Winsome Resources
LIMITED

ABN 77 649 009 889

Interim Financial Report for the Half-Year Ended 31 December 2022

CORPORATE DIRECTORY

Directors

Stephen Biggins (Non-Executive Chairman)

Chris Evans (Managing Director)

Justin Boylson (Non-Executive Director)

Dr Qingtao Zeng (Non-Executive Director)

Company Secretaries

Peter Youd

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Stock Exchange Listings

The Company is listed on the **Australian Securities Exchange** under the trading code **WR1**.

The company is quoted on the **OTCQB** in the United States under the trading code **WRSLF.**

The company is quoted on the **Frankfurt Stock Exchange** under the trading code **FSE:4XJ.**

Auditor

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Chairman's Report

Dear Shareholder

Since joining Winsome Resources as Chairman in December 2022, I am pleased to be part of the ongoing exploration successes and lithium project development journey ahead. The first half of the FY2023 year was certainly a time of great activity and many positive outcomes.

When I commenced with the Company, results had already been received identifying high-grade surface lithium mineralisation from both Cancet and Adina, while a new, highly prospective outcrop had been identified during field exploration at Adina. Rock chip assays from the newly discovered pegmatite outcrop returned exceptionally high-grade mineralisation of up to 4.61% Li_2O and helped the Company identify new drill targets for the upcoming autumn drill campaign.

Winsome's first lithium drilling campaigns commenced at both Cancet and Adina in October 2022. These drilling programs had multiple objectives, including identifying further areas of mineralisation and determining any extensions to existing known ore bodies.

The Company also continued detailed ground gravity surveys at Cancet that had been underway since the previous winter, and commenced similar surveys at Adina. The Cancet surveying identified over 1,800m of prospective strike, increasing the project's exploration target footprint by over 250%. Timing could not have been better with the drill rig having just commenced at Cancet. This was one of the factors that led to the Company extending the drill programs to run through the winter months and well into the second half of FY23.

At the same time, Winsome has taken several important steps from a corporate perspective, including acquiring an exploration camp close to Cancet and Adina, taking a stake in TSXV-listed Power Metals Corp and 100% offtake agreement from Power Metals' Case Lake lithium-caesium-tantalum project in Ontario, and undertaking the first of two capital raises utilising Canada's Flow-Through Shares provisions to place shares at nearly a 100% premium to the current price while minimising dilution.

Winsome's exploration and drill teams took very little time off over the festive season and have continued work at Cancet and Adina. With the global backlog of drill samples that was delaying laboratory results now easing, we anticipate a steady flow of information over the coming months.

The hard-work and commitment of Chris and his team and guidance from the Board should be acknowledged in contributing to Winsome's success and it has been incredibly pleasing to see the continued flow of substantial, high-grade lithium intersections from Cancet and Adina.

We look forward to providing more positive news as the next half year unfolds and continue to work tirelessly to deliver positive and timely outcomes for shareholders.

Thank you for your ongoing support of Winsome Resources as we enter another exciting period for the Company.

Stephen Biggins
Chair
Winsome Resources Limited

Directors' Report

The Directors of Winsome Resources Limited ('the Company' or 'Winsome') submit the financial report of the consolidated entity (or "the Group") consisting of Winsome Resources Limited and the entities it controlled at the end of, or during the half-year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

Directors

The names of Directors who held office during or since the end of the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated.

Stephen Biggins	Non-Executive Chairman (appointed 30 November 2022)
Christopher Evans	Managing Director
Justin Boylson	Non-Executive Chairman
Dr Qingtao Zeng	Non-Executive Director

Results

The loss after tax for the half-year ended 31 December 2022 was $8,967,960 (2021 - $1,612,674).

Review of Operations

The half year to 31 December 2022 was a transformative period for Winsome Resources.

During the period, the Company significantly progressed exploration work at the flagship Cancet and Adina projects in the James Bay region of Quebec, expanded the portfolio of assets, bolstered the team and successfully completed a capital raising.

It is a period that has set the stage for a busy second half of FY23 and has positioned Winsome to capitalise on strong results.

Exploration

Highlights of Winsome's exploration during the half year include:

- Discovery of the new Jamar pegmatite outcrop at Adina, providing new drill targets for the autumn/winter campaign.
- Stage 1 baseline environmental studies completed at Cancet.
- Initial assay results from Adina show exceptional high-grade lithium mineralisation.
- New and expanded drill campaigns commence at Cancet and Adina.
- Significant mineralised pegmatite intersections encountered across Jamar Discovery at Adina.
- Gravity surveys reveal new drill targets at both Cancet and Adina.

The discovery of the new Jamar outcrop at Adina[1] in August was the catalyst for the Company to add additional drill targets to its planned autumn/winter diamond core drilling program. Following the return of rock chip assay results the following month that indicated exceptional high grades of up to 4.89% lithium oxide (Li_2O)[2], and subsequent extensive pegmatite intercepts reported in October[3], the Company elected to substantially expand the Adina drill program from an original 5,000m total to more than 20,000m.

Due to ongoing delays from third-party laboratories, initial results from Adina core samples were not returned until after the end of the half year, but those results – which indicated high-grade

[1] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02553514.pdf
[2] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02575003.pdf
[3] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02589931.pdf

mineralisation close to surface and averaging 1.34% Li_2O over 107.6m[4] - reflected the exploration team's earlier expectations drawn from visual inspections that showed extensive evidence of spodumene from multiple core samples.

Meanwhile, work continued at Cancet, where it was reported in July that further high-grade lithium mineralisation[5] had been recorded from samples collected in the previous winter drill campaign, showing multiple shallow intersections from one hole including 25.98m@ 1.55% Li_2O.

The field team commenced surface stripping, mapping and channel sampling of the main dyke at Cancet[6] in preparation for the autumn/winter drill campaign, while Stage 1 baseline environmental studies were concluded across the entire 20,000ha property[7]. The baseline studies, undertaken by First Nations-led consultancy Niigaan, covered vegetation, surface deposits, wildlife habitats, protected areas and other territories of ecological interest. The data collected from the studies will be combined with additional data from Stage 2 studies, being undertaken in early 2023, to compile a complete environmental dataset in readiness for future mining approvals.

In October, Winsome reported that detailed ground gravity surveying at Cancet had exceeded expectations and provided several new high priority drill targets[8].

The progress made at Cancet and Adina throughout the half year has allowed the Company to refine and prioritise exploration plans, with drilling expected to continue at both projects throughout the second half of FY23.

Corporate

Key highlights of Winsome's ongoing growth and refinement of corporate objectives over the first half year include:

- New senior geologist appointed in Canada.
- $6.8m capital raised via Flow-Through Shares provisions under Canadian tax law, with placement at significant premium to trading price.
- Company quoted on US-based OTCQB exchange, opening way for more seamless trading in North American market.
- Ex-Core Lithium Managing Director Stephen Biggins appointed as Non-Executive Chairman.
- Camp acquired close to Adina and Cancet projects.
- Company acquires shareholding in Power Metals Corp (TSXV:PWM) and all lithium offtake rights for PWM's Case Lake lithium project in Ontario.

In September 2022, the Canadian exploration team was bolstered by the addition of Senior Geologist Gilles Carrier, who brought more than 25 years' experience working on mineral and hydro projects in the Quebec region.

The Company took advantage of Canada's innovative Flow-Through Shares tax provisions, designed to encourage ongoing exploration in the country. The Company raised $6.8 million[9] under the provisions, which allowed shares to be placed at almost a 100 per cent premium to the share price of the day, allowing the capital to be raised without significant dilution of shares. Funds raised through the Flow-Through Shares provisions must be reinvested into exploration work in Canada, which meant the Company was able to bolster its funds for further work at its flagship Quebec projects.

4 See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02618976.pdf
5 See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02541933.pdf
6 See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02551638.pdf
7 See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02572202.pdf
8 See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02584406.pdf
9 See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02598089.pdf

The Company also announced the appointment of Mr Stephen Biggins, former Managing Director of ASX200 Core Lithium Ltd (ASX:CXO), as Non-Executive Chairman[10]. While at Core Lithium, Mr Biggins led the company through the acquisition, discovery, permitting, financing, offtake and production of one of the highest-grade lithium resources in Australia and the first operating lithium mine in the Northern Territory.

In November, Winsome completed well attended investor briefings in Melbourne and Sydney, allowing shareholders and interested parties to find out about the Company's successes and future plans.

The Company also acquired shares in Power Metals Corp (TSX-V: PWM) from Hong Kong-based Sinomine Rare Metals Resources Co Ltd[11]. Under the agreement, Winsome also agreed to acquire Sinomine's offtake rights for 100% of all lithium, caesium and tantalum from the highly prospective Case Lake Project in Ontario, Canada.

Shortly after the acquisition, Winsome Managing Director Chris Evans agreed to take a position on the Power Metals Board of Directors[12]. The appointment formed part of a broader agreement, yet to be finalised, under which both companies could cooperate and share resources to develop Case Lake and other projects in the future.

In mid-December, Winsome announced it had agreed to purchase an accommodation camp close to the Adina and Cancet Projects[13], providing facilities for Winsome's growing Canadian team when onsite work is underway. The Company undertook upgrade works at the camp to make it suitable for all-weather occupation and to relocate drill core logging facilities from Winsome's existing third-party owned lodging facility.

The Company closed out the quarter with the news it had been officially quoted on the US-based OTCQB market exchange[14], allowing its securities to be more readily accessed by North American investors.

Health & Safety Performance

The Company continues to record exemplary health and safety performance, with no lost time injuries or safety incidents recorded over the half year.

This continues an ongoing record of maintaining a clean slate in terms of safety performance.

The Company remains vigilant and maintains appropriate controls to ensure the ongoing safety and health of all employees, contractors and other stakeholders.

Events Occurring After the Reporting Period

On 3 February 2023, the Company announced it would raise up to $60 million to accelerate its Canadian lithium projects. The capital raising consisted of a combination of Flow-Through shares (FTS), institutional placement and a share purchase plan.

The Flow-Through Shares were placed at A$4.18 per share, representing a 79% premium to Winsome's last closing price and raised A$19m (C$18,000,000).

Concurrently with the FTS issue the Company undertook an institutional placement and raised A$31m at A$2.00 per share.

A share purchase plan document was issued on 10 February 2023 to raise a further A$10m at A$2.00 per share. The share purchase planned closed on 28 February 2023 with A$2.1m having been raised.

[10] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02605803.pdf
[11] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02607585.pdf
[12] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02610498.pdf
[13] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02611151.pdf
[14] See ASX release: https://wcsecure.weblink.com.au/pdf/WR1/02614025.pdf

Auditor's Independence Declaration

Section 307C of the *Corporations Act 2001* requires our auditors, HLB Mann Judd, to provide the Directors of the Group with an Independence Declaration in relation to the review of the half-year financial report. This Independence Declaration is set out on page 9 and forms part of this Directors' Report for the half-year ended 31 December 2022.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

Christopher Evans
Managing Director

Perth, Western Australia
15 March 2023

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Winsome Resources Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

b) any applicable code of professional conduct in relation to the review.

Perth, Western Australia	**N G Neill**
15 March 2023	**Partner**

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 31 December 2022

	Note	31December 2022 $	31December 2021 $
Continuing operations			
Accounting and corporate costs		**(112,347)**	-
Australian consulting cost		**(300,725)**	-
Overseas consulting costs		**(111,874)**	-
Depreciation expense		**(35,084)**	-
Exploration expenditure		**-**	(43,144)
Legal expenses		**(180,846)**	-
General and administration		**(415,846)**	(177,162)
Travel and accommodation		**(107,045)**	-
Employee expenses		**(268,265)**	-
Share based payment expense	18	**(7,470,750)**	(1,392,596)
Total expenses		**(9,002,782)**	(1,612,902)
Finance income		**34,822**	228
Loss from continuing operations before income tax		**(8,967,960)**	(1,612,674)
Income tax benefit		**-**	-
Loss for the period		**(8,967,960)**	(1,612,674)
Other Comprehensive Income			
Items that will be reclassified to profit or loss:			
Foreign currency translation		**(744,743)**	(111,542)
Other comprehensive loss for the half-year, net of tax		**(744,743)**	(111,542)
Total comprehensive loss for the half-year		**(9,712,703)**	(1,724,216)
Basic and diluted loss per share - cents	7	**(6.21)**	(6.74)

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

as at 31 December 2022

	Note	31 December 2022 $	30 June 2022 $
Current Assets			
Cash and cash equivalents	8	**10,235,175**	13,471,995
Other receivables	9	**782,832**	397,951
Other current assets		**251,884**	42,017
Total Current Assets		**11,269,891**	13,911,963
Non-Current Assets			
Exploration and evaluation assets	11	**16,457,819**	11,038,206
Investments in other entities	12	**2,211,411**	-
Property, plant, and equipment		**650,210**	131,379
Total Non-Current Assets		**19,319,440**	11,169,585
Total Assets		**30,589,331**	25,081,548
Current Liabilities			
Trade and other payables	9	**1,514,985**	376,725
Flow-through share premium liability	9	**3,392,918**	-
Total Current Liabilities		**4,916,237**	376,725
Total Liabilities		**4,916,237**	376,725
Net Assets		**25,673,094**	24,704,823
Equity			
Issued capital	10	**30,618,456**	27,408,233
Reserves		**7,260,944**	534,937
Accumulated losses		**(12,206,307)**	(3,238,347)
Total Equity		**25,673,093**	24,704,823

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the half-year ended 31 December 2022

	Note	31 December 2022 $	31 December 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(944,199)	(430,194)
Interest received		34,822	228
Net cash outflows from operating activities		**(909,377)**	**(429,966)**
Cash flows from investing activities			
Cash outflows for investing in other entities		(2,211,411)	-
Cash outflows on purchase of property plant and equipment		(552,867)	-
Cash acquired on acquisition		-	29,306
Cash outflows on exploration activities	11	(5,642,027)	(197,028)
Net cash outflows from investing activities		**(8,406,305)**	**(167,722)**
Cash flows from financing activities			
Proceeds from issue of shares		6,818,461	18,000,000
Payment of share issue & capital raising costs		(215,320)	(1,002,732)
Net cash inflows from financing activities		**6,603,141**	**16,997,268**
Net (decrease)/increase in cash held		(2,712,541)	16,399,580
Cash and cash equivalents at beginning of period		13,471,994	1
FX adjustment		(524,278)	(111,544)
Cash and cash equivalents at the end of the period	8	**10,235,175**	**16,288,037**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2022

	Note	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total
		$	$	$	$	$
Balance at 1 July 2022		**27,408,233**	**(3,238,347)**	**391,544**	**143,393**	**24,704,823**
Loss for the half-year		-	(8,967,960)	-	-	(8,967,960)
Foreign currency translation		-		-	(744,743)	(744,743)
Total comprehensive loss for the half year		-	(8,967,960)	-	(744,743)	(9,712,703)
					-	
Share issued during the period	10	3,425,543	-	-	-	3,425,543
Shares issue costs		(215,320)	-	-	-	(215,320)
Share based payment transactions	18	-	-	7,470,750	-	7,470,750
Balance at 31 December 2022		**30,618,456**	**(12,206,307)**	**7,862,294**	**(601,350)**	**25,673,093**

	Note	Issued Capital	Accumulated Losses	Reserves	Foreign Currency Translation Reserve	Total
		$	$	$	$	$
Balance at 1 July 2021		**1**	**-**	**-**	**-**	**1**
Loss for the half-year		-	(1,612,674)	-	-	(1,612,674)
Foreign currency translation		-		-	(111,542)	(111,542)
Total comprehensive loss for the half year		-	(1,612,674)	-	(111,542)	(1,724,216)
					-	
Share issued during the period	10	28,390,000	-	-	-	28,390,000
Shares issue costs		(1,394,277)	-	-	-	(1,394,277)
Share based payment transactions	18	-	-	394,140	-	394,140
Balance at 31 December 2021		**26,995,724**	**(1,612,674)**	**394,140**	**(111,542)**	**25,665,648**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

Corporate Information

The financial report consists of the consolidated financial statements of Winsome Resources Limited and its subsidiaries ("Group")for the half-year ended 31 December 2022 which was authorised for issue in accordance with a resolution of the Directors on 15 March 2023.

The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Winsome Resources Limited is a company limited by shares incorporated in Australia.

The nature of the operations of the Group are described in the Directors' Report.

1. Basis of Preparation

These general purpose financial statements for the half-year reporting period ended 31 December 2022 have been prepared in accordance with Australian Accounting Standard *134 Interim Financial Reporting* and the *Corporations Act 2001*. These half-year financial statements do not include all the notes of the type normally included in annual financial statements and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the annual financial statements. Accordingly, this report is to be read in conjunction with the Annual Financial Statements of Winsome Resources Limited as at 30 June 2022 and any public announcements made by Winsome Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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

Flow-through shares

The Company may issue flow through shares to fund a portion of its capital expenditure program. Pursuant to the terms of the flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow through shares issued and the value which would have been received for shares with no tax attributes is initially recognised as a liability. When the expenditures are incurred, the liability is drawn down.

The half-year report has been prepared on an accruals basis and is based on historical costs.

2. Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement in the investee and has the ability to affect those returns through its power over the investee. Generally, there is a presumption that a majority of voting rights results in control.

A list of controlled entities at 31 December 2022 is contained in note 18. Consolidation of the subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities and expenses of a subsidiary acquired or disposed during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated.

Profit and loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to non-controlling interest, even if this results in the non-controlling interest having a debit balance.

3. New or amended Accounting Standards and Interpretations adopted.

The Group 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

4. Going concern

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

As disclosed in the financial statements, the Company incurred a loss after income tax of $8,967,960 (2021 $1,612,674) and had net cash outflows from operating activities of $909,377 (2021 $429,966) for the period ended 31 December 2022. As at that date, the Company had net current assets of $6,353,654 (2021 $13,535,238).

The directors believe that it is reasonably foreseeable that the Company will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial statements, noting that substantial funds were raised post period end, refer to Note 16.

5. Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

Financial assets at fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

6. Segment Reporting

The Group predominantly operated in one geographical segment for the financial period.

Notes to the Consolidated Financial Statements (continued)

The Group operates in the mineral exploration industry in Canada. For management purposes, the Group is organised into one main operating segment which involves the exploration for minerals. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment which is equivalent to the financial statements of the Group as a whole. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

7. Loss per Share

	31 December 2022 $	31 December 2021 $
Net loss attributable to ordinary shareholders for basic and diluted earnings per share	**(8,967,960)**	(1,612,674)
Weighted average number of ordinary shares used in calculating basic loss per share	**144,334,510**	23,915,490
Basic and diluted loss per share- in cents	**(6.21)**	(6.74)

8. Cash and Cash Equivalents

	31 December 2021 $	30 June 2022 $
Cash at bank	10,235,175	13,471,995
	10,235,175	13,471,995

9. Financial assets and liabilities

	31 December 2021 $	30 June 2022 $

Set out below is an overview of financial assets (other than cash and short-term deposits) and financial liabilities held by the Group as at 31 December 2021 and 30 June 2021:

Financial assets		
Other receivables	782,832	397,951
	782,832	397,951
Current		
Total Financial assets	**782,832**	397,951
Financial liabilities		
Trade and other payables	1,514,985	376,725
Flow through share premium liability	3,392,918	-
	4,907,903	376,725
Current		
Total Financial liabilities	**4,907,903**	376,725

Notes to the Consolidated Financial Statements (continued)

The Directors consider the carrying values of other receivables, trade and other payables are considered to be a reasonable approximation of their fair value.

Flow-through shares

The Company may issue flow through shares to fund a portion of its capital expenditure program. Pursuant to the terms of the flow through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow through shares issued and the value which would have been received for shares with no tax attributes is initially recognised as a liability. When the expenditures are incurred, the liability is drawn down.

	31 December 2022 $	30 June 2022 $
10. Issued Capital		
(a) Issued and paid-up capital		
Ordinary shares fully paid	32,228,053	28,802,510
Share issue costs	(1,609,597)	(1,394,277)
Closing balance	**30,618,456**	27,408,233

	Number of shares	**$**
(b) Movements in issued capital		
Opening balance – 1 July 2022	143,354,001	27,408,233
Shares issued during period.		
- Flow-through share issue	4,078,027	3,425,543
Share issue costs	-	(215,320)
Closing balance – 31 December 2022	**147,432,028**	30,618,456

11. Exploration and evaluation expenditure

	6 Months to 31 December 2022	12 months to 30 June 2022
Exploration and evaluation phase – at cost		
	16,457,519	11,038,206
Carrying amount at beginning of the period	**11,038,206**	-
Acquisitions	**-**	9,173,560
Additions	**5,642,027**	1,776,814
Foreign exchange movements	**(222,414)**	87,832
Carrying amount at the end of the period	**16,457,819**	11,038,206

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to the area of interest. The carrying value of any capitalised expenditure is assessed by the Directors each period to determine if any provision should be made for the impairment of the carrying value. The appropriateness of the Group's ability to recover these capitalised costs has been assessed at period end and the Directors are satisfied that the value is recoverable. The carrying value of exploration and evaluation expenditure assets are assessed for impairment at an overall level whenever facts and circumstances suggest that the carrying amount of the assets may exceed recoverable amount.

Notes to the Consolidated Financial Statements (continued)

An impairment exists when the carrying amount of the assets exceed the estimated recoverable amount. The assets are then written down to their recoverable amount. Any impairment losses are recognised in the income statement of profit or loss and other comprehensive income.

The recoupment of costs carried forward in relation to areas of interest in the exploration and evaluation phase is dependent on the successful and commercial exploitation or sale of the respective area.

12. Investments in other entities

On 2 December 2022, the Company announced it had acquired a key stake in TSX-V listed Power Metals Corp (TSX-V:PWM). Under the acquisition agreement, Winsome has also agreed to acquire Sinomine's offtake rights for the lithium, caesium and tantalum from the highly prospective Case Lake Project ("the Project"), located in Ontario, Canada.

Under the terms of the agreement, for a total cash consideration of CAD$2,000,000 (AUD$2.211m) Winsome acquired Sinomine's total interests in Power Metals and the Case Lake Project, including:

- 7,500,000 common shares (representing 5.72% of PWM's issued capital); and
- 7,500,000 share purchase warrants, which can be converted into shares on a one-for-one basis at CAD$0.40 per Share, expiring on 17 March 2025,

Winsome also agreed to assume all of Sinomine's rights and obligations under the offtake agreement that was signed between Sinomine and Power Metals dated 16 March 2022.

	31 December 2022 $
Acquisition	**2,211,411**

The fair value of the investment has been based on the cost price of the securities.

Fair value hierarchy

The Group measures and discloses its assets and liabilities at fair value, using a three level hierarchy, based on the lowest level of input which is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level3: Unobservable inputs for the asset or liability.

The investment has been measured using Level 1 inputs.

13. Share based payments.

Employee Performance Rights

On 18 November 2022, the following Performance Rights were granted with an expiry date 5 years from the date of issue, being 18 November 2027. The terms and conditions of the Performance Rights is set out below.

Notes to the Consolidated Financial Statements (continued)

Class E	1,650,000	Each Class E Performance Right will vest and convert (at the election of the holder) into one Share upon announcement by the Company of: I. the Company acquiring an interest in 19.9% or greater of an entity listed on a recognised securities exchange (**Acquisition**); and II. a maiden JORC Mineral Resource, with a minimum of 5 million tonnes containing a Lithium Oxide (Li_2O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) at any one of the projects contained within the entity the subject of the Acquisition, as verified by an Independent Technical Consultant (defined below) (**the Class E Milestone**);
Class F	1,650,000	Each Class F Performance Right will vest and convert (at the election of the holder) into one Share upon announcement by the Company of a maiden JORC Mineral Resource, with a minimum of 10 million tonnes containing a Lithium Oxide (Li_2O) grade of greater than 1.0% as defined in the JORC Code 2012 Edition (JORC Code) in total at Cancet Lithium Project, Adina Lithium Project, Sirmac-Clapier Lithium Project or any other project/s the company should acquire.(each located in Quebec, Canada) as verified by an Independent Technical Consultant (defined below) (the Class F Milestone)
Class G	1,650,000	Each Class G Performance Right will vest and convert (at the election of the holder) into one Share upon the Company achieving a 20-day VWAP, based on days the Company's Shares have traded, Share price of not less than $0.75 (the Class G Milestone)

The Class E and Class F Performance Rights have been valued at $1.065 each, based on Monte Carlo Simulation model, for a total value of $3,727,500. As the milestones attached to the rights are non-market basis, this value will be brought to account when it is considered probable the milestones will be met. It is not considered probable at 31 December 2022.

At the time the Notice of Meeting was issued on 12 October 2022 these Performance Rights were valued at $0.355. The subsequent increase in the Company's share price leading to the Annual General Meeting resulted in the theoretical value attributed to the Performance Rights increasing to$1.065.

The total value of the Class G Performance Rights is $1,863,750 and the value has been derived using the Monte Carlo Simulation model. This value has been expensed in the current half-year.

Similarly, the theoretical value of the Class G performance rights increased from $0.3304 to $1.065 between the period from 12 October to 18 November 2022.

Options Issued to Directors and Senior Management

Using the Black Scholes option pricing model and based on the assumptions set out below, the Director and Senior Management Options were ascribed the following value:

Notes to the Consolidated Financial Statements (continued)

Assumptions

Valuation date	18 November 2022
Underlying share price	$1.065
Exercise price	$0.53
Expiry date (length of time from issue)	3 Years
Risk free interest rate	3.21%
Volatility	100%
Indicative Value of Director & Senior Management Options (cents)	0.801
Number of options issued	7,000,000
Total Value of Director & Senior Management Options	$5,607,000

At the time of the issue of the Notice of Meeting the valuation ascribed to the Directors and Senior Management Options was $0.2113, with a total of $1,479,100.

The substantial increase in the Company's share price between 12 October and 18 November 2022 has resulted in an increase in the theoretical value booked for Share Based Payment.

14. Dividends

No dividends have been paid or provided for during the half-year.

15. Contingent Liabilities

There are no contingent liabilities.

16. Events Occurring After the Reporting Period

On 3 February 2023, the Company announced it would raise up to $60 million to accelerate its Canadian lithium projects. The capital raising consisted of a combination of Flow-Through shares (FTS), institutional placement and a share purchase plan.

The Flow-Through Shares were placed at A$4.18 per share, representing a 79% premium to Winsome's last closing price and raised A$19m (C$18,000,000).

Concurrently with the FTS issue the Company undertook an institutional placement and raised A$31m at A$2.00 per share.

A share purchase plan document was issued on 10 February 2023 to raise a further A$10m at A$2.00 per share. The share purchase planned closed on 28 February 2023 with A$1.2m having been raised.

17. Commitments

There are no commitments to report.

Notes to the Consolidated Financial Statements (continued)

18. Related Party

(a) Ultimate parent

The ultimate parent entity is Winsome Resources Limited.

(b) Subsidiaries

The consolidated financial statements include the financial statements of Winsome Resources Limited and the subsidiaries listed in the following table:

	Principal activity in the year	Place of Incorporation	Equity Holdings 31 Dec 2022
Winsome Cancet Lithium Inc	Exploration	Quebec Canada	100%
Winsome Adina Lithium Inc	Exploration	Quebec Canada	100%
Winsome Sirmac Lithium Inc	Exploration	Quebec Canada	100%

(c) Directors' and Senior Management remuneration

The share-based payment expense includes the value of the following options and performance rights issued to directors and senior management:

	December 2022 $
Options expiring 18 November 2027	5,607,000
Class G performance rights	1,863,750
	7,470,750

Directors' Declaration

In the opinion of the Directors of Winsome Resources Limited ('the Group'):

1. The financial statements and notes thereto, as set out on pages 10 to 21, are in accordance with the *Corporations Act 2001* including:
   a. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   b. giving a true and fair view of the Group entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and
2. There are reasonable grounds to believe that Winsome Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is signed in accordance with a resolution of the Board of Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

Christopher Evans
Managing Director

Perth, Western Australia
15 March 2023

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Winsome Resources Limited

Report on the Condensed Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Winsome Resources Limited ("the company") which comprises the condensed consolidated statement of financial position as at 31 December 2022, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

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

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
15 March 2023

N G Neill
Partner

Additional Securities Information

(Note, this information does not form part of the audit reviewed financial statements)

Additional information is complete as at 9 March 2023.

a) Distribution of Shareholdings – Fully Paid Ordinary Shares:

Size of Holding	Number of Shareholders	Number of Shares
1 – 1,000	620	332,996
1,001 – 5,000	1,565	4,268,197
5,001 – 10,000	576	4,435,557
10,001 – 100,000	1,068	32,595,749
100,001 and over	181	128,639,025
Totals	**4,008**	**170,272,524**

Equity Security	Quoted	Unquoted
Fully paid ordinary shares	162,032,518	8,240,006

b) Top 20 Security Holders – Fully Paid Ordinary Shares

	Name of Holder	Number of Shares	%
1	HSBC Custody Nominees (Australia) Limited – A/C 2	24,961,390	14.66
2	HSBC Custody Nominees (Australia) Limited	10,875,145	6.39
3	Citicorp Nominees Pty Limited	6,373,539	3.74
4	BNP Paribas Nominees Pty Ltd ACF Clearstream	5,395,310	3.17
5	Zhenshi Group (HK) Heshi Composite Materials Co Limited	5,000,000	2.94
6	Courchevel 1850 Pty Ltd <Courchevel Investment A/C>	4,775,001	2.80
7	Mr Gino D'Anna <The Internatzionale A/C>	4,762,769	2.80
8	Mrs Rachel D'Anna	3,237,610	1.90
9	BNP Paribas Noms Pty Ltd <DRP>	2,965,593	1.74
10	Mr Kenneth Joseph Hall <Hall Park A/C>	2,700,033	1.59
11	Mrs Belinda Poznik	2,215,000	1.30
12	Mr Daniel Robert Paton	2,194,000	1.29
13	Dr Darko Pozder	1,800,609	1.06
14	Geosmart Consulting Pty Ltd	1,640,006	0.96
15	Mr Glenn Griesbach	1,441,429	0.85
16	Christopher Allan Evans <Sixpence A/C>	1,390,000	0.82
17	Mrs Gary Stewart & Mrs Fiona Stewart & Mr Jamie-Iain Stewart <Stewart Family SMSF A/C>	1,233,500	0.72
18	BNP Paribas Nominees Pty Ltd <IB AU Noms Retails Client DRP>	1,135,355	0.67
19	Mr Christopher Michael Andrews	1,123,800	0.66
20	David Edwards Palm Beach Realty Pty Ltd	1,050,000	0.62
	Total	**86,270,389**	**50.67**
	Total issued capital	**170,272,524**	**100.00**

Shareholders with less than a marketable parcel

At 9 March 2022, there were 103 shareholders holding less than a marketable parcel of shares ($2.08 cents on this date) in the Company totalling 7,829 ordinary shares. This represented 0.00005% of the issued capital.