. It is measured at the present value of the estimated liability.

As part of the sale and purchase of the Mining Property Agreements subscribed with the vendors in 2021, the consolidated entity paid \$105,000 upon conditions met during previous financial years. \$30,000 remains contingent upon the conditions established in the agreement being met.

Vendor name	Condition in agreement	Contingent payment
Jamie Jones	The conditional cash consideration will be paid upon a successful conversion to a Mining Licence (ML).	\$30,000

Note 11. Issued capital

	Consolidated			
	30	31	30	31
	September	March	September	March
	2023	2023	2023	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>130,896,982</u>	<u>100,580,000</u>	<u>42,776,178</u>	<u>15,840,203</u>

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Note 11. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$
Balance	1 April 2023	100,580,000		15,840,203
Issue of shares as payment for acquisition of subsidiaries (note 6)	05 May 2023	5,500,000	\$0.85	4,675,000
Issue of shares as payment for acquisition of assets (note 6)	05 May 2023	3,800,000	\$0.85	3,230,000
Issue of shares as payment for acquisition of assets (note 6)	05 May 2023	200,000	\$0.85	170,000
Issue of shares as payment for business development services (conversion of deferred shares - note 16)	12 May 2023	500,000	\$0.00	-
Issue of shares from prospectus*	14 June 2023	15,000,000	\$1.00	15,000,000
Issue of shares - exercise of zero exercise price options	16 August 2023	1,000,000	\$0.00	-
Issue of shares - exercise of performance rights	16 August 2023	1,000,000	\$0.00	-
Issue of shares - exercise of zero exercise price options	16 August 2023	1,500,000	\$0.00	-
Issue of shares - exercise of options	16 August 2023	12,500	\$1.50	18,500
Issue of shares - exercise of options	25 August 2023	53,500	\$1.50	80,250
Issue of shares - exercise of options	1 September 2023	8,500	\$1.50	12,750
Issues of shares in accordance with equity incentive plan as payment for capitalised exploration and evaluation (note 6)	4 August 2023	200,000	\$1.55	310,000
Issues of shares in accordance with equity incentive plan as payment for capitalised exploration and evaluation (note 6)	10 August 2023	532,482	\$2.03	1,080,938
Issues of shares in accordance with equity incentive plan as payment to employee**	25 August 2023	100,000	\$1.78	89,000
Issue of shares - exercise of options	8 September 2023	1,500	\$1.50	2,250
Issue of shares - exercise of options	19 September 2023	900,000	\$0.40	360,000
Issue of shares - exercise of options	22 September 2023	8,500	\$1.50	12,750
Issue of shares - exercise of options***	28 September 2023	-	\$0.00	12,750
Vesting charge transferred from share-based payment reserve on conversion of options and performance rights (note 12)				2,144,351
Vesting charge transferred from share-based payment reserve on issuance of deferred shares (note 12)				315,000
Costs of capital raise				(577,564)
Balance	30 September 2023	<u>130,896,982</u>		<u>42,776,178</u>

*On 14 June 2023, the company issued 15,000,000 ordinary shares at \$1 per share to participants in the capital raising in accordance with the recompliance prospectus. The participants also received attaching options at a ratio of 1 option for every 2 ordinary shares issued, for a total of 7,500,000 options. The key terms of these attaching options are as follows:

- Expiry date: 14 June 2025
- Exercise price \$1.50

The options were subject to no performance conditions and therefore, vested on issuance and are valued at \$nil.

** 50,000 of the total 100,000 issued are classified as deferred shares, vesting 6 months from grant date in accordance with a service condition. The expense is rateably released throughout the vesting period.

*** Ordinary shares were issued upon conversion of options on 5 October 2023, after the half-year end. The corresponding cash receipt was received for these options prior to the half-year end. As the company was obligated to issue these shares upon receipt of cash, they have been recorded as issued capital at 30 September 2023.

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Note 11. Issued capital (continued)

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

There is no current on-market share buy-back.

Note 12. Share-based payment reserve

	Consolidated
	30 31
	September March
	2023 2023
	\$ \$
Share-based payments reserve	<u>16,680,780</u> <u>10,459,211</u>
<i>Share-based payments reserve</i>	
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for the provision of goods and services.	
Consolidated	
Balance at 1 April 2023	10,459,211
<i>Granted in current period</i>	
Performance rights issued to Directors and management	1,823,675
Options issued as consideration for acquisition of Longview Minerals L.L.C.	1,005,901
Options issued to broker as costs of capital raising	228,147
Options issued as payment for exploration and evaluation	301,990
Options issued as payment for consultancy services	339,153
Deferred shares issued as payment for consultancy services	102,868
<i>Granted in prior periods</i>	
Vesting of performance rights issued to consultant	518,844
Deferred shares vesting over time as payment for consultancy services	787,569
Vesting of options issued for consultancy services	1,190,366
Vesting of options issued to Directors	1,977,073
Vesting of options for exploration and evaluation	405,334
Ordinary shares issued upon achievement of service condition for deferred shares	(315,000)
Exercise of options*	(464,351)
Exercise of zero exercise price options	(1,050,000)
Exercise of performance rights	<u>(630,000)</u>
Balance at 30 September 2023	<u>16,680,780</u>

* Exercise of options above reflects the reclassification of the cumulative vesting charge from the reserve to issued capital upon exercise. This reclassification does not include cash receipted on exercise of options. Refer to note 11 for cash receipted on exercise of options.

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Note 13. Commitments and contingencies

The consolidated entity has minimum expenditure requirements on its Western Australian tenements that amount to \$584,800 for the 12-month period ended 31 March 2024 (31 March 2023: \$457,440). Note that each tenement has a different anniversary in which to meet minimum expenditure. The consolidated entity has met its minimum expenditure requirements for the period ended 30 September 2023.

There are no minimum spend requirements in relation to any of the consolidated entity's patented or BLM claims in South Dakota.

The consolidated entity has royalty arrangements as follows:

- 0.75% gross smelter royalty applicable to tenure in Leonora comprising acquisition associates with Ross Crew group;
- 1.25% net smelter royalty across the consolidated entity's South Dakota BLM tenure;
- 2% net smelter royalty at Beecher and Longview properties in South Dakota; and
- USD\$50k upon decision to mine and USD\$50 per ton of spodumene mined at Beecher Extended and Black Diamond properties.

There are no further contractual commitments or contingent liabilities at 30 September 2023 (31 March 2023: none).

Note 14. Events after the reporting period

On 5 October 2023, the company issued 35,000 fully paid ordinary shares on the conversion of options at an issue price of \$1.50 per share.

On 11 October 2023, the company issued 1,000 fully paid ordinary shares on the conversion of options at an issue price of \$1.50 per share.

On 26 October 2023, the company issued 2,000 fully paid ordinary shares on the conversion of options at an issue price of \$1.50 per share.

On 8 December 2023 the company went into a trading halt pending it releasing an announcement.

On 12 December 2023, the company announced that it had received firm commitments for a \$7.5 million AUD placement at \$1.00 per share. Proceeds to be used to fund growth activities including resource drilling, regional exploration and acquisition initiatives at its premier hard rock lithium project in South Dakota, USA.

No other matter or circumstance has arisen since 30 September 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 15. Loss per share

	Consolidated	
	30	30
	September	September
	2023	2022
		(Restated)
	\$	\$
Loss after income tax attributable to the owners of IRIS Metals Limited	<u>(9,876,735)</u>	<u>(4,442,484)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic loss per share	<u>116,573,835</u>	<u>93,227,283</u>
Weighted average number of ordinary shares used in calculating diluted loss per share	<u>116,573,835</u>	<u>93,227,283</u>

IRIS Metals Limited
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Note 15. Loss per share (continued)

	Cents	Cents
Basic loss per share	(8.47)	(4.77)
Diluted loss per share	(8.47)	(4.77)

The consolidated entity is in a net loss position and therefore, options and performance rights per note 16 are antidilutive in nature and are not considered in the diluted earnings per share calculation.

Note 16. Share-based payments

During the period, the following unquoted securities were issued:

Grant date	Expiry date	Exercise price	Type	Granted	Conditions
05/05/2023	14/06/2025	\$1.50	Options	7,500,000	Free-attaching options issued in connection with the capital raise.
05/05/2023	14/06/2025	\$1.50	Options	750,000	Granted as cost of capital raise to Jett Capital Advisor LCC under Pre-emptive raise.
05/05/2023	14/06/2026	\$1.50	Options	2,500,000	Granted as consideration to Jasdak Pty Ltd for the Longview acquisition (note 6).
05/05/2023	30/06/2024	\$0.00	Performance rights	2,400,000	Class A - Director and CFO performance rights.
05/05/2023	14/06/2025	\$0.00	Performance rights	2,400,000	Class B - Director and CFO performance rights.
05/05/2023	31/12/2024	\$0.00	Performance rights	2,400,000	Class C - Director and CFO performance rights.
05/05/2023	30/06/2025	\$0.00	Performance rights	2,400,000	Class D - Director and CFO performance rights.
05/05/2023	30/06/2026	\$0.00	Performance rights	2,400,000	Class E - Director and CFO performance rights.
28/06/2023	10/07/2026	\$1.50	Options	300,000	Options issued to Harvis Advisers Pty Ltd - tranche 1.
28/06/2023	10/07/2026	\$2.00	Options	300,000	Options issued to Harvis Advisers Pty Ltd - tranche 2.
28/06/2023	10/07/2027	\$2.50	Options	300,000	Options issued to Harvis Advisers Pty Ltd - tranche 3.
10/08/2023	10/08/2023	\$1.50	Options	266,241	Employee incentive options issued as payment for exploration and evaluation.
15/08/2023	15/08/2023	\$1.50	Options	250,000	Employee incentive options issued as payment for consultancy services.
				<u>24,166,241</u>	

During the period, the following deferred shares were issued:

Grant date	Vesting date	Exercise price	Type	Granted	Conditions
28/06/2023	28/12/2024	\$0.00	Deferred shares	300,000	Deferred shares granted to Harvis Advisers Pty Ltd as payment for consultancy services.
25/08/2023	01/03/2024	\$0.00	Deferred shares	50,000	Deferred shares granted under the employee incentive plan.
				<u>350,000</u>	

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Note 16. Share-based payments (continued)

Under the employee securities incentive plan, eligible participants (the 'recipients') may be awarded deferred shares in exchange for goods or services. The deferred shares convert into one ordinary share each on vesting at an exercise price of nil. The recipients do not receive any dividends and are not entitled to vote in relation to the deferred shares during the vesting period. If a recipient ceases to be employed or engaged by the consolidated entity within this period, the deferred shares will be forfeited, except in limited circumstances that are approved by the board and/or on a case-by-case basis.

The number of fully paid ordinary shares to be granted upon conversion of the deferred shares is fixed at the date of grant.

The fair value of the deferred shares at grant date was estimated by taking the market price of the company's shares on that date less the present value of expected dividends that will not be received by the recipients on their rights during the relevant vesting period. Dividends for all deferred shares disclosed above have been estimated at nil.

The fair value is recognised as an expense over the relevant service period, which is the vesting period of the deferred shares.

Set out below are summaries of options and rights on issue as at 30 September 2023:

30 September
2023

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/forfeited/other	Balance at the end of the half-year
28/02/2021	15/09/2024	\$0.00	1,250,000	-	-	-	1,250,000
15/09/2021	15/09/2024	\$0.40	2,500,000	-	-	-	2,500,000
15/10/2021	15/10/2024	\$0.40	500,000	-	-	-	500,000
13/05/2022	12/05/2027	\$0.00	1,000,000	-	(1,000,000)	-	-
15/08/2022	15/09/2024	\$0.00	2,000,000	-	(1,000,000)	-	1,000,000
15/08/2022	31/07/2025	\$0.40	1,500,000	-	-	-	1,500,000
02/06/2022	31/07/2025	\$0.40	4,000,000	-	-	-	4,000,000
15/08/2022	31/07/2025	\$0.40	5,000,000	-	(900,000)	-	4,100,000
11/07/2022	31/07/2025	\$0.40	6,000,000	-	-	-	6,000,000
11/07/2022	31/07/2025	\$0.00	3,000,000	-	(1,500,000)	-	1,500,000
30/08/2022	31/07/2025	\$0.40	2,000,000	-	-	-	2,000,000
30/08/2022	31/07/2025	\$0.00	5,000,000	-	-	-	5,000,000
30/08/2022	31/01/2026	\$1.20	500,000	-	-	-	500,000
31/01/2023	31/01/2025	\$1.50	750,000	-	-	-	750,000
05/05/2023	14/06/2025	\$1.50	-	7,500,000	(84,500)	-	7,415,500
05/05/2023	14/06/2025	\$1.50	-	750,000	-	-	750,000
05/05/2023	14/06/2026	\$1.50	-	2,500,000	-	-	2,500,000
05/05/2023	30/06/2024	\$0.00	-	2,400,000	-	-	2,400,000
05/05/2023	14/06/2025	\$0.00	-	2,400,000	-	-	2,400,000
05/05/2023	31/12/2024	\$0.00	-	2,400,000	-	-	2,400,000
05/05/2023	30/06/2025	\$0.00	-	2,400,000	-	-	2,400,000
05/05/2023	30/06/2026	\$0.00	-	2,400,000	-	-	2,400,000
28/06/2023	10/07/2026	\$1.50	-	300,000	-	-	300,000
28/06/2023	10/07/2026	\$2.00	-	300,000	-	-	300,000
28/06/2023	10/07/2027	\$2.50	-	300,000	-	-	300,000
10/08/2023	10/08/2023	\$1.50	-	266,241	-	-	266,241
15/08/2023	15/08/2023	\$1.50	-	250,000	-	-	250,000
			<u>35,000,000</u>	<u>24,166,241</u>	<u>(4,484,500)</u>	<u>-</u>	<u>54,681,741</u>
Weighted average exercise price			\$0.30	\$0.77	\$0.11	\$0.00	\$0.52

The weighted average remaining contractual life of options and rights outstanding at the end of the financial half-year was 1.73 years (30 September 2022 (Restated): 2.73 years).

Set out below are summaries of deferred shares on issue as at 30 September 2023:

IRIS Metals Limited
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30 September 2023

Note 16. Share-based payments (continued)

30 September
2023

Grant date	Vesting date	Share price at grant date	Balance at the start of the half-year	Granted	Vested	Expired/forfeited/other	Balance at the end of the half-year
13/05/2022	13/05/2023	\$0.63	500,000	-	(500,000)	-	-
13/05/2022	13/05/2024	\$0.63	500,000	-	-	-	500,000
13/05/2022	13/05/2025	\$0.63	500,000	-	-	-	500,000
13/05/2022	13/05/2026	\$0.63	500,000	-	-	-	500,000
28/06/2023	28/12/2024	\$1.68	-	300,000	-	-	300,000
25/08/2023	01/03/2024	\$1.78	-	50,000	-	-	50,000
			<u>2,000,000</u>	<u>350,000</u>	<u>(500,000)</u>	<u>-</u>	<u>1,850,000</u>

The weighted average remaining contractual life of deferred shares outstanding at the end of the financial half-year was 1.53 years.

Share-based payments in relation to unlisted securities during the period ended 30 September 2023 were recognised as follows:

- \$2,808,382 was recognised as a share-based payment expense for business development and consultancy fees in the statement of profit or loss (note 4);
- \$4,425,499 was recognised as a share-based payment expense to directors and employees in the statement of profit or loss (note 4);
- \$3,400,000 was recognised as capitalised exploration and evaluation assets for the acquisition of assets (note 6);
- \$1,692,928 was recognised as capitalised exploration and evaluation assets via the issuance of ordinary shares and options (note 6);
- \$5,680,901 was recognised as capitalised exploration and evaluation assets for an acquisition of subsidiary (note 6); and
- \$228,147 was recognised as costs of capital raising (note 12).

Share-based payments in relation to unlisted securities during the period ended 30 September 2022 (Restated) were recognised as follows:

- \$1,925,838 was recognised as a share-based payment expense for business development and consultancy fees in the statement of profit or loss (note 4);
- \$1,480,642 was recognised as a share-based payment expense to directors and employees in the statement of profit or loss (note 4); and
- \$932,317 was recognised as costs of capital raising in the statement of changes in equity.

For the unlisted securities granted during the current financial half-year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
05/05/2023	14/06/2025	\$0.85	\$1.50	-	-	-	\$0.000
05/05/2023	14/06/2025	\$0.85	\$1.50	92.63%	-	3.03%	\$0.304
05/05/2023	14/06/2026	\$0.85	\$1.50	92.63%	-	3.03%	\$0.402
05/05/2023	30/06/2024	\$0.85	\$0.00	92.63%	-	3.41%	\$0.346
05/05/2023	14/06/2025	\$0.85	\$0.00	92.63%	-	3.03%	\$0.848
05/05/2023	31/12/2024	\$0.85	\$0.00	92.63%	-	3.03%	\$0.848
05/05/2023	30/06/2025	\$0.85	\$0.00	92.63%	-	3.03%	\$0.848
05/05/2023	30/06/2026	\$0.85	\$0.00	92.63%	-	3.03%	\$0.848
28/06/2023	10/07/2026	\$1.47	\$1.50	90.00%	-	3.78%	\$0.837
28/06/2023	10/07/2026	\$1.47	\$2.00	90.00%	-	3.78%	\$0.745
28/06/2023	10/07/2027	\$1.47	\$2.50	90.00%	-	3.78%	\$0.800
10/08/2023	10/08/2023	\$2.03	\$1.50	90.00%	-	3.79%	\$1.134
15/08/2023	15/08/2023	\$2.03	\$1.50	90.00%	-	3.79%	\$1.134

IRIS Metals Limited
Notes to the financial statements
30 September 2023

Note 16. Share-based payments (continued)

For options granted on 05/05/2023, the share price at grant date of \$0.85 is determined through applying the \$1 per ordinary share price per the prospectus dated 19/06/2023, affected for the dilution of the attaching options issued at a ratio of 1 option for every 2 ordinary shares issued.

Fair value of options with a grant date of 28/06/2023 is determined using a monte carlo simulation option pricing model. Fair value of all remaining options is determined using a Black-Scholes option pricing model.

IRIS Metals Limited
Directors' declaration
30 September 2023

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 September 2023 and of its performance for the financial half-year ended on that date; and
- 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 directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors



Simon Lill
Non-Executive Chairman

13 December 2023



Peter Marks
Director

IRIS Metals Limited Independent auditor's review report

REPORT ON THE REVIEW OF THE HALF-YEAR FINANCIAL REPORT

Conclusion

We have reviewed the accompanying half-year financial report of IRIS Metals Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 30 September 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 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 half-year financial report of IRIS Metals 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 September 2023 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 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 consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the IRIS Metals Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities 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 30 September 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.

Yours sincerely



William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136



N. S. Benbow
Director

Melbourne, 13 December 2023