



NORFOLK
METALS LTD.

ABN 38 652 438 385

INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 December 2021

INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2021

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CORPORATE DIRECTORY

DIRECTORS

Ben Phillips (Executive Chairman)
Patrick Holywell (Non-Executive Director)
Leonardo Pilapil (Technical Director)

COMPANY SECRETARY

Arron Canicaïs

REGISTERED OFFICE

Unit 1, 295 Rokeby Road
Subiaco WA 6008

POSTAL ADDRESS

Unit 1, 295 Rokeby Road
Subiaco WA 6008

PRINCIPAL PLACE OF BUSINESS

Unit 10, 85-87 Forrest Street
Cottesloe WA 6011

CONTACT INFORMATION

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info@norfolkmetals.com

AUDITORS

Hall Chadwick WA Audit Pty Ltd
283 Rokeby Road
Subiaco WA 6008

SHARE REGISTRY

Automatic Share Registry
Level 5, 191 St Georges Terrace
Perth WA 6000

1300 288 664 (Local)
+61 2 9698 5414 (International)
www.automic.com.au

BANKER

Australia and New Zealand Banking Group Limited
464 Hay Street,
Subiaco WA 6008

SECURITIES EXCHANGE LISTING

Australian Securities Exchange (**ASX**)
Level 40, Central Park
152-158 St George's Terrace
Perth WA 6000

ASX CODE: NFL

DIRECTORS' REPORT

The directors of Norfolk Metals Limited (**ASX:NFL**) (**Company** or **Norfolk**), for the half-year ended 31 December 2021 (**Period**) and the auditor's review report thereon. The Interim Financial Report has been prepared in accordance with AASB 134 Interim Financial Reporting. The Company was incorporated on 30 July 2021.

DIRECTORS

The names and particulars of the directors of the Company in office during the Period and until the date of this report are as follows. Directors were in office for the entire Period unless otherwise stated.

Director	Position
Ben Phillips	Executive Chairman (Appointed 30 July 2021)
Patrick Holywell	Non-Executive Director (Appointed 8 October 2021)
Leonardo Pilapil	Technical Director (Appointed 30 July 2021)

The name of the secretary in office at any time during or since the end of the year are:

Company Secretary	Position
Arron Canicaïs	Company Secretary (Appointed 19 August 2021)

OPERATING RESULTS

The Company has incurred a net loss after tax for the half-year ended 31 December 2021 of \$520,696.

REVIEW OF OPERATIONS

On 22 March 2022, the Company expects to commence trading on the Australian Securities Exchange ("**ASX**"), following a successful Public Offer to raise \$5.5 million (before costs) at \$0.20 per share. The Company is geared up to explore the prospective Roger River Gold Project located in Tasmania and the Orroroo Uranium Project located in South Australia.

Throughout the listing process the company has continued to work on the planning, permitting and resources to conduct the exploration programs.

CAPITAL MANAGEMENT

The Company maintains 2,900,000 fully paid ordinary shares on issue and \$91,185 in cash as at 31 December 2021.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Subsequent to the half year end:

The Company expects to commence official quotation on the Australian Securities Exchange on 22 March 2022 after completing the following transactions as outlined in the Company's Prospectus dated 21 January 2022:

- An Initial Public Offering (**IPO**) of \$5,500,000 (before costs) via the issue of 27,500,000 ordinary shares;
- Issue of 1,000,000 options to the Lead Manager of the IPO;

- Acquisition of Roger River Resources Pty Ltd via the issue of 2,100,000 ordinary shares, 2,100,000 unquoted options with an exercise price of \$0.25 per option and an expiry date of 14 March 2027 and the issue of 1,400,000 performance rights;
- Acquisition of Black Lake Pty Ltd via the issue of 500,000 ordinary shares.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

SIGNIFICANT CHANGE IN THE STATE OF AFFAIRS

Subsequent to the period the Company expects to commence official quotation on the Australian Securities Exchange on 22 March 2022 and completed the acquisition of the Roger River Gold Project and the Orroroo Uranium Project as set out in the Company's Prospectus dated 21 January 2022. There were no other significant changes in the state of affairs of the Group other than as referred to elsewhere in this consolidated half-year report and in the accounts and notes attached thereto.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* in relation to the review for the half-year is set out on page 4 of this report.

This report is presented in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



Ben Phillips

Executive Chairman

Perth, Western Australia this 15th day of March 2022

To the Board of Directors

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead audit Director for the review of the financial statements of Norfolk Metals Limited for the half year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- any applicable code of professional conduct in relation to the review.

Yours Faithfully,

Hall Chadwick
HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis
MARK DELAURENTIS CA
Director

Dated in Perth, Western Australia this 15th day of March 2022

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF NORFOLK METALS LIMITED

Conclusion

We have reviewed the accompanying half-year financial report of Norfolk Metals Limited ("the Company") which comprises the condensed statement of financial position as at 31 December 2021, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other selected explanatory notes, 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 Norfolk Metals Limited does not comply with the *Corporations Act 2001* including:

- a. Giving a true and fair view of the Norfolk Metals Limited financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134: *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* 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.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Hall Chadwick

HALL CHADWICK WA AUDIT PTY LTD

Mark Delaurentis

MARK DELAURENTIS CA

Director

Dated in Perth, Western Australia this 15th day of March 2022

DIRECTORS' DECLARATION

The directors declare that the interim financial statements and notes are in accordance with the *Corporations Act 2001*:

- (a) Comply with Accounting Standards and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements;
- (b) As stated in Note 1.1, the financial statements also comply with International Financial Reporting Standards; and
- (c) Give a true and fair view of the financial position of the entity as at 31 December 2021 and of its performance for the half year ended on that date.

In the directors' opinion there are reasonable grounds to believe that Norfolk Metals Limited 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 directors pursuant to section 303(5)(a) of the Corporations Act 2001.

For, and on behalf of, the Board of the Company,



Ben Phillips

Executive Chairman

Perth, Western Australia this 15th day of March 2022

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the half-year ended 31 December 2021

	Note	Half-Year Ended 31 Dec 2021 \$
Interest Income		10
Expenses		
Corporate advisory fees		(69,634)
Administration costs		(28,790)
Legal fees		(67,782)
Share based payment expensed	4	(354,500)
Loss before tax		(520,696)
Income tax (benefit)/expense		-
Loss after tax from continuing operations		(520,696)
Other comprehensive loss for the period, net of tax		-
Total comprehensive loss net of tax for the Period		(520,696)
Basic and diluted loss per share (\$)		(0.35)

The Condensed Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

CONDENSED STATEMENT OF FINANCIAL POSITION

as at 31 December 2021

	Note	As At 31 Dec 2021 \$
Current assets		
Cash and cash equivalents	2	91,185
Trade and other receivables		17,814
Total current assets		108,999
Total assets		108,999
Current liabilities		
Trade and other payables		119,770
Total current liabilities		119,770
Total liabilities		119,770
Net liabilities		(10,771)
Equity		
Issued capital	3	155,400
Reserve	4	354,525
Accumulated losses		(520,696)
Total Equity		(10,771)

The Condensed Statement of Financial Position should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

CONDENSED STATEMENT OF CHANGES IN EQUITY

for the half-year ended 31 December 2021

	Note	Issued Capital \$	Option Reserve	Accumulated Losses \$	Total Equity \$
Balance at incorporation (30 July 2021)		-	-	-	-
Other Comprehensive loss		-	-	-	-
Loss for the Period		-	-	(520,696)	(520,696)
Total comprehensive loss for the Period		-	-	(520,696)	(520,696)
Shares issued during the period	3	155,400	-	-	155,400
Share based payments	4	-	354,525	-	354,525
Balance at 31 December 2021		155,400	354,525	(520,696)	(10,771)

The Condensed Statement of Changes in Equity should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

CONDENSED STATEMENT OF CASH FLOWS

for the half-year ended 31 December 2021

	Note	Half-Year Ended 31 Dec 2021 \$
Cash flows from operating activities		
Payments to suppliers and employees		(59,225)
Interest received		10
<i>Net cash used in operating activities</i>		(59,215)
Cash flows from investing activities		
Loan provided to related party		(5,000)
<i>Net cash (used in) investing activities</i>		(5,000)
Cash flows from financing activities		
Proceeds from issue of shares		155,400
<i>Net cash generated by financing activities</i>		155,400
Net increase in cash and cash equivalents		91,185
Cash and cash equivalents at the beginning of the Period		-
Foreign exchange differences		-
Cash and cash equivalents at the end of the Period	2	91,185

The Condensed Statement of Cash Flow should be read in conjunction with the accompanying notes, which form an integral part of the interim financial report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1.1. BASIS OF PREPARATION

These interim consolidated financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001, applicable accounting standards including AASB 134 'Interim Financial Reporting', Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'). Compliance with AASB 134 ensures compliance with IAS 34 'Interim Financial Reporting'.

This condensed 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 Group as in the full financial report.

The interim report has been prepared on a historical cost basis, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair value of the consideration given in exchange for assets. The company is domiciled in Australia and all amounts are presented in Australian dollars, unless otherwise noted.

Comparative Figures

No comparative figures are available for the period as these are the first financial statements for the half year period.

Statement of compliance

The interim financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the interim financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

The following is a summary of the material accounting policies adopted by the entity in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going concern

The financial report has been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The Company incurred a loss for the period of \$520,696 and net cash outflows from operating activities of \$59,215. As at 31 December 2021, the Company had net current liabilities of \$10,771 with cash of \$91,185 available.

As at 31 December 2021, the Company was in the process of completing an initial public offer (IPO) to raise \$5.5 million (before costs) through the issue of 27.5 million shares at 20 cents each. The IPO was closed in March 2022 fully subscribed and receipted into the Company's bank account. The Company expects to commence official quotation on the Australian Securities Exchange on 22 March 2022 and at this stage has provided all pre-admission ASX listing documentation.

The Company's ability to continue as a going concern is dependent upon it maintaining sufficient funds for its operations and commitments. The Board believes that subsequent to the recent capital raise of \$5.5 million it

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

has sufficient funding in place to meet its operating objectives. The Directors consider the basis of going concern to be appropriate for the following reasons:

- the cash balance, post IPO, of the Company relative to its fixed and discretionary expenditure commitments;
- given the Company's market capitalisation and the underlying prospects for the Company to raise further funds from the capital markets; and
- the fact that future exploration and evaluation expenditure is generally discretionary in nature (i.e. at the discretion of the Directors having regard to an assessment of the Company's eligible expenditure to date and the timing and quantum of its remaining earn-in expenditure requirements). Subject to meeting certain minimum expenditure commitments, further exploration activities may be slowed or suspended as part of the management of the Company's working capital.

(a) Critical Accounting Judgements, Estimates and Assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Exploration expenditure

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on the successful development and commercial exploitation, or alternatively, sale of the respective area of interest. The Company capitalises only the initial acquisition costs to obtain right of tenure exploration and evaluation assets.

The Company reviews the carrying value of exploration and evaluation expenditure on a regular basis to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. This assessment requires judgement as to the status of the individual projects and their estimated recoverable amount.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Impairment

The Company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Environmental Issues

Balances disclosed in the financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Company's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Taxation

Balances disclosed in the financial statements and the notes thereto, related to taxation, and are based on the best estimates of directors. These estimates take into account both the financial performance and position of the company as they pertain to current income taxation legislation, and the directors understanding thereof. No

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

(b) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Revenue is recognised as the interest accrues.

Impairment of Assets

At each reporting date the Company assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, the Company makes a formal estimate of recoverable amount. Where carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or Company assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(c) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit or loss nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit or loss nor taxable profit or loss; and
- in respect of deductible temporary differences with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary

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for the half-year ended 31 December 2021

differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

(d) 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 ("ATO"). 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.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(f) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(g) Plant and Equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of plant and equipment is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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(h) Exploration Expenditure

Exploration for and evaluation of mineral resources is the search for mineral resources after the entity has obtained legal rights to explore in a specific area, as well as the determination of the technical feasibility and commercial viability of extracting the mineral resource.

Exploration and evaluation expenditure is expensed to the profit or loss as incurred except in the following circumstances in which case the expenditure may be capitalised:

- The existence of a commercially viable mineral deposit has been established and it is anticipated that future economic benefits are more likely than not to be generated as a result of the expenditure; and
- The exploration and evaluation activity is within an area of interest which was acquired as an asset acquisition or in a business combination and measured at fair value on acquisition.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. An impairment exists when the carrying value of expenditure exceeds its estimated recoverable amount. The area of interest is then written down to its recoverable amount and the impairment losses are recognised in profit or loss.

(i) Trade and Other Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(j) Issued Capital

Ordinary shares are classified as equity.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(k) Share based payments

Under AASB 2 Share Based Payments, the Company must recognise the fair value of shares and options granted to directors, employees and consultants as remuneration as an expense on a pro-rata basis over the vesting period in the Statement of Profit or Loss and Other Comprehensive Income with a corresponding adjustment to equity.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity. No revision to original estimates is made in respect of options issued with market based conditions.

The Company provides benefits to employees (including directors) of the Company in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees (including directors) is measured by reference to fair value at the date they are granted. The fair value is determined using an appropriate option pricing model.

In relation to the valuation of the share-based payments, these are valued using an appropriate option valuation method. Once a valuation is obtained management use an assessment as to the probability of meeting non-

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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market based conditions. Market conditions are vested over the period in which management assess it will take for these conditions to be satisfied.

(I) Financial Instruments

Recognition and initial measurement

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

- Financial assets
- Financial assets are subsequently measured at:
 - amortised cost;
 - fair value through other comprehensive income; or
 - fair value through profit or loss.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
- the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether a impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

De-recognition

Financial assets are de-recognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are de-recognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Impairment of Assets

At each the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

(m) Comparatives

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

New And Revised Accounting Standards

Standards and Interpretations applicable to 31 December 2021

In the period ended 31 December 2021, the Directors have reviewed all of the new and revised standards and interpretations issued by the AASB that are relevant to the Group's operations. It has been determined that there is no material impact of the standards and interpretations and therefore, no change is required to the Group's accounting policies.

Standards and Interpretations in issue not yet adopted

The Directors have also reviewed all of the new and revised Standards and Interpretations in issue not yet adopted for the period ended 31 December 2021. As a result of this review the Directors have determined that there is no material impact of the Standards and Interpretations in issue not yet adopted on the Group and, therefore, no change is necessary to the Group's accounting policies.

2. CASH AND CASH EQUIVALENTS

Current

Cash at bank

As At
31 Dec 2021
\$
91,185

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

3. ISSUED CAPITAL

	As At 31 Dec 2021	
	No.	
Fully paid ordinary shares		2,900,000

	As At 31 Dec 2021	
	No.	\$
Opening Balance	-	-
Share issued upon incorporation	1	1
Seed shares issued	2,899,999	155,399
Balance at end of the period	2,900,000	155,400

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

4. SHARE BASED PAYMENT RESERVE

	As At 31 Dec 2021
	\$
Opening Balance:	-
Cash received from Director and advisor Options	25
Issue of Director and advisor Options (share-based payment expensed)	354,500
Closing Balance	<u>354,525</u>

The Advisor Options and the Director Options are defined as share based payments. The valuation of share based payment transactions is measured by reference to fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black-Scholes model, taking into account the terms and conditions upon which the options were granted.

ITEM	VALUE OF INPUT	
	DIRECTOR OPTIONS	ADVISOR OPTIONS
Fair value per option	\$0.1418	\$0.1418
Number of options	1,850,000	650,000
Exercise price	\$0.25	\$0.25
Expected volatility	100%	100%
Implied option life	5 years	5 years
Expected dividend yield	Nil	Nil
Risk free rate	0.42%	0.42%
Underlying share price at grant date	\$0.20	\$0.20

NOTES TO THE INTERIM FINANCIAL STATEMENTS

for the half-year ended 31 December 2021

5. SEGMENT REPORTING

The Group has adopted AASB 8 'Operating Segments' which requires operating segments to be identified on the basis of internal reports about components of the Group that are reviewed by the chief operating decision maker (considered to be Board of Directors) in order to allocate resources to the segment and assess its performance. The chief operating decision maker of the Group reviews internal reports prepared as consolidated financial statements and strategic decisions of the Group are determined upon analysis of these internal reports.

The Company operates in one geographical and business segment being gold and uranium exploration in Australia. All segment assets, segment liabilities and segment results relate to the one segment and therefore no segment analysis has been prepared.

6. SUBSEQUENT EVENTS

Subsequent to the half year end:

The Company expects to commence official quotation on the Australian Securities Exchange on 22 March 2022 after completing the following transactions as outlined in the Company's Prospectus dated 21 January 2022:

- An Initial Public Offering (**IPO**) of \$5,500,000 (before costs) via the issue of 27,500,000 ordinary shares;
- Issue of 1,000,000 options to the Lead Manager of the IPO;
- Acquisition of Roger River Resources Pty Ltd via the issue of 2,100,000 ordinary shares, 2,100,000 unquoted options with an exercise price of \$0.25 per option and an expiry date of 14 March 2027 and the issue of 1,400,000 performance rights;
- Acquisition of Black Lake Pty Ltd via the issue of 500,000 ordinary shares.

The directors are not aware of any other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

7. FAIR VALUE MEASUREMENT

The Directors consider that the carrying amount of other financial assets and liabilities recognised in the consolidated financial statements approximate their fair value.

8. RELATED PARTY TRANSACTIONS

There were no related party transactions incurred during the half year.

9. COMMITMENTS AND CONTINGENT LIABILITIES

In the opinion of the directors there were no commitments or contingent liabilities as at 31 December 2021.