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ACN 146 035 690

INTERIM FINANCIAL REPORT

For the six months ended 31 December 2025

audalia resources limited

CORPORATE DIRECTORY

DIRECTORS

Executive Director	Mr Siew Swan Ong
Executive Director/ CEO	Mr Brent Butler
Non-Executive Director	Mr Xu (Geoffrey) Han

COMPANY SECRETARY

Mr Craig McNab

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

Level 1, Office F
1139 Hay Street
WEST PERTH WA 6005
Telephone: (61 8) 9321 0715
Facsimile: (61 8) 9321 0721
Email: admin@audalia.com.au
Website: www.audalia.com.au

SECURITIES EXCHANGE

ASX Limited
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX Code: ACP

SHARE REGISTRY

Automic
Level 5, 126 Philip Street
Sydney NSW 2000
Telephone: 1300 288 664 (within Australia)
(61 2) 9698 5414 (outside Australia)

BANKER

National Australia Bank
Level 14
100 St George's Terrace
Perth WA 6000

AUDITOR

Moore Australia Audit (WA)
Level 15 Exchange Tower
2 The Esplanade
Perth WA 6000
AUSTRALIA

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DIRECTORS' REPORT

The Directors present the interim financial report of Audalia Resources Limited (the **Company**) for the half-year ended 31 December 2025 and the auditor's review report thereon:

DIRECTORS AND COMPANY SECRETARY

The Directors and Company Secretary of the Company at any time during or since the end of the interim period and until the date of this report are noted below.

Mr Siew Swan Ong (Executive Director)
Mr Brent Butler (Executive Director and CEO)
Mr Xu (Geoffrey) Han (Non-Executive Director)
Mr Craig McNab (Company Secretary)

PRINCIPAL ACTIVITIES

During the half year, the principal continuing activity of the Company was mineral exploration and evaluation.

REVIEW OF ACTIVITIES

Audalia Resources Limited (ASX: **ACP**) is pleased to present its interim financial report for the six months ended 31 December 2025 to shareholders and provide some insight into the advancement the Company has made in its activities to date.

OVERVIEW

MEDCALF PROJECT

The Medcalf Project is a vanadium-titanium-iron project located some 470 kilometres south east of Perth near Lake Johnston, Western Australia. The Medcalf Project comprises of one granted exploration licence E63/1855, two miscellaneous licences L63/75 and L63/94 and two General Purpose licences G63/10 and G63/12 as well as mining lease M63/656. Together these licences cover a total area of 38 km^2.

The Medcalf Project lies in the southern end of the Archaean Lake Johnston greenstone belt. This greenstone belt is a narrow, north-northwest trending belt approximately 110 km in length. It is located near the south margin of the Yilgarn Craton, midway between the southern ends of the Norseman-Wiluna and the Forrestania-Southern Cross greenstone belts.

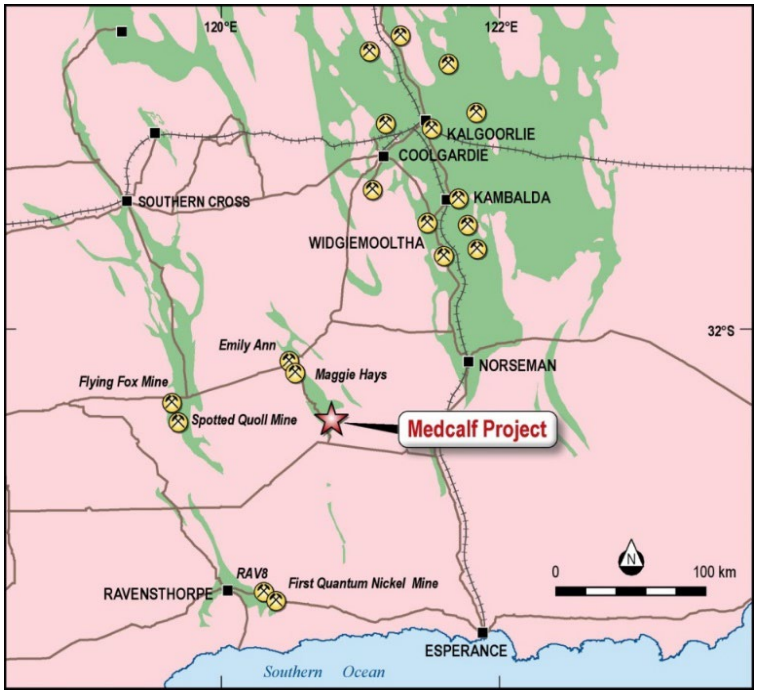

Figure 1: Medcalf Project - Location Map

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REVIEW OF ACTIVITIES (CONTINUED)

Activities conducted during the half year

RC infill program

During the half year, a RC drill infill program designed to upgrade the Inferred Resource from the 2022 Mineral Resource Estimate (ASX announcement: 15 March 2022) was completed at the main prospect area of Vesuvius, Fuji and Pinatubo (Figures 2 & 3).

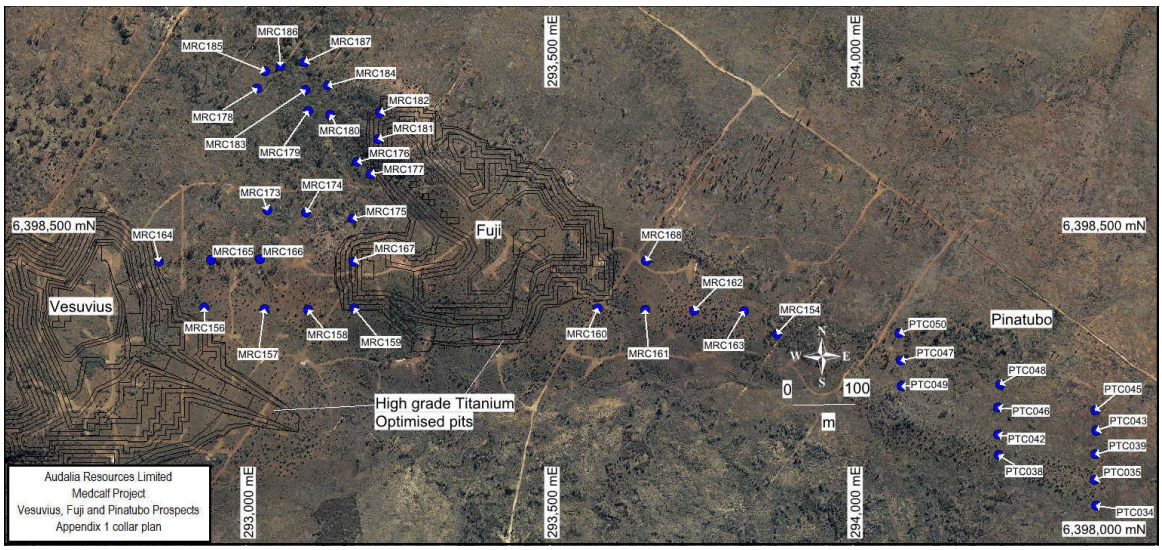

Figure 2 – Vesuvius, Fuji and Pinatubo drill hole location plan

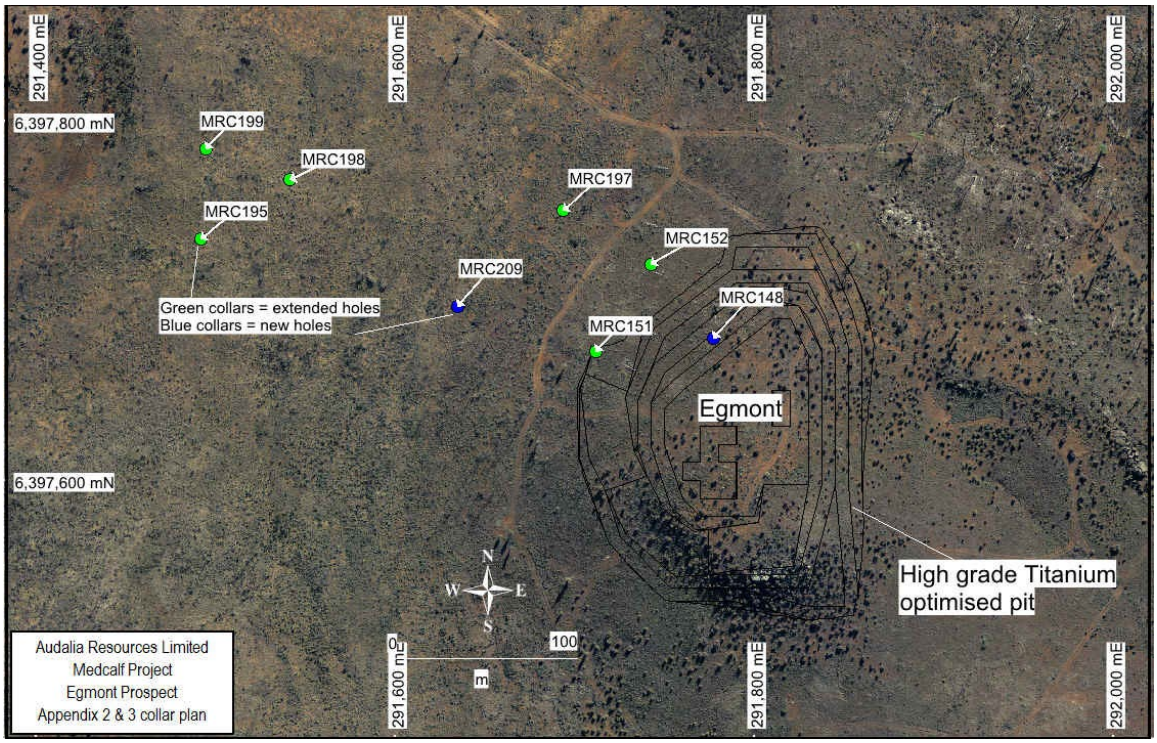

Figure 3 – Egmont drill location plan

A total of 77 holes for 2,589m (including Egmont holes drilled in the December 2025 quarter) have been drilled for the Mineral Resource Upgrade (Table 1). All drill hole collars have been surveyed.

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REVIEW OF ACTIVITIES (CONTINUED)

Prospect	Holes	metres	Comment
Egmont	28	946	Drilled Dec Quarter
	2	140	New holes - June Quarter
	6	236	Deepend Dec Quarter holes
Vesuvius/Fuji	29	840	Drilled June quarter
Pinatubo	12	427	Drilled June quarter
Total	**77**	**2,589**	

Table 1 – Hole drilled for the Mineral Resource Upgrade

Significant results from this infill program (ASX announcement: 15 August 2025) and the Egmont program (ASX announcement: 4 April 2025) are listed in Table's 2 and Table 3 below:

Hole	From	To	Width (m)	Tio_2%	V_2O_5%	Fe_2O_3%
MRC151	0	40	40	7.93	0.39	40.07
incl	2	14	12	8.59	0.4	40.32
ncl	33	40	7	8.16	0.45	42.39
MRC152	0	66	66	7.53	0.38	38.42
incl	49	66	18	11.2	0.6	56.29
MRC193	34	40	6	7.8	0.34	36.12
MRC194	29	34	5	6.09	0.23	27.11
MRC195	0	3	3	5.16	0.09	14.17
MRC196	57	61	4	4.85	0.25	31.22
MRC197	8	17	9	5.12	0.18	23.49
MRC198	61	66	5	7.32	0.31	34.7
MRC199	0	55	55	4.84	0.1	16.61
incl	31	36	5	6.65	0.18	25.53

Table 2 – Significant results from Egmont drilling. All holes were drilled vertical.

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Hole	From	To	Width (m)	TiO_2%	V_2O_5%	Fe_2O_3%
MRC148	0	60	60	7.71	0.40	41.92
incl	35	53	18	11.75	0.63	57.29
MRC154	3	11	8	7.94	0.43	54.21
MRC157	1	17	16	6.53	0.21	55.56
MRC158	4	8	4	6.74	0.24	62.88
MRC159	5	9	4	12.02	0.67	64.35
MRC161	0	3	3	6.41	0.39	52.28
MRC162	1	7	6	8.66	0.44	43.07
MRC164	10	18	8	7.38	0.31	38.54
and	22	25	3	8.72	0.43	45.69
MRC166	5	11	6	10.85	0.50	51.46
MRC167	17	25	8	8.98	0.43	49.86
MRC168	1	14	13	9.68	0.49	57.01
MRC174	13	21	8	7.67	0.37	42.59
MRC176	2	19	17	7.57	0.35	39.26
and	3	23	20	6.42	0.28	37.11
MRC177	0	14	14	8.41	0.39	42.97
and	17	21	4	6.23	0.27	33.53
and	30	32	2	7.52	0.40	43.57
and	34	36	2	7.23	0.41	42.97
MRC178	8	30	22	7.34	0.34	36.39
MRC179	2	17	15	7.57	0.37	38.59
MRC180	0	15	15	6.40	0.29	33.34
MRC181	2	10	8	8.81	0.40	49.75
and	20	23	3	9.54	0.39	39.68
MRC183	3	18	15	6.64	0.31	33.80
MRC185	2	24	22	7.07	0.31	34.71
MRC195	50	56	6	7.71	0.31	34.51
MRC197	66	71	5	6.14	0.30	30.50
and	75	86	11	11.00	0.59	55.10
MRC198	61	71	10	7.20	0.33	34.93
and	78	84	6	7.48	0.33	35.77
MRC199	69	71	2	7.76	0.23	27.19
PTC034	0	13	13	9.80	0.49	50.19
PTC035	0	24	24	9.81	0.54	54.24
PTC038	0	2	2	6.48	0.35	49.22
PTC039	23	39	16	7.55	0.34	36.94
incl	34	39	5	9.32	0.44	46.04
PTC042	0	8	8	8.64	0.41	53.97
incl	5	8	3	11.64	0.58	60.72
PTC046	0	2	2	8.01	0.41	45.74
PTC047	16	22	6	8.22	0.43	48.64
PTC049	0	8	8	9.77	0.53	53.52

Table 3 – Significant results from the Infill RC infill drilling. All holes were drilled vertical.

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Mineral Resource Estimate (MRE)

The MRE update for the Medcalf Titanium-Vanadium Project was prepared by independent consultants Cube Consulting Pty Ltd (**Cube**). The update includes additional reverse circulation (RC) drilling in the central and eastern portions of the Vesuvius prospect and the Egmont prospects conducted in 2024 and 2025 (Figure 4). The MRE is tabulated in Table 4 and reported above a lower cut-off grade of 6 % TiO_2 based on preliminary economic considerations. Reasonable prospects for eventual economic extraction (RPEEE) for the MRE was assessed with reference to the results of Whittle optimisation pit shells generated in 2022. The optimisations assisted with definition of an appropriate TiO_2 cut-off grade above which mineralisation is deemed to have RPEEE.

The depth extents of the selected open pit shells were used as an analogy to constrain the depth of the Mineral Resources to 65 m from surface for the Vesuvius, Egmont and Kilimanjaro prospects. Figure 5 and Figure 6 provides a plan and oblique view respectively of the resource classification categories for the Vesuvius prospect area.

The MRE is deemed by the Competent Person to have RPEEE based on the geological and grade continuity, as well as the current mining and metallurgical assumptions from the 2022 pre-feasibility study (PFS) reported to the ASX on 8 July 2022, which outlined the project scope as a direct shipping ore (DSO) operation. The scope assumes surface open cut mining methods using conventional drill and blast with crushing and screening of mined materials to produce lump and fines. Audalia intend to market and sell a high titanium lump ore (HTLO) product for blast furnace refractory liner protection.

Resource Classification	Prospect	Tonnes (Mt)	TiO_2 (%)	V_2O_5 (%)	Fe_2O_3 (%)	Al_2O_3 (%)	SiO_2 (%)
Indicated	Vesuvius	18.0	10.29	0.55	52.6	9.1	17.8
	Egmont	2.3	9.21	0.48	43.3	7.2	24.8
	Kilimanjaro	-	-	-	-	-	-
Sub-Total		**20.3**	**10.17**	**0.54**	**51.5**	**8.9**	**18.6**
Inferred	Vesuvius	1.7	7.82	0.35	38.5	8.3	30.4
	Egmont	-	-	-	-	-	-
	Kilimanjaro	2.1	7.87	0.41	46.8	8.5	25.8
Sub-Total		3.8	7.85	0.38	43.1	8.4	27.8
TOTAL		24.2	9.80	0.52	50.2	8.8	20.1

Notes: Reported above >6% TiO_2. Some rounding errors may occur.

Table 4: Medcalf Project – September 2025 Mineral Resource Estimate

The MRE is based on an updated geological interpretation that has the Project divided into three broad, spatially unique areas (Figure 4):

- Egmont located to the west of the project area.
- Kilimanjaro located to the southeast.
- Vesuvius in the central part of the project, which has been further sub-divided into the prospects of Fuji and Pinatubo, which are based on modelled fault boundaries. However, for the purposes of Resource reporting, these divisions have all being reported as Vesuvius.

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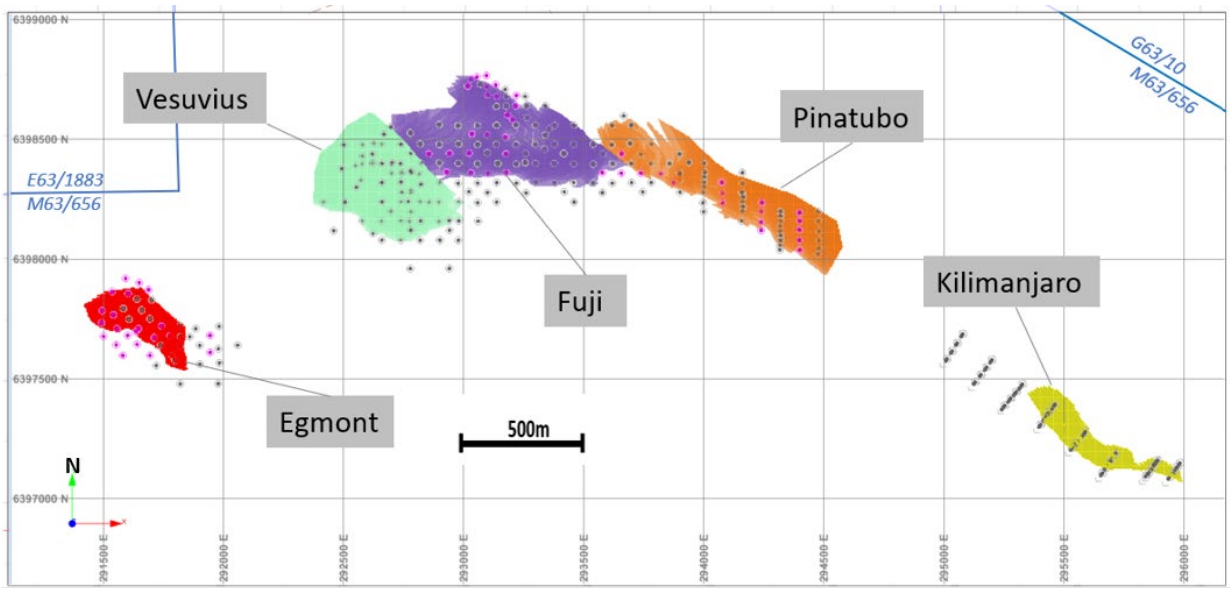

Figure 4: Prospect location plan with drilling (new holes shown in magenta) and tenement boundaries

The Medcalf Mineral Resource has demonstrated sufficient geological and grade continuity to support the definition of a Mineral Resource and enable classification in accordance with the JORC Code (2012 edition) guidelines.

The input drill data is considered representative of the V_2O_5 and TiO_2 grade distribution and does not misrepresent the mineralisation. Knowledge of the geological controls on mineralisation has been used to develop the overall MRE.

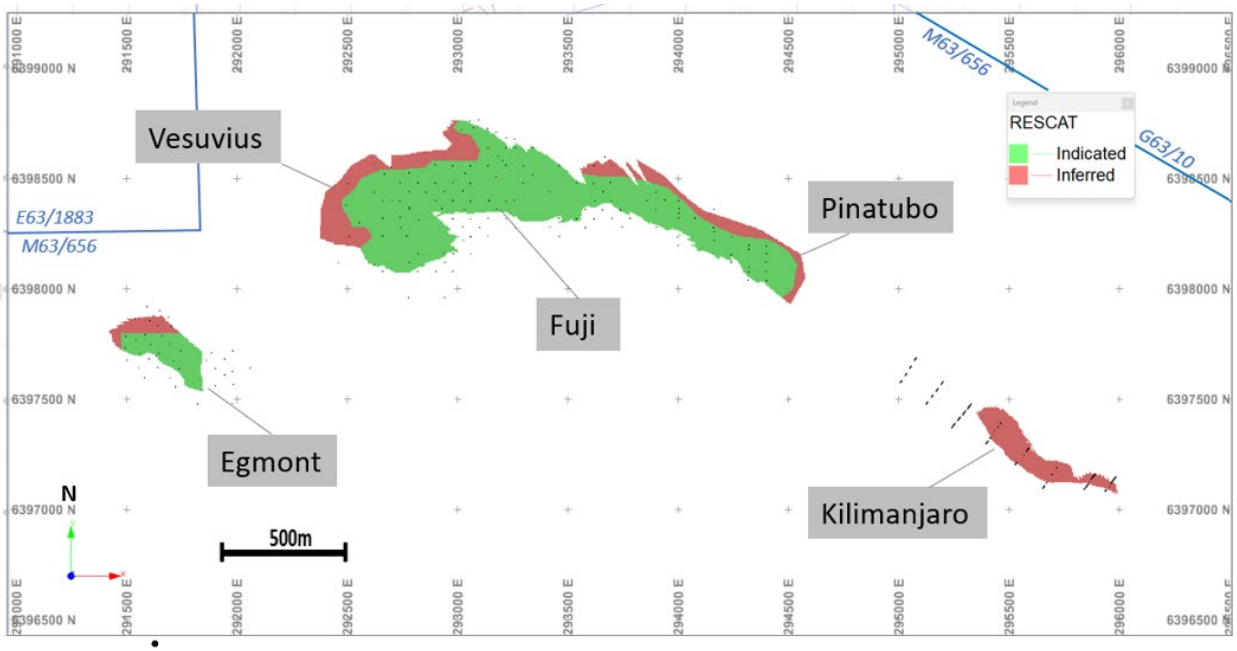

Figure 5: Plan view showing Mineral Resource classification and tenement boundaries

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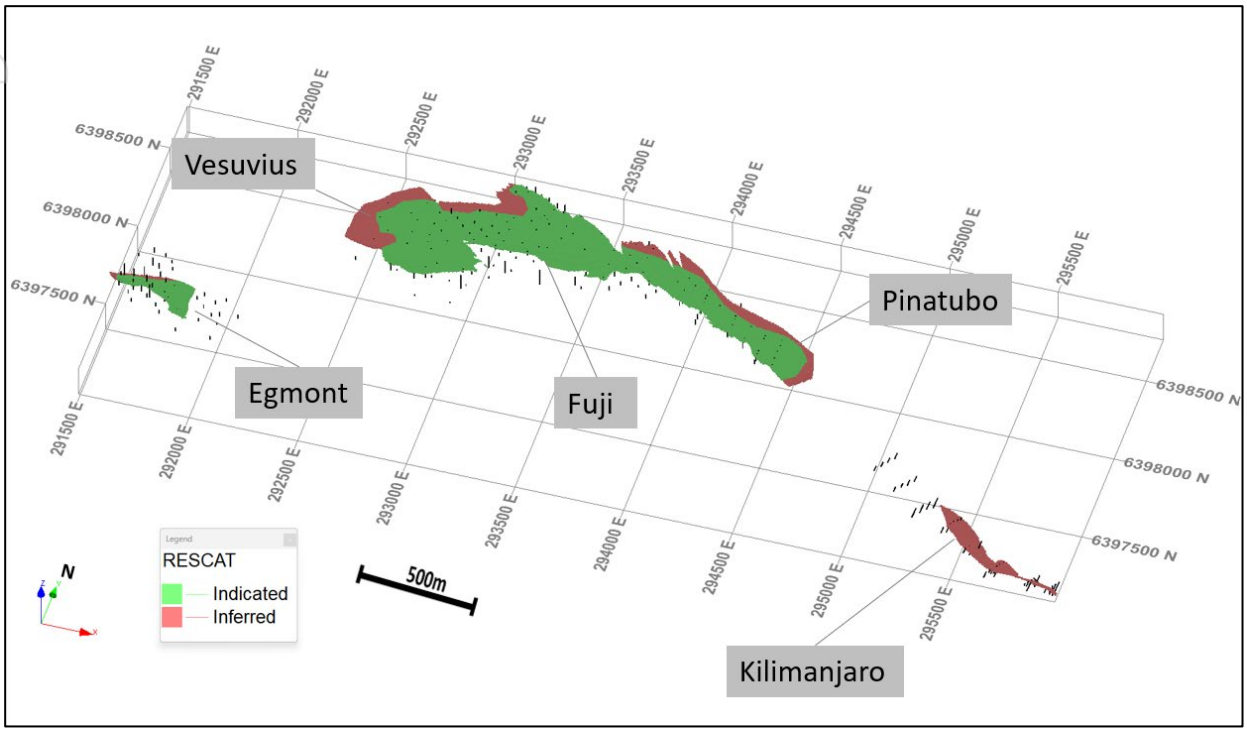

Figure 6: Oblique view (looking northeast) showing Mineral Resource classification

Geotechnical Drill program

A geotechnical drill program was drilled after the completion of the RC infill drill program. A total of 9 PQ core holes for 500.7m was drilled for the geotechnical programs additional hole and one drilled to 25m for metallurgical testwork.

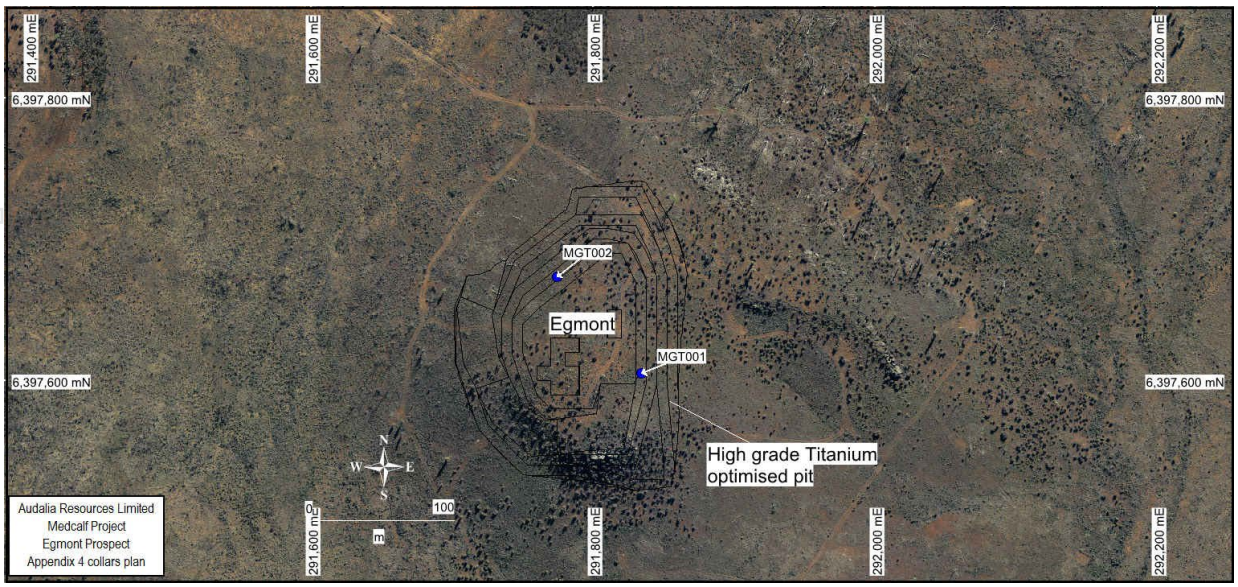

Figure 7 - Egmont Geotechnical holes location plan

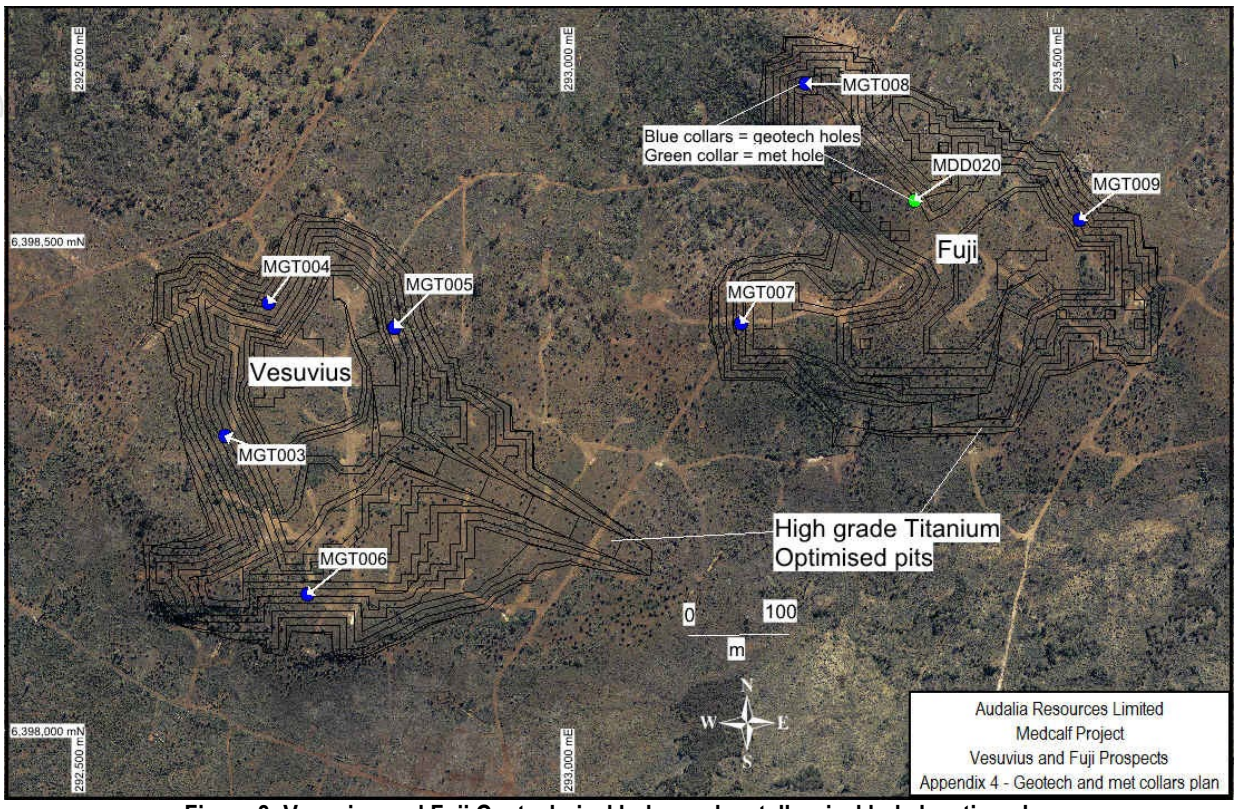

Figure 8- Vesuvius and Fuji Geotechnical holes and metallurgical hole location plan

The core was photographed and geotechnical logged on site and then transported back to a storage facility in Perth.

Metallurgical program

A metallurgical testwork program designed by KeypointE Pty Ltd was completed through the ALS facility in Balcatta preparing the core into defined intervals based on geology and Allied Mineral Laboratories (AML) in Osborne Park completing the size fractionation testwork.

Other Activities

The Company has been focussed on updating the previous Pre-feasibility Study Update (ASX Announcement: 26 July 2022) with the new MRE, the geotechnical and metallurgical work just completed and current costings for inputs for the pending maiden Ore reserve.

The Company continues its advancement on negotiations with potential offtake partners and potential financiers for company or project level financing.

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Schedule of Tenements as at 31 December 2025

Projects	Licence Number	Registered Holder / Applicant	Status	Audalia's Interest
Western Australia				
Medcalf	M63/656	Audalia Resources Limited	Granted	100%
	E63/1855	Audalia Resources Limited	Granted	100%
	L63/75	Audalia Resources Limited	Granted	100%
	L63/94	Audalia Resources Limited	Granted	100%
	G63/10	Audalia Resources Limited	Granted	100%
	G63/12	Audalia Resources Limited	Granted	100%
	E63/1915	Audalia Resources Limited	Application	0%
	E63/2347	Audalia Resources Limited	Application	0%
	E63/2348	Audalia Resources Limited	Application	0%
	E63/2352	Audalia Resources Limited	Application	0%

Competent Person's Statement

The information in this report relates to the Exploration Results based on information compiled by Mr Brent Butler, who is a Fellow of The Australasian Institute of Mining and Metallurgy. Mr Butler has over 40 years' experience as a geologist and is CEO and Executive Director of Audalia. Mr Butler has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (JORC Code). Mr Butler has provided his consent to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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REVIEW OF ACTIVITIES (continued)

RESULTS

The Company incurred a loss of $618,598 after income tax for the half-year (2024: $578,704) which includes financing costs (interest expense) of $450,461 (2024: $367,088).

Audalia continues to assess all funding alternatives to ensure that the Company can continue exploration and evaluation activities and advance the next stage of approvals for the Medcalf Project.

The Board of Directors considers it appropriate to prepare the Company's interim financial report on a going concern basis as there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable. These include the Company's ability to modify expenditure outlays, if required. The Directors also continue to assess funding alternatives to supplement its existing working capital and fund its ongoing exploration and evaluation work. Further details are set out in Note 1(a)(iii) to the Financial Statements.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the interim period not otherwise disclosed in this report and the interim financial report.

LIKELY DEVELOPMENTS

The focus for 2026 is to move toward production this year.

Planned exploration and activities

The Company's near-term objectives for the Medcalf Project include:

- Obtain mining approval; and
- Production in Q4, 2026.

ENVIRONMENTAL REGULATION

The Company's exploration and mining activities are governed by a range of environmental legislation and regulations including the *National Greenhouse and Energy Report Act 2007* and *Mining Act 1978*. As the Company is still in the assessment phase of its interests in exploration projects, Audalia is not yet subject to the public reporting requirements of environmental legislation and regulations. To the best of the Directors' knowledge, the Company has adequate systems in place to ensure compliance with the requirements of the applicable environmental legislation and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

DIVIDENDS

No dividend has been declared or paid by the Company to the date of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

On 5 January 2026, following the resignation of BDO Audit Pty Ltd as the auditor of the Company, the Company announced the appointment of Moore Australia Audit (WA) as the new auditor of the Company.

On 30 January 2026, the Company announced Company's JORC (2012) compliant maiden Ore Reserve Estimate (ORE) for the Medcalf Project using the 2025 Mineral Resource Estimate (MRE).

Other than above, there have been no significant events after the end of the reporting period to the date of this report.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Moore Australia Audit (WA), to provide the directors of the Company with an Independence Declaration in relation to the review of the interim financial report. This Auditor's Independence Declaration is set out on page 14 and forms part of this directors' report for the half-year ended 31 December 2025.

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

Brent Butler
CEO and Executive Director

Dated at Perth, Western Australia this 13th day of March 2026.

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Moore Australia Audit (WA)

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

As lead auditor for the review of Audalia Resources Limited for the half-year ended 31 December 2025, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review, and

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

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 13th day of March 2026.

Moore Australia Audit (WA) – ABN 16 874 357 907.
An independent member of Moore Global Network Limited - members in principal cities throughout the world.
Liability limited by a scheme approved under Professional Standards Legislation.

audalia resources limited

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the half year ended 31 December 2025

	Notes	December 2025 $	December 2024 $
Revenue from continuing operations			
Other income		2,416	4,026
Expenses			
Financing costs (interest expense)		(450,461)	(367,088)
Exploration expenditure written off		-	(373)
Corporate and administration expenses		(170,553)	(215,269)
Loss before income tax expense		(618,598)	(578,704)
Income tax (expense) / benefit		-	-
Net loss for the half year		**(618,598)**	**(578,704)**
Total comprehensive loss for the half year, net of tax			
Owners of Audalia Resources Limited		(618,598)	(578,704)
Loss per share attributed to the owners of the Company			
Basic and diluted loss per share (cents per share)	7	(0.08)	(0.08)

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

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STATEMENT OF FINANCIAL POSITION
as at 31 December 2025

	Notes	December 2025 $	June 2025 $
ASSETS			
Current Assets			
Cash and cash equivalents	3	623,103	586,105
Receivables and other financial assets		73,337	122,214
Other assets		24,841	5,977
Total current assets		721,281	714,296
Non-Current Assets			
Investments		50,000	50,000
Exploration and evaluation expenditure	2	14,704,541	13,828,023
Total non-current assets		14,754,541	13,878,023
TOTAL ASSETS		15,475,822	14,592,319
LIABLITIES			
Current Liabilities			
Trade and other payables	4	5,913,447	1,696,905
Employee benefits obligations		104,324	100,299
Borrowings	5	5,901,400	-
Total current liabilities		11,919,171	1,797,204
Non-Current Liabilities			
Other payables	4	-	3,843,594
Employee benefits obligations		19,400	18,700
Borrowings	5	-	5,808,107
Total non-current liabilities		19,400	9,670,401
TOTAL LIABILITIES		11,938,571	11,467,605
NET ASSETS		**3,537,251**	**3,124,714**
EQUITY			
Issued capital	6	14,849,729	13,818,594
Reserves		208,158	208,158
Accumulated losses	8	(11,520,636)	(10,902,038)
TOTAL EQUITY		**3,537,251**	**3,124,714**

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

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STATEMENT OF CHANGES IN EQUITY
for the half year ended 31 December 2025

	Issued capital $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2025	13,818,594	(10,902,038)	208,158	3,124,714
Loss for the half year	-	(618,598)	-	(618,598)
Total comprehensive income/(loss) for the half year	-	(618,598)	-	(618,598)
Transactions with Shareholders in their capacity as shareholders				
Issue of shares	1,040,000	-	-	1,040,000
Transaction costs for shares issued	(8,865)	-	-	(8,865)
Balance at 31 December 2025	**14,849,729**	**(11,520,636)**	**208,158**	**3,537,251**

	Issued capital $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2024	11,828,277	(9,773,655)	10,000	2,064,622
Loss for the half year	-	(578,704)	-	(578,704)
Total comprehensive income/(loss) for the half year	-	(578,704)	-	(578,704)
Transactions with Shareholders in their capacity as shareholders				
Issue of shares	2,000,000	-	-	2,000,000
Transaction costs for shares issued	(9,683)	-	-	(9,683)
Balance at 31 December 2024	**13,818,594**	**(10,352,359)**	**10,000**	**3,476,235**

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

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STATEMENT OF CASH FLOWS
for the half year ended 31 December 2025

	Notes	December 2025 $	December 2024 $
Cash flows from operating activities			
Payments to suppliers and employees		(98,421)	(198,514)
Interest paid		-	-
Interest received		1,216	3,581
Net cash outflows from operating activities		(97,205)	(194,933)
Cash flows from investing activities			
Payments for exploration expenditure		(902,077)	(654,204)
Proceeds from R&D incentives for exploration and evaluation		-	-
Net cash outflows from investing activities		(902,077)	(654,204)
Cash flows from financing activities			
Proceeds from issue of shares		1,036,280	2,000,000
Proceeds of borrowings		-	290,000
Net cash inflows from financing activities		1,036,280	2,290,000
Net movement in cash flows for the period		36,998	1,440,863
Cash and cash equivalents at the beginning of the period		586,105	20,708
Cash and cash equivalents at end of half year	3	623,103	1,461,571

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

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CONDENSED NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF MATERIAL ACCOUNTING POLICIES

Audalia Resources Limited (the **Company**) is a company domiciled in Australia. Audalia Resources Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange (ASX). The interim financial report for six months ended 31 December 2025 were authorised for issue in accordance with a resolution of directors on 13 March 2026.

The nature of the operations and principal activities of the Company are described in the Director's Report above.

(a) Basis of preparation

The principle accounting policies adopted for the preparation of interim financial report are set out below. These accounting policies have been applied consistently to all periods presented unless otherwise stated.

(i) Statement of compliance

This interim financial report for the half-year reporting period ended 31 December 2025 has been prepared in accordance with accounting standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

This interim financial report does not include full disclosures of the type normally included in an annual financial report. Therefore, it cannot be expected to provide as full an understanding of the financial performance, financial position and cash flows of the Company as in the full financial report.

It is recommended that this interim financial report be read in conjunction with the public announcements made by Audalia Resources Limited up to the date of this report in accordance with the continuous disclosure requirements arising under the Corporations Act 2001 and the ASX Listing Rules.

(ii) Basis of measurement and reporting convention

This interim financial report has been prepared on the accruals basis and the historical cost basis except for financial assets and liabilities measured at fair value. All amounts are presented in Australian dollars, unless otherwise noted.

For the purpose of preparing the interim financial report, the half-year has been treated as a discrete reporting period.

(iii) *Going concern*

The going concern concept relates to the assessment of the Company's ability to continue its operations (and pay its debts when they fall due) for the next 12 months from the date when the directors sign the interim financial report without the need to raise money from issuing shares or increasing the current level of its borrowings. The interim financial report has been prepared on a going concern basis.

The Company incurred a loss after tax of $618,598 (2024: $578,704) for the half-year ended 31 December 2025. Total net cash inflows for the half-year ended 31 December 2025 was $36,998 (2024: Inflows: $1,440,863), which was a result of net cash outflows of $999,282 (2024: $849,137) from operating and investing activities and $1,036,280 (2024: $2,290,000) net cash inflows from financing activities. The Company has a working capital deficiency of $11,197,890 (2024: $9,570,073) at balance date.

The Directors have prepared an estimated cash flow forecast for the period to December 2026 to determine if the Company may require additional funding during this period. The cash flow forecast includes a number of assumptions regarding exploration activity and funding requirements which have not yet been finalised. These conditions indicate a material uncertainty that may cast a significant doubt about the Company's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have made an assessment on whether it is reasonable to assume that the Company will be able to continue its normal operations based on the following factors and judgements:

- The Company had access to cash reserves of $623,103 as at 31 December 2025 (30 June 2025: $586,105).
- As at 31 December 2025, the directors' fees, salary and superannuation of $327,474, $860,000 and $86,700 respectively (30 June 2025: $274,982, $820,000 and $81,900 respectively) are not required to be paid until at such time that sufficient funds are raised and such repayment will not adversely affect the ability of the Company to meet its liability as and when they fall due. The Company will continue to accrue the directors' fees, salary and superannuation.
- The repayment of borrowings and interest payable of $5,901,400 and $4,200,763 respectively (30 June 2025: $5,808,107 and $3,843,594 respectively) will not be requested until the funds of the Company permit repayment.
- The Company has the ability to adjust its exploration expenditure subject to results of its exploration activities.
- The Directors are of the view that the Company will require an additional capital raise or debt funding and has the ability to raise further capital or secure additional funding to enable the Company to meet its funding requirements for the above period.
- The Directors anticipate continuous support of the Company's major shareholders and lenders to continue with the advancement of the Medcalf Project.

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1. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

(b) Adoption of new and revised accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the impact of new or amended standards which became applicable for the current reporting period. The Company has not early adopted any standards in this report.

(c) New accounting standards and interpretations that are not yet mandatory

The Directors have also reviewed all Standards and Interpretations issued and not yet adopted for the interim period ended 31 December 2025. As a result of this review, the Directors have determined that there is no material impact of the standards and Interpretations on issue not yet adopted by the Company.

(d) Segment reporting

The Company's segments have remained consistent during the reporting periods (refer Note 9).

		December 2025 $	June 2025 $
2.	**EXPLORATION AND EVALUATION ASSETS**		
	Exploration, evaluation and development costs carried forward in respect of areas of interest	**14,704,541**	**13,828,023**
	Reconciliation – Medcalf		
	Carrying amount at the beginning of the period	13,828,023	12,253,070
	Additions to the exploration and evaluation asset	876,518	1,574,953
	Carrying amount at end of the period	**14,704,541**	**13,828,023**
3.	**CASH AND CASH EQUIVALENTS**		
(a)	Cash and cash equivalents		
	Cash at bank and in hand	623,103	586,105
	Total cash and cash equivalents	**623,103**	**586,105**

(b) Cash at bank and on hand
Cash on hand is non-interest bearing. Cash at bank bear interest rates between 0.00% and 1.56% (30 June 2025: 0.00% and 0.50%).

4.	**TRADE AND OTHER PAYABLES**		
	Current liabilities (debts payable within 12 months)		
	Trade creditors	608,164	627,421
	Other payables and accruals[2]	1,104,520	1,069,484
	Interest payable [1]	4,200,763	-
		5,913,447	**1,696,905**
	Non-Current liabilities (debts payable beyond 12 months)		
	Interest payable [1]	-	3,843,594
		-	**3,843,594**

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4. TRADE AND OTHER PAYABLES (CONTINUED)

1. The amount of $4.2m relates to the unpaid interest on borrowings as at period end. Refer to Note 5 for details of the repayment period for borrowings.

   Due to the short-term nature of current payables, the carrying amount of trade and other payables approximates their fair value. The fair value of the non-current payables has been assessed, taking into account the time value of money and the carrying value is not considered to be materially different to its fair value.

2. Includes $947,486 and $86,700 amount accrued on directors' salaries, fees and superannuation respectively as at 31 December 2025.

5. BORROWINGS

	December 2025 $	June 2025 $
Current		
Borrowings carried at amortised cost	5,901,400	-
	5,901,400	**-**
Non-current		
Borrowings carried at amortised cost - unsecured	-	5,808,107
Principal	6,000,000	6,000,000
Fair value adjustment	(98,600)	(191,893)
	5,901,400	5,808,107
Amount used	6,000,000	6,000,000
Amount unused	-	-
Total facilities	**6,000,000**	**6,000,000**

Terms of the borrowings:

Loan from private investors - $3,000,000

The $2 million loan is at an interest rate of 8% and $1 million loan is at an interest rate of 10%, are unsecured, and not subject to any covenants. These loan facilities are both compounded daily and interest payable at the end of the loan term. As at 31 December 2025, the repayment dates of the loan facilities was 15 July 2026.

Loan from Mr Siew Swan Ong - $2,901,400

i. Interest-free loan facility $1 million - $956,737

On 16 June 2020, the Company negotiated access to an interest-free loan facility of up to $500,000 from a director, Mr Siew Swan Ong. On 28 September 2020, the Company has further negotiated an access to an additional interest-free loan facility of up to $500,000 from Mr Siew Swan Ong. As at 31 December 2025, the Company has fully drawn down $1,000,000 (30 June 2025: $1,000,000) from the loan facility. As at 31 December 2025, the repayment date was 15 July 2026.

AASB 9 requires loans that carry no interest to be measured at fair value using prevailing market rate of interest for a similar instrument. As at 31 December 2025, the total fair value of both loans advanced by Mr Siew Swan Ong was $956,737 (30 June 2025: $910,874). The notional interest will be unwound over the loan period, resulting to an ending balance of $1,000,000 at loan maturity date of 15 July 2026.

ii. Interest payable loan facility $2.0 million - $1,944,663

The Company negotiated access to an additional loan facility of up to $1,000,000 and $500,000 from Mr Siew Swan Ong on 29 October 2021 and 26 October 2022 respectively. On 14 September 2023, the Company has further negotiated access to additional loan facility of $500,000 from Mr Siew Swan Ong. These loan facilities are unsecured, provided on 5% interest per annum, accruing on a daily basis and payable on the repayment date of 31 July 2025, which may be extended on the same terms by mutual agreement. As at 31 December 2025, the repayment dates was 31 July 2026. As at 31 December 2025, the Company has fully drawn down (30 June 2025: $1,710,000) from the loan facility.

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5. BORROWING (CONTINUED)

AASB 9 requires loans that carry no interest to be measured at fair value using prevailing market rate of interest for a similar instrument. The Company used 10% as implicit market rate of interest based on maturity of the loan. As at 31 December 2025, the total fair value of both loan was $1,944,663 (30 June 2025: $1,897,233). The notional interest will be unwound over the loan period, resulting to an ending balance of $2,000,000 at loan maturity date of 15 July 2026.

For interest free and below market interest rate loan, the difference between the fair value of the loan and the face value of the loan has been credited to Equity as Capital Reserve as a shareholder equity contribution.

6. EQUITY

Ordinary shares	December 2025 Number	December 2025 $	June 2025 Number	June 2025 $
Balance at the beginning of the period	792,136,191	13,818,594	692,136,191	11,828,277
Placement	40,000,000	1,040,000	100,000,000	2,000,000
Share issue costs	-	(8,865)	-	(9,683)
Balance as at end of the period	**832,136,191**	**14,849,729**	**792,136,191**	**13,818,594**

Ordinary shares entitle the holder to participate in dividends and the proceeds from winding up of the Company in proportion to the number and amounts paid on the shares held.

On a show of hands every holder of ordinary securities present at a shareholder meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

7. LOSS PER SHARE

The calculation of basic loss per share as at 31 December 2025 was based on the loss attributable to ordinary shareholders of $618,598 (2024: loss of $578,704) and a weighted average number of ordinary shares outstanding during the year of 804,092,713 (2024: 719,853,582) shares.

	December 2025 $	December 2024 $
Loss attributable to ordinary shareholders	(618,598)	(578,704)
	Numbers	**Numbers**
Weighted average number of ordinary shares	804,092,713	719,853,582
	Cents per share	**Cents per share**
Basic and diluted loss per share	(0.08)	(0.08)

8. ACCUMULATED LOSSES

	December 2025 $	June 2025 $
Accumulated losses at the beginning of the period	(10,902,038)	(9,773,655)
Net loss for the period	(618,598)	(1,128,383)
Accumulated losses at the end of the period	**(11,520,636)**	**(10,902,038)**

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9. SEGMENT REPORTING

The Group is organised into one (1) operating segment being the Medcalf Project in Western Australia. The operating segment is based on the internal reports that are reviewed and used by the Board of Directors (who identified as the Chief Operating Decision Makers) in assessing performance and in determining the allocation of resources.

10. RELATED PARTY TRANSACTIONS

Transactions with key management personnel (those individuals that direct the Company)

The Company's key management personnel for the period 1 July 2025 to 31 December 2025 were:

Mr Brent Butler
Mr Geoffrey Han
Mr Siew Swan Ong

The Company may enter into agreements for services rendered with these individuals (or an entity that is associated with the individuals).

Two entities associated with the directors have consulting agreements in place which have resulted in transactions between the Company and those entities during the period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The aggregate amounts recognised during the period relating to key management personnel and their related parties has been set out below:

		Transaction Value		Outstanding balance	
		December 2025	December 2024	December 2025	June 2025
Director / executive	**Transaction**	**$**	**$**	**$**	**$**
Mr B Butler[1]	Consulting Services	69,000	39,110	23,000	129,000
Mr X Han[2]	Consulting Services	-	6,139	-	6,139

Notes in relation to the table of related party transactions:

1. A company associated with Mr Butler, World Technical Services Group Pty Ltd, provides geological consulting services in connection with the operations of the Company. Terms for such services are based on market rates, and amounts are payable on a monthly basis.
2. A company associated with Mr Han, HQ Tech Pty Ltd, provides engineering consulting services in connection with the operations of the Company. The fees disclosed are for the period since Mr Han commenced as a director of the company. Terms for such services are based on market rates, and amounts are payable on a monthly basis.

There are no other related party transactions (other than directors' fees and director's salaries) to be disclosed in the interim financial report. The total amount owed to the directors for salaries and superannuation as at 31 December 2025 which remain unpaid are $860,000 and $86,700 respectively (which forms part of the other creditors and accrued balance) (30 June 2025: $820,000 and $81,900).

As at 31 December 2025, the Company has fully drawdown interest free loan facility of $1,000,000 from a director, Siew Swan Ong, to meet its working capital requirements.

The Company negotiated access to an additional loan facility of up to $1,000,000 and $500,000 from Mr Siew Swan Ong on 29 October 2021 and 26 October 2022 respectively. On 14 September 2023, the Company has further negotiated access to additional loan facility of $500,000 from Mr Siew Swan Ong. These loan facilities are unsecured, provided on 5% interest per annum, accruing on daily basis and payable on the repayment date of 31 July 2025, which may be extended on the same terms by mutual agreement. As at 31 December 2025, the Company has fully drawn down (30 June 2025: $2,000,000) from the loan facility.

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11. COMMITMENTS

	December 2025 $	June 2025 $
Exploration commitments		
Within one year	157,284	131,594
After one year but not more than five years	769,200	829,200
Over five years	1,109,813	1,294,613
	2,036,297	**2,255,407**

The Company has certain obligations to perform minimum exploration work on tenements held. These obligations may vary over time, depending on the Company's exploration programme and priorities. These obligations are also subject to variations by application or can reduce by entering into joint venture arrangements or alternatively by relinquishing the tenements. As at the reporting date, total exploration expenditure commitments of the Company which have not been provided for in the interim financial report is listed above. The table has been presented assuming the Company's full minimum expenditure commitments are payable over the specified period but adjusted for costs incurred to date in the within one year category.

Remuneration commitments
The term of the employment agreement and consultancy agreement with the executive Directors were not renewed. Accordingly, the Company no longer has remuneration commitments under long-term employment contracts at reporting date.

12. EVENTS SUBSEQUENT TO BALANCE DATE

On 5 January 2026, following the resignation of BDO Audit Pty Ltd as the auditor of the Company, the Company announced the appointment of Moore Australia Audit (WA) as the new auditor of the Company.

On 30 January 2026, the Company announced Company's JORC (2012) compliant maiden Ore Reserve Estimate (ORE) for the Medcalf Project using the 2025 Mineral Resource Estimate (MRE).

Other than above, there have been no significant events after the end of the reporting period to the date of this report.

audalia resources limited

DIRECTORS' DECLARATION

In the opinion of the directors of Audalia Resources Limited:

(a) the financial statements and notes set out on pages 15 to 24 are in accordance with the *Corporations Act 2001* (Cth), including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the Company's financial position as at 31 December 2025 and of its performance for the half-year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Brent Butler
Executive Director and CEO

Dated at Perth, Western Australia this 13th day of March 2026.

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MOORE

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Audalia Resources Limited (the company), which comprises the statement of financial position as at 31 December 2025, the statement of profit or loss and other comprehensive income, statement of changes in equity, the statement of cash flows for the half-year ended on that date, notes comprising a summary of material 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 the company is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the company's financial position as at 31 December 2025 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.*

Emphasis of Matter - Material Uncertainty Related to Going Concern

Without modifying our conclusion on the half-year financial report, we have considered the adequacy of the disclosure made in Note 1(a)(iii) Going Concern to the financial report concerning the Company's ability to continue as a going concern. The conditions explained in Note 1(a)(iii) to the financial report indicate the existence of a material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. The Company's half-year financial report does not include any adjustments that would result if the Company were unable to continue as a going concern.

Basis for Conclusion

We conducted our review in accordance with Auditing Standards on Review Engagements *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 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 Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is 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 financial report based on our review. ASRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial report is not in accordance with the *Corporations Act 2001* including:

a) giving a true and fair view of the company's financial position as at 31 December 2025 and 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.*

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 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.

SUAN-LEE TAN
PARTNER

MOORE AUSTRALIA

MOORE AUSTRALIA AUDIT (WA)
CHARTERED ACCOUNTANTS

Signed at Perth this 13th day of March 2026.

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