

CENTRALIST PTY LTD

ABN 41 618 766 715

Financial Report

For the Year ended 30 June 2020

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DIRECTORS' REPORT

The Directors' present their report together with the financial statements of Centralist Pty Ltd ("the Company") and its controlled entities ("the Group", "Centralist" or "Consolidated Entity") for the year ended 30 June 2020.

All amounts are presented to Australian Dollars (AU\$), unless noted otherwise.

Directors

The names of the Directors who held office during or since the end of the financial year and until the date of this report are disclosed below.

Name	Appointment	Resignation
Mr Luke Martino	Appointed on 26 February 2018	-
Mr Steven Dellidis	Appointed on 24 January 2020	-
Mr Nicholas Sage	Appointed on 21 June 2019	Resigned on 3 March 2021

Principal activities

During the year the principal activity of the Group was mineralisation exploration in the Republic of Serbia.

Dividends paid or recommended

There were no dividends paid or recommended during the financial year ended 30 June 2020 (2019: Nil).

Significant changes in state of affairs

In the opinion of the Directors, there were no significant changes in the state of affairs of the Group which have not been disclosed elsewhere in the Financial Report.

Review of operations and Financial Results

The Group made a loss for the year ended 30 June 2020 of \$681,609 (2019: loss of \$385,239).

Throughout the reporting period, the Group advanced its strategy of becoming a leading exploration company by executing multiple disciplined exploration campaigns across its' Serbian exploration projects.

The Company completed two stratigraphic diamond drill holes at its Rekovac lithium – borate project in Serbia, totaling 1,238.1m. The scout drilling program was designed to test the gravity low that indicated favorable basin geomery and significant thickness of Neogene permissive lacustrine sediment, which the previous sampling results suggest was prospective for deposits related to the emanation of lithium-boron enriched fluids and their precipitates.

After further follow up work on the Cer and Vranje-South Projects, the Group decided to relinquish these projects, as it was determined that the likelihood of defining economic resources on the project areas was low.

During the time of COVID-19 pandemic, the Group had implemented cost savings and asset preservation initiatives and cancelled all business travels, however the Group have continued to review the project data and economic data under work-from-home protocols. The Group is advancing with its projects where travel restrictions are relieved.

Following are the key activities undertaken by the Group on all the projects during the 2020 financial year.

Rekovac Project

During the first half of the financial year, the Company completed a detailed soil and rock chip sampling on the Rekovac project area, during which the Company collected 291 soil samples over the entire project area. The assays results returned with elevated Li and B values with up to 342 ppm of boron and up to 149 ppm of lithium.

Elevated lithium and boron values were related to the exposed lower Miocene lacustrine sediments exposed on the southern and central part of the project area.¹

In conjunction with the soil-sampling program, the Company collected 26 rock samples from exposed lower Miocene sediments in an attempt to identify evidence of sources of the elevated Li and B values in soil samples. The assays results returned with elevated Li and B values with up to 100 ppm of boron and up to 280 ppm of lithium.²

During the sampling program, the Company also identified the presences of scattered spherical nodules and pseudomorphs, which are most likely replacing evaporate minerals within the fine pelitic sediments. XRD analyses of selected samples indicated the presence of two evaporate minerals; Dolomite and Analcime, both of which are considered to being indicators of a saline-alkaline environment, the typical setting for the deposition of borate and sedimentary lithium deposits.

In parallel with the sampling program, the Company acquired regional gravity and magnetic survey data sets for 300km² from a local contractor who re-interpreted the data with the objective to outline underlying basin geometry and defining the thickness of sedimentary sequences.

The above works and earlier work, culminated in the Company commencing a scout drilling program in February 2020 at Rekovac Project, Serbia for two exploration holes targeting the permissive Lower Miocene Strata. In late March 2020, the Company completed this drilling program with the finalization of two diamond drill holes, totaling 1,238.1 meters, at the Rekovac Lithium–Borate Project. The drilling program was designed to test the gravity low indicating permissive Lower Miocene Strata within the Rekovac Neogene basin which previous sampling results suggest was prospective for deposits related to the emanation of lithium-boron enriched fluids and their precipitates. The first-round reconnaissance drilling program included two diamond drill holes REK_001 drilled to a depth of 600.1m and REK_002 drilled to a depth of 638m, totalling 1,238.1m.

A total of 339 drill core samples have been geochemically analysed, and 16 samples have been analysed for mineral phase identification by x-ray diffraction. Drilling intersected numerous sequences that contained high concentrations of boron and lithium. These were contained in the sodium borosilicate mineral tentatively identified as searlesite (up to 60,858 ppm B₂O₃), as well as lithium clay mineral (up to 969 ppm Li₂O)³.

Given that the drilling program encountered a significant amount of elevated boron and lithium as well as preserved mineralisation in both drill holes and a 100% success rate of striking minerals, the Company is of the view that the basin could be large enough to host an area with a better concentration mechanism that may host greater mineralised thickness as well as higher boron and lithium grades. With an analogy similar to deposits in the region, a strong possibility exists that mineralisation drilled to date on the Rekovac license is proximal to a larger body of “traditional” borate mineralisation. The following results were received from the drilling program⁴:

- REK-001 resulted in 2.5m with over 12,000 ppm of B₂O₃ and up to 484 ppm Li₂O from 515.9m including 0.6m at 16,454 ppm B₂O₃ and 474 ppm Li₂O from 515.9m; and
- REK-002 intercepted over 171m with over 10,000 ppm of B₂O₃ and up to 969 ppm Li₂O from 35m including 49.6m with over 20,000 ppm of B₂O₃ and up to 624 ppm Li₂O from 51.5m.

Considering the downhole distribution of both boron and lithium as well as the thickness of preserved mineralisation and the width of lacustrine boratiferous sequence, the targets for B-Li mineralisation remain open to the east, west and south as well as at depth. The two drill holes are 1.8km apart, with the second hole to the south of the first. One thickness is a conjectural thickening of mineralised beds laterally within the “pelitic section”, and the other is the potential for an earlier mineralising event (lower stratigraphy). The gravity survey

¹ Refer to JDR ASX announcement dated 7 August 2019

² Refer JDR ASX announcement dated 7 August 2019

³ Refer JDR ASX announcement dated 20 May 2020

⁴ Refer JDR ASX announcement dated 20 May 2020

indicates that the Rekovac basin largely remains open to the north and the south, thus a good potential target that requires future attention and follows up drilling.

The completion of the drilling program has enabled the Company to complete all required documentation for the extension of the Rekovac license for a three-year term.

Vranje-South & Cer Projects

During the reporting period, the Company completed a detailed sampling of outcroppings sediments and acquisition and interpretation of regional gravity and magnetic survey data on the Vranje-South project in Serbia. The main objective from the follow-up field program was to identify sources of elevated lithium and boron values from the soil sampling within the Vranje sedimentary basin. During fieldwork, the Company collected 28 rock chip samples. The assays results returned with elevated Li and B values with up to 430 ppm of boron and up to 180 ppm of lithium.⁵ Regional gravity and magnetic data sets were acquired to assist in defining basin geometry and thickness of sedimentary formations as well as presences of calc-alkaline volcanic formations that may be a source of lithium and boron.

As a result of rigorous project prioritisation, the Company decided to focus its Serbian resources on its Rekovac project and has relinquished its Cer and Vranje-South projects.

Significant events after reporting date

Subsequent to year end the following key events have occurred:

- In January 2021, the Group received a three (3) year extension of its Rekovac exploration licenses.
- On 24 February 2021, the Company's sole shareholder, Jadar Resources Limited (ASX: JDR) announced its intentions to spin out its Serbian lithium and borate assets (comprising of its Rekovac Project and pending applications for new exploration permits in Serbia) into a new incorporated subsidiary called Balkan Mining and Minerals Limited ("Balkan") subject to shareholder approval. It is intended that Balkan will undertake an Initial Public Offering ("IPO") to facilitate an admission to the official list of the ASX and see Balkan raise \$6.5 million of new equity. Under the proposed transaction, Jadar will retain approximately 22% of the equity in Balkan and retain exposure to Serbia assets via equity interest.

Sandfire has conditionally agreed to participate in the proposed IPO with a strategic investment of \$2M amounting to an approximate 22% equity in Balkan on the key terms and conditions set out in the Company's announcement dated 24 February 2021. As part of Sandfire's investment, Sandfire has also agreed to collaborate with Balkan.

The proposed transaction will create a new listed company with a sole focus on exploration and development of mineral projects in the Balkans, assisted by a dedicated board and management team with the ability to give direct focus to the Serbian lithium and borate assets and allocate the necessary resources required to generate immediate value.

- In March 2021, the Group secured four new exploration licences in Serbia covering an area of 261 km².

The Ursule and Siokovac exploration licences are adjacent to the Group's existing Rekovac licence where the Group's maiden drilling program identified the presence of preserved Borate and Lithium mineralisation.

The Ursule licence covers the central part of the Grear Rekovac Basin (Rekovac Block) over an area of 99 km² and is located approximately 110 km south-southeast of Belgrade. Most of the central portions of the basin were mapped as middle Miocene age sediments. The target boratiferous lower Miocene sediments (Dragovo Formation), outcropping in the southwestern portion of the licence area close to their contacts with basement formations. These permissive sediments are anticipated to extend to the north-northeast where it is covered and preserved by younger sediment cover. NE-SW trending faults are thought to be major structural controls on basement fracturing and basin development and may also serve as zones of migration

⁵ Refer ASX announcement dated 16 July 2019

for mineral-bearing fluids. The Siokovac licences cover the northern part of the Grear Rekovac Basin (Rekovac Block) and the licence area is approximately 98 km². The central and northern part of the licenced area is covered by a younger quaternary lake and alluvial formation which overlies middle Miocene marine sediments. The target lower Miocene lacustrine sediments (Dragovo Formation) paraconformably lay under marine sediments.

The Dobrinja and Pranjani licence areas (Čačak Block) are located in western Serbia approximately 90 km south-southwest of Belgrade (Figure 3). The Project area is covered by two exploration licences covering approximately 64 km² (Dobrinja 38 km², Pranjani 26 km²) of outcropping Neogene age basins containing lithified lacustrine sediments mapped as early, middle and upper Miocene.

Earlier studies carried out by the Yugoslavian Geological Survey identified favourable lacustrine strata for hosting lithium and boron within the licenced areas, which was followed up by Jadar's desktop studies that identified the basin's potential. The Dobrinja Basin is located in the southeast of the Kosjeric Basin and southwest of the Pranjani Basin. Available literature describes that the Dobrinja and Pranjani Basins are relicts of one much larger basin, which has eroded over time, leaving behind two smaller separated basins. The Dobrinja Basin is elongated in a northeast-southwest direction and filled by Neogene lacustrine sediments. The target lower Miocene sediments are exposed within western and eastern basin margins close to the contact with Basement formations. The target lower Miocene sediments lay below younger middle and upper Miocene sediments. The margins of the basin are either peridotites - serpentinite and diabase formation to the north, east and southeast and cretaceous limestone, paleozoic schist and triassic limestone to the west, southwest and south. The targeted lower Miocene continental-lacustrine sediments are characterised by marlstone, claystone, ash-flow tuffs and spring aprons travertines.

The Pranjani Basin lies immediately northeast of the Dobrinja Basin and extends over an area of approximately 40 km². The lake structural basin is filled by Neogene aged continental - lacustrine sediments mapped as middle Miocene. These sediments are composed mainly of marls, claystones, siltstones, ash-flow tuffs and clastics flows close to the basin margins. The geologic map indicates spread magnesite occurrences within the Pranjani Basin. These magnesite occurrences appear to be a good indicator that suggests a component of spring-sourced waters was supplied to the lake during sediment deposition. Hydrothermal magnesites are found in many other basins associated with lithium-boron enriched fluids and their precipitates.

Other than operational results as detailed in the review of operations, there are no other significant matters subsequent to year end.

Share Options

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

Likely Future Developments

The Company's strategy is to increase shareholder value by maximising the value of its exploration assets in Serbia.

The Group intends to continue to undertake appropriate exploration and evaluation activities sufficient to maintain tenure of its exploration licences, as well as, determine the technical prospectively of the projects., until such time that an informed decisions can be made in order to commercially exploit or relinquish them.

Indemnifying Officers

During the financial year, the Company's parent entity, Jadar Resources Limited (formerly called Jadar Lithium Limited) paid a premium in respect of a contract insuring the Directors of the Company (as named above) and all executive officers of the Company and of any related body corporate against a liability incurred as such a Director or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Directors' Report

The Company has not otherwise, during or since the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Environmental Regulations

The Company's operations are not regulated by any significant environmental regulation under the Law of the Commonwealth or of a State or Territory of Australia. However, the group's operations in the Republic of Serbia are subject to environmental regulations under Serbian Laws. The group has a policy of complying with its environmental performance obligations and at the date of this report, it is not aware of any breach of such regulations.

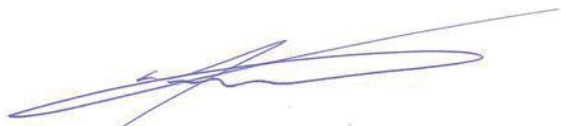
Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

Auditor's Independence Declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 is set out on page 8 for the financial year ended 30 June 2020.

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



Luke Martino

Director

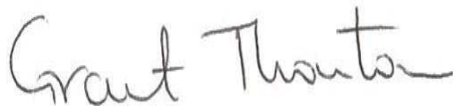
6 May 2021

Auditor's Independence Declaration

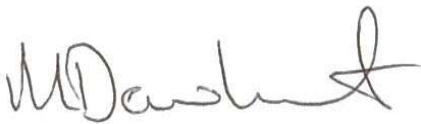
To the Directors of Centralist Pty Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Centralist Pty Ltd for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 6 May 2021

Independent Auditor's Report

To the Members of Centralist Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Centralist Pty Ltd (the Company) and its subsidiary (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and the Directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a loss of \$681,609 during the year ended 30 June 2020 and had net cash outflows from operating and exploration activities of \$428,306. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors' for the financial report

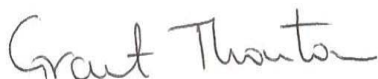
The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is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

In preparing the financial report, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

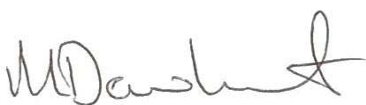
Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



M D Dewhurst
Partner – Audit & Assurance

Perth, 6 May 2021

Directors' Declaration

In the Director's opinion:

1. The consolidated financial statements and notes set out on pages 12 to 32 are in accordance with the Corporations Act 2001, including:
 - a) complying with Australian Accounting Standards, Corporations Regulations 2001 and Australian Accounting Interpretations;
 - b) giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the year ended on that date;
 - c) complying with International Financial Reporting Standards as disclosed in Note 1; and
2. 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 made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



Luke Martino

Director

6 May 2021

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	NOTE	2020 \$	2019 \$
Other Income		860	-
Exploration written off	7	(530,394)	(282,585)
Professional fees	2	(35,721)	(37,562)
Interest expense		(85,554)	(49,205)
Other expenses		(30,800)	(15,887)
Loss before income tax expense		(681,609)	(385,239)
Income tax expense	3	-	-
Loss for the year		(681,609)	(385,239)
Other comprehensive income:			
Items which may be subsequently reclassified to profit or loss			
Exchange differences on translating foreign operations		(3,118)	(860)
Total other comprehensive income for the year		(3,118)	(860)
Total Comprehensive loss for the year		(684,727)	(386,099)

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June 2020

	NOTES	2020 \$	2019 \$
Current Assets			
Cash & cash equivalents	5	39,979	25,320
Trade & other receivables	6	2,879	10,320
Other current assets		3,475	122
Total Current Assets		46,333	35,762
Non-Current Assets			
Plant and equipment		1,881	-
Exploration asset	7	505,494	614,168
Total Non-Current Assets		507,375	614,168
Total Assets		553,708	649,930
Current Liabilities			
Trade & other payables		45,449	1,203
Borrowings	8	518,556	-
Total Current Liabilities		564,005	1,203
Non-Current Liabilities			
Borrowings	8	660,681	741,528
Total Non-Current Liabilities		660,681	741,528
Total Liabilities		1,224,686	742,731
Net Liabilities		(670,978)	(92,801)
Equity			
Issued capital	9	100,010	100,010
Reserves	10	316,923	213,491
Accumulated losses		(1,087,911)	(406,302)
Total Equity		(670,978)	(92,801)

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

	Note	Issued Capital \$	Capital contribution Reserve \$	Foreign Currency Reserve \$	Accumulated Losses \$	Total \$
CONSOLIDATED ENTITY						
Balance at 1 July 2018		100,010	96,170	(9,722)	(21,063)	165,395
Loss for the year		-		-	(385,239)	(385,239)
Other comprehensive income		-		(860)	-	(860)
Total Comprehensive loss for the year		-		(860)	(385,239)	(386,099)
Fair value adjustment on shareholder loans		-	127,903	-	-	127,903
Balance at 30 June 2019		100,010	224,073	(10,582)	(406,302)	(92,801)
Balance at 1 July 2019		100,010	224,073	(10,582)	(406,302)	(92,801)
Loss for the year		-		-	(681,609)	(681,609)
Other comprehensive income		-		(3,118)	-	(3,118)
Total Comprehensive loss for the year		-		(3,118)	(681,609)	(684,727)
Fair value adjustment on shareholder loans		-	106,550	-	-	106,550
Balance at 30 June 2020		100,010	330,623	(13,700)	(1,087,911)	(670,978)

Statement of Cash Flows

For the Year Ended 30 June 2020

	NOTES	2020 \$	2019 \$
Cash Flows from Operating Activities			
Government grants		860	
Payments to suppliers and employees		(41,124)	(23,255)
Interest received/(paid)		474	(486)
Net cash (used in) operating activities	13	(39,790)	(23,741)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(1,881)	-
Payments for exploration and evaluation		(388,516)	(557,005)
Net cash (used in) investing activities		(390,397)	(557,005)
Cash Flows from Financing Activities			
Proceeds from issue of shares		-	-
Proceeds from borrowings		458,231	507,641
Net cash provided by financing activities		458,231	507,641
Net Increase/(decrease) in cash and cash equivalents		28,044	(73,105)
Cash and cash equivalents at the beginning of the financial year		25,320	99,879
Foreign exchange		(13,385)	(1,454)
Cash and cash equivalents at the end of the financial year	5	39,979	25,320

The accompanying notes form part of these financial statements.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

1. Statement of Significant Accounting Policies

The financial report covers the consolidated entity of Centralist Pty Ltd (the “Company”) and controlled entities (the “Group”). Centralist Pty Ltd is a proprietary limited company, incorporated and domiciled in Australia. The company is a for-profit entity for the purpose of preparing financial statements. The financial report was authorised for issue by a resolution of the Board of Directors on 6 May 2021.

Basis of Preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The reporting currency is Australian Dollars.

Going Concern Basis of Preparation

The financial statements have been prepared on the basis of going concern which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst acknowledging the inherent uncertainties of progressing to profitable mining operations and managing working capital requirements, the Directors consider this to be appropriate.

For the year ended 30 June 2020 the Group recorded a loss of \$681,609 (30 June 2019: loss of \$385,239) and had net cash outflows from operating and exploration activities of \$428,306 (30 June 2019: \$580,746).

As a 100% subsidiary of Jadar Resources Limited (ASX: JDR) (“Jadar”), the Group’s operations have been predominantly financed through borrowings from Jadar, which if excluded from the Company’s working capital calculations, would result in an adjusted working capital surplus of \$44,452 at 30 June 2020 (30 June 2020: \$34,557).

The Directors are mindful of the Company’s working capital requirements and cognisant of its developed capital management program that will provide funding to maximize the potential of its current asset and provide a strong base for increasing shareholder value. To date, the Group has been financed through borrowings from its 100% parent company Jadar Resources Limited. Based on forecasts, the completion of Balkan Mining and Minerals Limited capital raising of \$6.5 million and listing on the ASX and/or Jadar Resource Limited’s continued financial support should Balkan Mining and Minerals not be successful with its capital raising and ASX listing, the directors consider the basis of going concern to be appropriate. The ability of the consolidated entity to continue as a going concern is also dependent upon the successful exploitation of its mineral tenements and progression of its exploration activities into a successful production stage.

Should the entity 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

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

financial statements and that the financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or liabilities that might be necessary should the entity not continue as a going concern.

COVID-19 Impact

COVID-19, which is a respiratory illness caused by a new virus, was declared a world-wide pandemic by the World Health Organisation in March 2020. COVID-19, as well as measures to slow the spread of the virus, have since had a significant impact on the likelihood of normal business operating conditions. This creates a level of uncertainty about the future trading outlook for all organisations globally and the Company is no exception. It is not possible to reliably assess the potential impacts at the present time which may cast a significant doubt as to whether the Company will be able to continue as a going concern and realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements. As a consequence of COVID-19, the management has reviewed the annual budget forecast and communicated with external consultants for government subsidies where eligibilities are met.

a. Principles of Consolidation

The Group financial statements consolidate those of the Parent Company and all of its subsidiaries as of 30 June 2019. The Parent controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

b. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

c. Leases

Lease policy - With the exception of leases with terms of less than 12 months and leases relating to low-value assets, right-of-use assets and lease liabilities are recognised in relation to all leases. The lease liabilities are recognised at the present value of the lease payments that are remaining to be paid and include, where applicable, any payments applicable under extension options expected to be exercised. The right-of-use assets are initially recognised as the amount of the initial lease liability adjusted for any lease payments made at or before commencement, lease incentives received, initial direct costs incurred, and an estimate of costs of dismantling, removing or restoring the asset that are required to be incurred under the terms of the lease. The right-of-use asset is then depreciated on a straight-line basis over the term of the lease.

d. Financial Instruments

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Classification and subsequent measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable)

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into amortised costs.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classifications are determined by both:

- The entities business model for managing the financial asset
- The contractual cash flow characteristics of the financial assets

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables, which is presented within other expenses.

Subsequent measurement financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Impairment of Financial assets

AASB 9's impairment requirements use more forward looking information to recognize expected credit losses - the 'expected credit losses (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

The Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assess impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. The Group allows 1% for amounts that are 30 to 60 days past due, 1.5% for amounts that are between 60 and 90 days past due and writes off fully any amounts that are more than 90 days past due.

Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Group's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below.

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

e. Exploration and evaluation

Exploration and evaluation expenditures in relation to each separate area of interest are recognised as an exploration and evaluation asset in the year in which they are incurred where the following conditions are satisfied:

- i. *the rights to tenure of the area of interest are current; and*
- ii. *at least one of the following conditions is also met:*
 - a. *the exploration and evaluation expenditures are expected to be recouped through successful development and exploration of the area of interest, or alternatively, by its sale; or*
 - b. *exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest is continuing.*

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Exploration and evaluation assets are initially measured at cost and include acquisition of rights to explore, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation and amortised of assets used in exploration and evaluation activities. General and administrative costs are only included in the measurement of exploration and evaluation costs where they are related directly to operational activities in a particular area of interest.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of an exploration and evaluation asset may exceed its recoverable amount. The recoverable amount of the exploration and evaluation asset (for the cash generating unit(s) to which it has been allocated being no larger than the relevant area of interest) is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in previous years.

Where a decision has been made to proceed with development in respect of a particular area of interest, the relevant exploration and evaluation asset is tested for impairment and the balance is then reclassified to development.

f. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary consolidated environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in profit or loss.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

Income and expenses are translated at average exchange rates for the period;

Retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in profit or loss in the period in which the operation is disposed.

g. Employee Entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting date. Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

h. Cash

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of one month or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are expensed in the period in which they are incurred.

j. Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the Consolidated Entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

k. Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

l. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

m. Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

n. Critical Accounting Estimates and Judgements

The application of accounting policies requires the use of judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical knowledge and experience, best available information and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The critical accounting estimates and judgements applicable to this financial report are as follows:

Exploration and evaluation expenditure

The Group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recovered or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at reporting date at nil value.

o. New, revised or amending Accounting Standards and Interpretations adopted

Australian Accounting Standards

AASB No.	Title	Application date of standard *	Issue date
AASB 16	Leases	1 January 2019	February 2016

International Financial Reporting Interpretations Committee

IFRIC No.	Title	Application date of standard *	Issue date
IFRIC 23	Uncertainty over income tax treatment	1 January 2019	7 June 2017

* Annual reporting periods beginning after

The above table is complete as at 30 June 2020, therefore any further standards/interpretations issued after this date will also need to be disclosed up until the date of authorisation of the financial report.

AASB 16 Leases

AASB 16 eliminates the operating and finance lease classifications for lessees as previously accounted for under AASB 117 Leases and related Interpretations. It instead requires an entity to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. An entity be required to recognise a lease liability and a right of use asset in its balance sheet for most leases. There are some optional exemptions for leases with a period of 12 months or less and for low value leases.

The transitional provisions of AASB 16 allow a lessee to retrospectively apply the Standard to comparatives in line with AASB 108 or recognise the cumulative effect of retrospective application as an adjustment to opening equity on the date of initial application.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Lessor accounting remains largely unchanged from AASB 117.

The Group does not recognise any right of use assets or lease liabilities arising in the year ended 30 June 2020. The Group has entered into lease agreements for the warehouse storing commodities and equipment in Serbia, however given the short-term nature of these leases and their low value, in accordance with the recognition exemptions set out in AASB 16 Leases, the Group has elected not to recognise these leases. Payments made under the exempted leases, and similar future leases, will be expensed on a straight-line basis. The Group has chosen to retrospectively apply the Standard to the comparatives, however no restatement has been required given the Group did not have any lease arrangements in place in the comparative period.

2. Professional fees

	Consolidated entity	
	2020	2019
	\$	\$
Accounting fees	11,036	8,572
Legal fees	24,685	28,990
	<u>35,721</u>	<u>37,562</u>

3. Income Tax Expense

Reconciliation of income tax expense to prima facie tax payable

	Consolidated entity	
	2020	2019
	\$	\$
The components of income tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Under / (over) provisions in respect of prior years	-	-
	<u>-</u>	<u>-</u>

4. Auditor's Remuneration

	Consolidated entity	
	2020	2019
	\$	\$
Remuneration of Grant Thornton Audit Pty Ltd of the parent entity for:		
Auditing or reviewing of financial reports	-	-

5. Cash and Cash Equivalents

	Consolidated entity	
	2020	2019
	\$	\$
Cash at bank and on hand	<u>39,979</u>	<u>25,320</u>

Funds held at bank is denominated in Serbian dinars.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

6. Current Trade and other Receivables

	Consolidated entity	
	2020	2019
	\$	\$
Other receivables	208	22
GST/VAT Receivable	2,671	10,298
Total	2,879	10,320

There are no balances within trade and other receivables that are impaired and are past due. It is expected these balances will be received when due.

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter party. The class of assets described as trade and other receivables is considered to be the main source of credit risk related to the Group.

7. Exploration Asset

	Consolidated entity	
	2020	2019
	\$	\$
Opening balance	614,168	376,538
Exploration capitalised	421,720	520,215
Exploration written off ¹	(530,394)	(282,585)
Closing balance	505,494	614,168

1. As referred to in the Directors' Report "Review of Operations and Financial Results", the Company decided to relinquish its Cer and Vranje-South Projects during the financial year ended 30 June 2020. The Company decided to relinquish its Bukulja and Krajkovac Projects during the financial year ended 30 June 2019

8. Borrowings

	Consolidated entity	
	2019	2019
	\$	\$
Parent group loan – current	518,556	-
Parent group loan – non-current	660,681	741,528
	1,179,237	741,528

The Group has entered into loan agreements with its shareholder, Jadar Resources Limited. The loans are denominated in Australian dollars, unsecured and interest free. Loans are repayable in groups of \$500,000 over equal 11 monthly installments. Jadar Resources Limited financing of the Group in the form of a shareholder loans may attach to it beneficial financing terms which under Accounting Standards are considered to be equity capital contributions by the Group.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

At initial recognition, these loans are measured at fair value and are subsequently carried at amortised costs using the effective interest method (10%). The difference between the fair value and the principal amount of the shareholder loans represents an equity capital contribution in the Group.

	Consolidated entity	
	2020	2019
	\$	\$
Carrying amount at the beginning of the year	741,528	312,585
Advances from shareholder	458,231	507,641
Interest on principal	86,029	49,205
Fair value adjustment on initial recognition	(106,551)	(127,903)
	<u>1,179,237</u>	<u>741,528</u>

9. Issued Capital

	Consolidated entity	
	2020	2019
	\$	\$
150 (2019: 150) fully paid ordinary shares (a)	<u>100,010</u>	<u>100,010</u>

Ordinary shares have no par value and participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. Every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

10. Reserves

	Consolidated entity	
	2020	2019
	\$	\$
Reserves		
Foreign currency reserve	(13,700)	(10,582)
Capital contribution reserve	<u>330,623</u>	<u>224,073</u>
	<u>316,923</u>	<u>213,491</u>

(i) Capital contribution reserve

	Consolidated entity	
	2020	2019
	\$	\$
Beginning of the year	224,073	96,170
Excess of shareholder loans over fair value	<u>106,550</u>	<u>127,903</u>
	<u>330,623</u>	<u>224,073</u>

The excess of principal amount of shareholder loans over their fair value in substance represents an equity contribution by the shareholders and is recognized as a capital contribution reserve.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

11. Controlled Entities

The Consolidated Entity incorporates the assets, liabilities and results of the following companies:

	Country of Incorporation	Percentage Interest	
		2020	2019
Centralist Pty Ltd (Parent Entity)	Australia		
Jadar Lithium d.o.o (Previously named Centurion Metals d.o.o), Beograd	Republic of Serbia	100%	100%

12. Contractual Commitments

	30 June 2020	30 June 2019
	\$	\$
Exploration expenditure commitments:		
No longer than 1 year	175,911	830,779
Longer than 1 year and not longer than 5 years	352,526	-
	<u>528,437</u>	<u>830,779</u>

13. Cash Flow Information

Reconciliation of Loss after Income Tax to Net Cash Outflow from Operating Activities

	Consolidated entity	
	2020	2019
	\$	\$
Loss after income tax	(681,609)	(385,239)
<i>Adjustment for non-cash items</i>		
Foreign loss	13,621	594
Impairment	530,394	282,585
Interest expense on shareholder loan		49,205
<i>Increase/(decrease) in:</i>		
(Decrease) in GST receivables	7,628	5,809
(Decrease) in other receivables	(186)	1,724
(Decrease) in other current assets	(3,355)	22,413
(Decrease)/ increase in exploration asset	-	-
(Decrease)/ increase in trade and other payables	7,687	(832)
Net cash outflow from operating activities	<u>(39,790)</u>	<u>(23,741)</u>

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

14. Parent Entity Disclosures

	2020 \$	2019 \$
Parent Entity		
Assets		
Current assets	10	10
Non-current assets	100,000	100,000
Total Assets	100,010	100,010
Liabilities		
Total Liabilities	-	-
Net Assets/(Liabilities)	100,010	100,010
Equity		
Issued capital	100,010	100,010
Total Equity	100,010	100,010
Financial Performance		
Total profit/(loss) loss for the year	-	-

15. Related Party Transactions

Directors and key management personnel

Key management of the Company are the Board of Directors. No payments have been made to key management of the Company during the financial year ended 30 June 2020 (2019: nil).

Other related party transactions

The group's related parties include its parent company shareholder and its subsidiaries.

During the financial year ended 30 June 2020, the Group borrowed \$458,231 from its parent company shareholder and its subsidiaries (2019: \$507,641).

16. Financial Risk Management Policies

The group's principal financial instruments comprise mainly of deposits with banks, receivable, payables and borrowings.

The group manages its exposure to key financial risks, including interest rate and currency risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

Primary responsibility for identification and control of financial risks rests with the Board. The Board reviews and agrees policies for managing each of the risks identified below.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

a. Treasury Risk Management

Due to the size of the group, responsibility for identification and control of financial risks rests with the Board of Directors. This includes the use of hedging derivative instruments, credit risk policies and future cash flow requirements. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures.

b. Financial Risk Exposures and Management

The group's activities expose it to financial risks, market risk (including currency risk, fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The level of activity during the financial year did not warrant using derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. Where relevant and appropriate, the Company will avail itself of appropriate hedging instruments in future financial years.

c. Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

As a result of operations in Serbia, the Group's statement of financial position can be affected by movements in the RSD/AUD and EUR/AUD exchange rates. The Group also has transaction currency exposure. Such exposure arises from purchases by an operating entity in currencies other than the functional currency.

d. Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at reporting date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group did not have any material credit risk exposure to any single debtor or group of debtors at reporting date.

e. Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash to fund the group's activities. The directors regularly monitor the Company's cash position and on an on-going basis consider a number of strategic initiatives to ensure that adequate funding continues to be available.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. The undiscounted cash flows for the respective upcoming fiscal years are presented. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2020.

Maturity analysis of financial assets and liability based on management's expectation

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of the day to day operations of the group. These assets are considered in the group's overall liquidity risk.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Year ended 30 June 2020	≤ 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
Consolidated financial assets					
Cash and cash equivalents	39,979	-	-	-	39,979
Trade and other receivables	2,879	-	-	-	2,879
	42,858	-	-	-	42,858
Consolidated financial liabilities at amortised cost					
Trade and other payables	45,449	-	-	-	45,449
Borrowings	310,319	208,237	660,681	-	1,179,237
	355,768	208,237	660,681	-	1,224,686
Year ended 30 June 2019	≤ 6 months \$	6-12 months \$	1-5 years \$	> 5 years \$	Total \$
Consolidated financial assets					
Cash and cash equivalents	25,320	-	-	-	25,320
Trade and other receivables	10,320	-	-	-	10,320
	35,640	-	-	-	35,640
Consolidated financial liabilities at amortised cost					
Trade and other payables	1,203	-	-	-	1,203
Borrowings	-	-	741,528	-	741,528
	1,203	-	741,528	-	742,731

f. Interest Rate Risk

From time to time the Group has significant interest bearing assets, but they are as results of the timing of capital expenditure rather than a reliance on interest income. The interest rate risk arises on the rise and fall of interest rates. The Group's income and operating cash flows are not expected to be materially exposed to changes in market interest rates in the future and the expose to interest rates is limited to the cash and cash equivalents balances.

At reporting date, the group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated in cash flow hedges:

	2020 \$	2019 \$
Financial Assets		
Cash and cash equivalents	39,979	25,320
Net exposure	39,979	25,320

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date.

At 30 June 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

Judgments of reasonably possible movements:	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2020 \$	2019 \$	2020 \$	2019 \$
Consolidated				
+/- 1% in interest rates	3,998	2,532	3,998	2,532

The movements in profit are due to higher/lower interest costs from variable rate cash balances. The movements are reasonable with reference to the historical interest rate fluctuations.

f. Price Risk

The Group's exposure to commodity and equity securities price risk is minimal at present.

g. Net Fair Values

Due to short term nature of the receivables and payables the carrying value approximates the fair value.

17. Financial assets and liabilities

Categories of the group's financial assets and liabilities can be found in note 18 above.

A description of the group's financial instrument risk, including risk management objectives and policies is given in note 18 above.

Borrowings

All borrowings are denominated in AUD and relates to parent shareholder and subsidiary loans. All borrowings are unsecured.

18. Contingent Liabilities

There were no contingent liabilities or contingent assets at 30 June 2020 (2019: nil).

19. Subsequent Events

Subsequent to year end the following key events have occurred:

- In January 2021, the Group received a three (3) year extension of its Rekovac exploration licenses.
- On 24 February 2021, the Company's sole shareholder, Jadar Resources Limited (ASX: JDR) announced its intentions to spin out its Serbian lithium and borate assets (comprising of its Rekovac Project and pending applications for new exploration permits in Serbia) into a new incorporated subsidiary called Balkan Mining and Minerals Limited ("Balkan") subject to shareholder approval. It is intended that Balkan will undertake an Initial Public Offering ("IPO") to facilitate an admission to the official list of the ASX and see Balkan raise \$6.5 million of new equity. Under the proposed transaction, Jadar will retain approximately 22% of the equity in Balkan and retain exposure to Serbia assets via equity interest.

Sandfire has conditionally agreed to participate in the proposed IPO with a strategic investment of \$2M amounting to an approximate 22% equity in Balkan on the key terms and conditions set out in the Company's announcement dated 24 February 2021. As part of Sandfire's investment, Sandfire has also agreed to collaborate with Balkan.

Notes to and Forming Part of the Accounts

For the Year Ended 30 June 2020

The proposed transaction will create a new listed company with a sole focus on exploration and development of mineral projects in the Balkans, assisted by a dedicated board and management team with the ability to give direct focus to the Serbian lithium and borate assets and allocate the necessary resources required to generate immediate value.

- In March 2021, the Group secured four new exploration licences in Serbia covering an area of 261 km².

The Ursule and Siokovac exploration licences are adjacent to the Group's existing Rekovac licence where the Group's maiden drilling program identified the presence of preserved Borate and Lithium mineralisation.

The Ursule licence covers the central part of the Grear Rekovac Basin (Rekovac Block) over an area of 99 km² and is located approximately 110 km south-southeast of Belgrade. Most of the central portions of the basin were mapped as middle Miocene age sediments. The target boratiferous lower Miocene sediments (Dragovo Formation), outcropping in the southwestern portion of the licence area close to their contacts with basement formations. These permissive sediments are anticipated to extend to the north-northeast where it is covered and preserved by younger sediment cover. NE-SW trending faults are thought to be major structural controls on basement fracturing and basin development and may also serve as zones of migration for mineral-bearing fluids. The Siokovac licences cover the northern part of the Grear Rekovac Basin (Rekovac Block) and the licence area is approximately 98 km². The central and northern part of the licenced area is covered by a younger quaternary lake and alluvial formation which overlies middle Miocene marine sediments. The target lower Miocene lacustrine sediments (Dragovo Formation) paraconformably lay under marine sediments.

The Dobrinja and Pranjani licence areas (Čačak Block) are located in western Serbia approximately 90 km south-southwest of Belgrade (Figure 3). The Project area is covered by two exploration licences covering approximately 64 km² (Dobrinja 38 km², Pranjani 26 km²) of outcropping Neogene age basins containing lithified lacustrine sediments mapped as early, middle and upper Miocene.

Earlier studies carried out by the Yugoslavian Geological Survey identified favourable lacustrine strata for hosting lithium and boron within the licenced areas, which was followed up by Jadar's desktop studies that identified the basin's potential. The Dobrinja Basin is located in the southeast of the Kosjeric Basin and southwest of the Pranjani Basin. Available literature describes that the Dobrinja and Pranjani Basins are relicts of one much larger basin, which has eroded over time, leaving behind two smaller separated basins. The Dobrinja Basin is elongated in a northeast-southwest direction and filled by Neogene lacustrine sediments. The target lower Miocene sediments are exposed within western and eastern basin margins close to the contact with Basement formations. The target lower Miocene sediments lay below younger middle and upper Miocene sediments. The margins of the basin are either peridotites - serpentinite and diabase formation to the north, east and southeast and cretaceous limestone, paleozoic schist and triassic limestone to the west, southwest and south. The targeted lower Miocene continental-lacustrine sediments are characterised by marlstone, claystone, ash-flow tuffs and spring aprons travertines.

The Pranjani Basin lies immediately northeast of the Dobrinja Basin and extends over an area of approximately 40 km². The lake structural basin is filled by Neogene aged continental - lacustrine sediments mapped as middle Miocene. These sediments are composed mainly of marls, claystones, siltstones, ash-flow tuffs and clastics flows close to the basin margins. The geologic map indicates spread magnesite occurrences within the Pranjani Basin. These magnesite occurrences appear to be a good indicator that suggests a component of spring-sourced waters was supplied to the lake during sediment deposition. Hydrothermal magnesites are found in many other basins associated with lithium-boron enriched fluids and their precipitates.

Additional Information

OTHER INFORMATION

Centralist Pty Ltd, incorporated and domiciled in Australia, is a proprietary limited by shares company.

SCHEDULE OF TENEMENTS (at 30 June 2020)

Project	Tenement ID	Indirect Interest *
SERBIA PERMITS		
Rekovac	2224	100%

* Designates Jadar Lithium Limited's interest in permits held through subsidiaries as follows:

- Jadar Lithium DOO, Beograd incorporated in Serbia and owned 100% by Jadar Lithium Limited.